

Title: Wednesday, November 14, 2007 **Public Accounts Committee**

Date: 07/11/14

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to on behalf of the Standing Committee on Public Accounts call this meeting to order, please. On behalf of all members I would like to welcome everyone that's in attendance this morning. Perhaps we can start with the hon. Member for West Yellowhead and go quickly around the table and introduce ourselves.

Mr. Strang: Good morning. Ivan Strang, West Yellowhead.

Mrs. Forsyth: Hi, there. I'm Heather Forsyth, Calgary-Fish Creek.

Mr. Dunford: Hi. Clint Dunford, Lethbridge-West.

Mr. Dunn: Fred Dunn, Auditor General.

Mr. Wylie: Doug Wylie, Assistant Auditor General.

Ms Banasch: Donna Banasch, audit principal.

Mr. Merritt: Mike Merritt, assistant deputy minister of local government services.

Mr. Balderston: Dan Balderston, Municipal Affairs and Housing.

Mr. Crerar: Peter Crerar, Municipal Affairs and Housing.

Mr. Danyluk: Ray Danyluk, Minister of Municipal Affairs and Housing.

Mrs. Ewart-Johnson: Shelley Ewart-Johnson, Municipal Affairs and Housing.

Mr. Wigston: Robin Wigston, Municipal Affairs and Housing.

Mr. Moore: Ivan Moore, Municipal Affairs and Housing.

Mr. Bonko: Good morning. Bill Bonko, Edmonton-Decore.

Mr. Chase: Good morning. Harry Chase, Calgary-Varsity.

Mr. R. Miller: Good morning. Rick Miller, Edmonton-Rutherford.

Mr. Taylor: Dave Taylor, Calgary-Currie.

Mr. Eggen: Dave Eggen, Edmonton-Calder.

Mr. Rodney: I've heard it's 25 degrees Celsius in Calgary-Lougheed, the southwest corner of Calgary. I'm proud to represent that part of town but very happy to be here with you. Welcome, everyone.

Mr. Johnston: Three Daves in a row, but I'm Art Johnston, from Calgary-Hays.

Dr. Massolin: Good morning. Philip Massolin, committee research co-ordinator, Legislative Assembly Office.

Mr. Prins: Good morning. Ray Prins, Lacombe-Ponoka.

The Chair: Hugh MacDonald, Edmonton-Gold Bar.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: I would like to advise the members that the briefing materials for this meeting were posted for viewing and printing yesterday.

Now could I please have approval of the agenda for today's meeting that was circulated? Mr. Strang. Moved by Mr. Strang that the agenda for the November 14, 2007, meeting be approved as distributed. All in favour? Opposed? Seeing none, carried. Thank you.

I would also at this time like to remind the members that we will move to Other Business this morning at 9:45. We have a couple of items that have been with us for some time that we must deal with.

Now, we have our meeting today with the hon. Mr. Danyluk and his staff. If there are any other members of his staff that are behind in the public area . . .

Mr. Danyluk: Mr. Chair, I can introduce them.

The Chair: Okay. They're free to participate in the discussions if you would wish, and you can go right ahead.

Mr. Danyluk: Thank you, Chair, for giving us this opportunity. If I may, I'd like to continue with a couple of introductions that weren't just around the table. We have the managing director of the Alberta Emergency Management Agency, Dave Hodgins.

Mr. Hodgins: Good morning.

Mr. Danyluk: We also have the director of communications, Jody Korchinski.

As you know, we're here to present an overview of the 2006-2007 annual report. I'd like to share some of the highlights. Mr. Chair, could you tell me approximately how much time you have allocated for the presentation part?

The Chair: Ten minutes or less.

Mr. Danyluk: Ten minutes or less?

Mr. Rodney: And two are gone already.

Mr. Danyluk: Well, that should get me through the first paragraph anyway.

First of all, I'd like to acknowledge the ministry changes that did take place at the end of December. Added to municipal affairs were the housing portfolio, also the libraries, the community and voluntary services. To amalgamate those different portfolios we did have a larger staff component.

The core business highlights. The ministry has six core businesses. They cover areas very much vital to Albertans. The first one is local government services. Highlights include work done by the Minister's Council on Municipal Sustainability. The council explored key municipal issues, including roles and responsibilities and municipal revenue sources. It presented its report and its 12 recommendations in March. The ministry worked with Finance, Treasury Board, and Infrastructure and Transportation on a new municipal funding program. The program was announced subsequent to the fiscal year, and you are all familiar with the details.

The second core business is the safety services and fire protection. Highlights include adopting safety standards for secondary suites, especially important in light of the booming economy attracting more and more workers and families to our province; also, commit-

ted funding to the tank site remediation program. It helps owners clean up leaky underground storage tanks at retail gas stations.

The third is Emergency Management Alberta. The highlights include the creation of the Alberta Emergency Management Agency. The agency enhances emergency management co-ordination for the province; also, drafted a cross-government pandemic influenza operations plan, and a plan to help minimize disruption ensured that the GOA departments maintain service levels during a pandemic.

The fourth is the Municipal Government Board, and the highlights include hearing over 3,000 appeals in our province. If I may say, that's nearly a thousand more than the previous year. The majority of appeals deal with property and linear assessments. Annexation applications also are on the rise.

The fifth core business. We provide a range of housing options and supports for lower income Albertans. Highlights include work of the Affordable Housing Task Force. The task force, as you know, travelled the province and heard from more than 1,400 Albertans. We presented the report and the recommendations and also provided funding for the affordable housing project in co-operation with the federal government. It is the key area of focus for the department.

The sixth core business is building community capacity, and highlights include work of the Alberta nonprofit/voluntary sector initiative. Developed a framework for partnership between the sector and government; also, began a project to commemorate the 100th anniversary of the Libraries Act, which very much includes a collection of pictures, history, and stories.

The financial results and performance measures. Moving on to the financial highlights, the ministry received a clean audit for all ministry entities. The ministry's revenues were \$160 million, \$34 million higher than the original budget due to new housing programs announced during the year, funded by the federal government, and that's the affordable housing program of \$15.2 million and the off-reserve aboriginal housing program of \$16.1 million.

The ministry expense budget is \$421 million, and that doesn't include the additional funding provided through supplementary estimates. The supplementary estimates totalled \$63.2 million. Anyway, I'll go on to say that the ministry's expense budgets were at \$484 million. The ministry's expenses were under budget by \$27.4 million. That was due to a number of reasons, the first one being that the tank site remediation program was under budget, and one of the reasons for that was that there weren't enough workers out there to do the work of some of the tank remediation that needed to take place.

The assistance to Alberta Social Housing Corporation for debt servicing under the budget. It was a lower than anticipated prepayment penalty for early retirement of the Alberta heritage trust fund debt. Grants in place of taxes were under budget as well, and that was because of delay in the construction of new Crown properties, lower than expected municipal tax rates.

Also, finally, the financial support to local authorities was under budget by \$5 million, and that was from lower than expected interest rates for the regional municipality of Wood Buffalo loan delay.

8:40

The majority of the overall spending went to housing services: 64.4 per cent.

As for performance measures, met or exceeded most: 13 performance measures in total, six exceeded, two met, five not met. For the five not met, minimal variances between 1 and 3 per cent. In some cases targets will be adjusted higher to better reflect past results. Overall, measures being met very well.

The Auditor General's report had two recommendations for the ministry, the first recommendation for the Alberta Social Housing

Corporation capitalization policy. The policy deals with rental properties and land used to deliver social housing programs. The recommendation says to do more to support policy, involve better communication of the policy, which will affect reporting on capital assets. We're committed to implementing the recommendation by December 15.

The second recommendation deals with computer controls for information systems. The recommendation says to implement the draft security policy to ensure that only authorized users can access systems and data. The security policy was approved on October 9, and the risk assessment will be completed by the end of the fiscal year.

Mr. Chairman, in conclusion, it has been a very busy, productive year for the Ministry of Municipal Affairs and Housing. We've worked very hard to provide Albertans with safe and secure communities and effective, efficient local government, trying to manage some of the growth pressures throughout our province. At this time we'd be very pleased to take any questions.

The Chair: Thank you very much, Mr. Danyluk. If we could have Mr. Dunn.

Mr. Dunn: I'll try to be very brief, Mr. Chairman, and not repeat what the minister has just said.

We have issued unqualified audit opinions on the financial statements of the ministry, the department, and the Alberta Social Housing Corporation for the year ended March 31, 2007, all of which are contained within the annual report for '06-07. We also completed the financial statement audits for the entities that are not consolidated but report to the minister. Those entities include the improvement districts and the Special Areas Board. We issued unqualified audit opinions on the financial statements of those entities for their year ended December 31, 2006. We've also completed the specified audit procedures on the performance measures in the ministry's 2006-07 annual report. When we completed that work, we found no exceptions.

As mentioned by the minister, the recommendations we've made are described in volume 2 of our 2007 annual report, and we have one new recommendation that the minister mentioned, wherein we recommended that the "Alberta Social Housing Corporation develop and implement procedures to support its capitalization policy... and communicate them to financial services staff and program staff."

We also followed up, as noted, one prior year recommendation which is described on page 138 of our annual report, wherein we did repeat our prior year recommendation to improve the information systems security. You just heard that the draft policy protocol was just adopted, I believe he said, in October 2007.

We note on page 201 of our annual report certain outstanding recommendations not yet implemented by the ministry. Those dealt with emergency preparedness. In our 2003-04 annual report we followed up on our recommendation that the Ministry of Municipal Affairs and Housing improve its procedures to promote and co-ordinate emergency preparedness plans developed by various government departments.

Also, you're aware that we did a review of the Alberta Social Housing Corporation land sales systems and reported on that in October 2005, wherein we made two recommendations to improve the ministry's systems for planning for land sales and development in the Fort McMurray area. I should note to the committee that we plan to conduct our follow-up audits on both of these areas this year and report the results in our October 2008 report.

Thank you, Mr. Chairman. I and my staff will answer any questions directed to us by the committee.

The Chair: Thank you very much.

We'll get directly to questions. Mr. Bonko, please, followed by Mr. Strang.

Mr. Bonko: Thank you, Mr. Chairman. Last week Mayor Mandel announced the possibility of increasing property taxes by about 10 per cent just so that the city can maintain basic services. Given the affordable housing crunch and skyrocketing house prices, increasing taxes in a province that is collecting billions in revenue seems quite ironic. I can't find anywhere in the annual report that addresses long-term sustainable and predictable funding for municipalities. Can the minister explain why this serious issue was not addressed in the annual report?

[Mr. Prins in the chair]

Mr. Danyluk: Well, first of all, I want to say that we're dealing with the 2006-2007 annual report. The reflection from the mayor of Edmonton was for the future. I'm not exactly sure what you want me to report on regarding the mayor's comments, but let me say to you that housing has been a priority. We have been dealing with the federal government as well as agencies to try to provide support not only for the homeless but also individuals in transitional housing as well as affordable housing. Mr. Chairman, if the question talks about the future, I want to say that we are continuing to look at new municipal funding on a continuing basis but more so how to deal with that funding that best addresses the challenges that we have.

The Deputy Chair: Thanks.

Next question, please.

Mr. Bonko: Beyond the recent 10-year one time only funding for municipalities, what plans does the minister have to implement a strategy?

Mr. Danyluk: I have to say again that I'm sorry, Mr. Chairman, but the 10-year strategy was announced two weeks ago, and that has nothing to do with the 2006 report. But I will go back and say that we have looked at different ways of delivering services, of delivering housing, of delivering affordable housing, attainable housing. We have worked, again, with the federal government, which has recognized some of those challenges and has worked co-operatively. I want to very much stress to you that working co-operatively is a key: to work with municipalities, to work with the federal government and the provincial government and the agencies to try to address those challenges because those challenges are ones that are very critical to this province, especially with the increased growth.

Presently we have, if I can say, an average of a hundred thousand people coming into our province. Those individuals coming into our province do not come with the support of services, whether it be teachers, nurses, doctors. They don't come with housing as well. So that is definitely a challenge, and we can't look at things in the same way all the time. We can't just add money to a situation and to a challenge or to an issue. We need to look at innovative ways of trying to support individuals in this province.

The Deputy Chair: Thank you very much.

Next, Ivan Strang, followed by Harry Chase.

Mr. Strang: Thank you, Mr. Chairman. To the hon. minister. Page 59 of the Municipal Affairs and Housing annual report 2006-07 reports that it has provided access to the Alberta SuperNet for 279 public libraries, which allows for approximately 89 per cent of

Alberta's public libraries to be provided with Internet service to all Albertans. Why is this so important, that public libraries have access to our SuperNet?

Mr. Danyluk: Well, if I can, I want to suggest to you that libraries have been the hub of communities for a hundred years. They have also been the provider of not only education but the provider of services and a window of opportunity to people in Alberta and to the world. The role of libraries has changed, and the usage has changed. People come into libraries expecting to be able to communicate, to be able to access different vocational areas, different information, different entertainment, and entertainment, I can say, being books. So at that time we need, as libraries have to have an avenue, to have a pipeline to the world, and that pipeline has to provide some very fast accessibility. The Internet is very much a key in that direction.

8:50

Mr. Strang: Okay. My supplemental: how much does the SuperNet access for libraries cost the government annually, and when do you anticipate hooking up the other 34?

Mr. Danyluk: The libraries have contracted the service, and I think that in 2005 it was close to a million dollars, in the neighbourhood of \$1.4 million, which I think is a very reasonable cost.

The Deputy Chair: Thank you.

Next, Harry Chase, followed by Dave Rodney.

Mr. Chase: Thank you very much. This year we have heard the frequently repeated \$285 million figure set aside for building affordable housing, which was half of what the government's Affordable Housing Task Force recommended. In the 2006-2007 year how many affordable housing units were built which were solely financed by the Ministry of Municipal Affairs and Housing?

Mr. Danyluk: In 2006-2007 we created about 600 affordable units, and that basically included the support with the feds as well.

Mr. Chase: Okay. So those were joint projects as opposed to provincial projects. Thank you.

My second question: what dollar land deals in 2006-2007 did the province provide to municipalities specifically for the building of affordable housing units?

Mr. Danyluk: Are you suggesting land deals such as Fort McMurray? I want to say to you that the Alberta government has worked with different municipalities where possible, and this is the way that I can reflect it back to 2006 and 2007, because there was a lot of discussion at that time in regard to: how can we use abandoned school sites to help support housing projects? How can we use SRD land and Infrastructure and Transportation land? Also the ministry land, such as in Fort McMurray: how can we make that land accessible to individuals for housing and affordable housing? I can also say – and this reflects back because the projects started in 2006 and 2007 – that some of the projects started in Fort McMurray to provide affordable housing in Fort McMurray.

I guess, if your question is, "Do we work with municipalities? Do we work with housing development corporations to try to make land accessible?" I think the major philosophy that we use is that we need to have affordable housing. We need to have obtainable housing for Albertans, for new Albertans, and for Albertans that are in need of housing. We try to do what we can as a government to work co-operatively with the different agencies and the different municipalities.

Mr. Chase: If I heard your answer correctly, there were no specific dollar deals for affordable housing land in 2006-2007, to your recollection.

Mr. Danyluk: I'll have to refer back to my assistant deputy minister Robin Wigston because he would have the exact details of dollar deals.

Mr. Wigston: Through our budget process we have just over \$19 million in nominal sum disposal each year that we can use to transfer land or buildings to a municipality or a nonprofit in order to support affordable housing or additional housing. Each year we review what's available, what's required, and what is the best bang for the dollar for those \$19 million. Last year there were several of them that were not necessarily targeted specifically to affordable housing. One example is in Onoway through the Lac Ste. Anne Foundation. A piece of land that the province owned was transferred to them for them to build their affordable supportive seniors' project in Onoway. Last year we also transferred a lodge in Nanton because they wanted to use the asset of that lodge to build onto that supportive facility.

We've done some single-family homes each year, which is where we look at individual stand-alone single-family homes that are very high cost and getting older. We can transfer them to a nonprofit group to sell them and promote the development of more affordable housing, so 10 units can be sold, and 15 can be built. We do that every year as part of that process.

One other piece of land that was transferred was a piece in Canmore. This was an old standing transfer that was on the books for a number of years. When the squatter, for lack of a better word, actually passed away, that land had to be bought by the province and transferred back to the town of Canmore. That was done last year because he did pass away last year. Those lands are now with Canmore, looking for affordable housing.

The Deputy Chair: Thank you very much.

Next is Dave Rodney, followed by Dave Taylor.

Mr. Rodney: Thank you, Chair. Minister, I'm going to refer to the 2006-2007 annual report if that's okay. It's specifically page 77. It refers to a government reorganization. Interesting results. The ministry expanded. It included – and Ivan Strang loosely related to this – housing and libraries. In addition, community and voluntary services were added. On that page 77 in the '06-07 report I'm just a little confused. Why did the expenses decrease from \$584 million in '06 to \$457 million in '07 if the ministry expanded?

Mr. Crerar: The main reason for the decrease is that in 2006-07 we had a number of floods. Southern Alberta was quite badly affected by that. As a result, there was a supplementary estimate throughout the year totalling, I believe it was, about \$162 million. We didn't require those same kinds of resources in the 2006-07 fiscal year. That was the main reason for the reduction.

Then on the revenue side, because the disaster recovery funds are shared with the federal government and we receive monies in revenue there, that reduction took place as well because there wasn't as much flood mitigation required in the following year.

Mr. Rodney: Right. That answers that. Thank you for that.

I do have a question somewhat related. I've been trying to find it in the report, and I can't. Perhaps, Minister, you or someone on your staff can let us know what sort of internal controls you folks have in your department. I'm wondering how effective they are; that is, how

does the department examine itself and come up with better ways to either save costs or get return on investment on processes or personnel or policies?

Mr. Danyluk: Well, first of all, I'm going to let Peter talk about the exact controls. I will say to you that we did a revaluation at the end of 2006-2007 making sure that we had our assessments, if I can say, up to date, not achievabilities that were, if I can say, easily achievable. One of the things that we very much looked at is: it doesn't make sense to have an achievable that's there that we know we can come fairly close to. We need to look at it and, say, really have a performance re-evaluation. Are we doing what's right for Albertans? Are we doing what's necessary for the Albertans that are in need, whether it's the homeless, whether it's the individuals in transition, whether it's the individuals that are taking part in rent supplement, or whether it's just trying to provide housing in Alberta?

Peter, do you want to supplement, please?

9:00

Mr. Crerar: In terms of the internal controls, I mean, we do take that extremely seriously, and those are reviewed annually by the Auditor General's staff. We internally review them on an annual basis as well. All of our payments – a large percentage are grants – of our department and manpower: we have very strict controls in place as to approvals, disbursement of funds, that follow up insurance that the funds that were disbursed were used for the intended purpose. All of those are in place, and we do follow those on a very regular basis. It doesn't matter what type of expenses we are incurring; we do have strong internal controls. On an annual basis the deputy minister and the senior financial officer also acknowledge in writing that the controls are in place and reviewed, if that answers your question as well.

[Mr. MacDonald in the chair]

Mr. Rodney: Yes, I think so, Chair, unless Mr. Dunn has anything to add. I don't know.

Mr. Dunn: I'm going to turn that over to the Assistant Auditor General, who will answer that question regarding our assessment of the internal controls.

Mr. Wylie: Yes. I'll just supplement what Peter has said. We do review the internal controls relative to the financial statement affairs, those processes that are used to gather financial information and ultimately report them in the financial statements on an annual basis. You see one of the recommendations with respect to improvement relating to Alberta social housing on the capitalization policies in the annual report. So we would report any significant deficiencies that we would note.

In respect to the systems that are nonfinancial in nature, we have had recommendations in the past. We don't review those, every process within the organization, on an annualized basis, but we have had recommendations in the past, as you see, with respect to the IT controls, and the minister has referred to that earlier.

So, generally, items that we would identify, we would include in the annual report with respect to this ministry. Generally, the controls are, as I say, good, with the exceptions of what we noted thus far. But I must point out that our work is annually limited to the work on processes dealing with financial information. Any other system we would identify through our systems audit mandate and undertake to work on those systems and processes.

Mr. Danyluk: If I can, Mr. Chair, very much an example of that that was just brought forward that is nonfinancial would be something like the Alberta Emergency Management agency, where the recommendation was made – and not verbatim – that we needed to have some more co-operation. We needed to work together between our ministries, we needed to work together with our municipalities, so we moved in that direction. There was, I would say, no need for the Auditor General to look and recommend again but for them to look and to see if we were proceeding where they felt that we should. So those recommendations are maybe a little bit different than the annual checks but very much appreciated because it gives us, you know, guidance, if you want to call it.

The Chair: Thank you.

Mr. Taylor, please, followed by Mr. Johnston.

Mr. Taylor: Thank you, Mr. Chair. I'm looking at page 56 in the ministry's annual report, affordable housing. I notice that the report admits that the target numbers for new affordable housing units created by the government are intentionally being decreased, and the reason that's been given for this is because of a new strategy to increase funding per unit, and the intention is to subsidize a greater portion of capital expenses to reduce the rents charged to cover operational costs. Laudable, yes, but if you're reducing the number, the actual number of new affordable housing units, when there are still, as the minister said just a few minutes ago, tens of thousands of people who continue to move to this province, aren't you just making the situation worse by decreasing the supply when there's no end in sight to the increase in the demand?

Mr. Danyluk: Well, you have to remember, as I said before, that we have people moving into this province on a regular basis. I made mention of approximately a hundred thousand people coming into this province. The availability of housing is not only done by trying to build housing for people in need. The availability of housing is a continuum. When you have individuals that upgrade, if I can use that word, their housing position, that also provides some availability. We assess and reassess with the budgets that we do have, trying to put housing priorities forward, how we could best use that funding in order to address the needs of all Albertans, but specifically trying to deal with affordable, attainable housing and homelessness.

I'll ask my assistant deputy minister to further comment.

Mr. Wigston: I think the main reason there was a reduction was that the program that started with the federal government was a \$50,000 per unit program. No more than \$50,000 per unit could be invested in affordable housing. The province matched dollar for dollar, and together we put up to \$50,000 a door. Two years into that program we couldn't find anybody willing to participate because the \$50,000 a door wasn't enough to bring the market rent down by 10 per cent.

So the federal government came out with a new program up to \$150,000 a door but try and get a deeper subsidy. That's what we did along with the federal government. We invested up to \$150,000 a door. The subsidies were more than 10 per cent – some of them as high as 30, some of them 20, some of them 15 – which gave a better rental market for someone who needed affordable housing, but obviously it reduced the number of doors we could deliver. We had targeted about 360 doors that year and actually delivered 628.

We don't automatically go to \$150,000 a door. We look at the best bang for the dollar. Some of them were \$80,000, some of them were \$90,000, some of them were \$130,000, some of them were \$150,000, but on average we delivered them I think at about \$112,000 to \$115,000 a door and delivered 628 with a target of 360.

So we were maximizing what we could and still get affordable housing out of the program.

Mr. Taylor: It's good to see you exceeded the target for 2006-2007, but the number of units actually delivered was still almost 150 less than what you delivered the previous fiscal year of 755 in '05-06. I understand, I think, the dilemma that the ministry faced, but the ministry also says that there's a shortage of affordable housing in Alberta's high-growth, high-need communities. So how do you square the circle on this one? How do you provide an appropriate amount of money per door and still actually create a sufficient inventory of affordable housing? In looking at the plans here from '06-07, I wonder if the minister can elaborate on, you know, how he's going to deliver on that.

Mr. Danyluk: Well, I want to say to you that it is a balancing act. It's kind of funny to be here talking about '06-07 and asking the question: how are we going to deliver? It's very hard for me to say: well, we recognized that concern in '06-07 and delivered \$285 million more in '07-08. I mean, we're not here to discuss '07-08, but we did recognize it. We did recognize the need, and that's why the task force was struck up, you know, in '07, in order to make that happen or at least to have input. So, yes, we did recognize it, and yes we did try to address it. Is there ever a complete fulfillment of needs? I would say no, but we try to do what we can to the best of our abilities.

The Chair: Thank you.

Art Johnston, followed by David Eggen, please.

Mr. Johnston: Thank you, Chair. On page 121 of the '06-07 annual report of the ministry of municipal affairs, under Statement of Operations for the Alberta Social Housing Corporation, the actuals under Transfers from Department of Municipal Affairs and Housing for '07 were \$108 million higher than the previous year. Why was there such an increase in the transfers from the department to Alberta Social Housing Corporation?

Mr. Danyluk: Robin, go ahead.

Mr. Wigston: Last year there was a direction to pay out the Alberta heritage savings trust fund, which was about an \$81 million debenture that we owed to them based on projects that we built over many years. The direction was to pay that out, so \$81 million was paying out the debt. There was also a penalty, I believe, of around \$20 million on top of that. So that's the \$100 million difference that was from the previous year.

9:10

Mr. Johnston: Thank you. What was the interest rate on the heritage fund debentures, and what were these debentures used for?

Mr. Wigston: The interest rates were fairly high. They ran around 17 per cent.

The debentures were used to build pieces of the social housing projects in current and different years across Alberta, the seniors self-contained apartments and community housing projects that have been developed over the last 35 years.

Mr. Johnston: Thank you.

The Chair: Thank you very much.

David Eggen, please, followed by Heather Forsyth.

Mr. Eggen: Thanks, Mr. Chair, and thank you, Minister, for being here as well. I'm going back to page 56 of the Municipal Affairs and Housing annual report. What I find very difficult to believe is a lack of basic recognition of an increased need for affordable housing in the province back from 2005 and up to 2006, 2007. Not only have we had tens of thousands of people moving into the province, but we've also had this internal mechanism going on for a number of years where people are getting booted out of affordable housing units because of condo conversions or affordable housing units being torn down. Yet you see, as pointed out previously, that the amount of affordable housing units being built by the province in conjunction with the feds is actually very modest – I would say embarrassingly modest – and has gone down from 2005 to 2006. So my first question is: did you do numbers to figure out how many housing units would be required in an ideal circumstance? How many units were actually going to be needed for both 2005, 2006? Obviously, the discrepancy between what was actually produced and what was needed was woefully inadequate.

Mr. Danyluk: I think you hit the nail right on the head when you asked your question, and you sort of answered your own question.

Mr. Eggen: No, I didn't.

Mr. Danyluk: But let me try to assist you in clarifying your answer and your question in the way to say that when we have individuals and agencies that are in Alberta that are wanting to support housing, what does happen is they can't do it at that \$50,000 a door. They couldn't provide that assistance. The federal government and the provincial government needed to look at a different criteria for that provision. So they made that provision higher, up to \$150,000 a door.

Now, what happened was we didn't say to the individuals: we're going to provide \$150,000 a door. We tried to rationalize and say: well, what exactly is needed? This still happens today with any type of housing project that we're looking at in support to agencies, trying to have a business plan – well, they do provide a business plan – and what is necessary per door to make that facility, to provide as many doors, as many units, throughout Alberta as possible. So it is a situation where you try to encourage agencies to get involved. Agencies won't get involved unless they can break even. These are not-for-profits. In order to break even, sometimes that support needs to be a little bit more.

I'll also ask my assistant deputy minister to add.

Mr. Eggen: No. That's good enough.

Mr. Danyluk: No. I would very much like him to add. You asked a question.

Mr. Eggen: I got my answer. I mean, it's clear that your business plan was woefully inadequate.

You didn't answer the question about: how many units did you expect to be required here in the province from 2005, 2006? Obviously, the discrepancy between what was built and what was needed didn't work.

Mr. Danyluk: Well, let me say to you that what housing needs were out there were greater than the ones we were getting. So that is why the change was made as well from the \$50,000 to \$150,000, in order to try to encourage more development because the uptake was not what we felt was necessary.

The Chair: Heather Forsyth, please, followed by Rick Miller.

Mrs. Forsyth: Thank you, Mr. Chair. Minister, if I could get you to turn to page 15 of your annual report, and it's on the development of a voluntary sector framework for collaboration. I think one of the things that is important that the government has to recognize is what the nonprofit agencies and volunteers do in this province on behalf of the government at probably half the cost of what it would cost government if we ended up doing it. I've heard that over and over again.

What I'd like to hear from you is, I guess, a couple of things. One, how many of the nonprofit/volunteer sectors are even aware of this? None that I've run into are aware of that. My second question would be: when you talk about the next steps to establish a collaborative body, where are we in that process?

Mr. Danyluk: Okay. I want to say that we have signed – and I believe it was after the fiscal year – a support for the framework for collaboration with the association. That was in the new year.

How come people weren't aware? That's probably one of the reasons why they weren't aware. We wanted to make sure that people had that access and that ability to work with that association.

I'm not sure if that really answers your question to the extent that you want, but I can tell you that the voluntary sector is a significant part of this province. I can also tell you that it's probably in the neighbourhood of a value of \$9 billion for Albertans in voluntary contributions not only to their communities but also to the province as a whole.

Your question centralized around that you have a group of people, a voluntary organization, and how come people didn't know about it? Sorry.

Mrs. Forsyth: No, they don't. I just finished travelling the province from one end to the other and not once was this ever mentioned.

I guess my question is – because I've got to stick to 2006-2007. You talk about, "The next step will be to establish a collaborative body with representation from the Alberta government and the nonprofit/voluntary sector that will provide leadership, accountability and oversight for implementation of the framework." Is that process in place, and if it's not, when will it be in place?

Mr. Danyluk: Hon. member, it's difficult to try to stay in one fiscal year and not in another. But if you're asking me now, yes, it is in place. Yes, we're working collaboratively to provide a support agency for all volunteerism in Alberta. Yes, that's happening. Is it in its infancy? Yes, it is. But it is in place and working now.

Mrs. Forsyth: Okay. Thank you for that.

The Chair: Thank you very much.

Rick Miller, please, followed by Alana DeLong.

Mr. R. Miller: Thank you very much. My question is for the Auditor General, actually. On the page where you report the results of a plan, specified auditing procedures on performance measures, you indicate under section 2, reliability, that "information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results." When I look at that and I look at the same section in the annual report from the Department of Energy, I notice a marked difference in terms of the way that you described reliability measures. As a member of this committee who has concerns about the information that's put before us and the accuracy of that, I'm just wondering if

you could comment on your remarks and why they appear to be so different in this report as opposed to the Department of Energy's report.

9:20

Mr. Dunn: Thank you, Mr. Miller. I'm going to have to look that up, so you'll have to give me a moment. But the specified procedures report is generally the very same in all annual reports other than where we find an exception. You're looking at page 23 in the Municipal Affairs annual report, where we reported we found no exceptions, and I'm going to have to go and look at the Ministry of Energy's annual report to find out what we did say there. So if you'll give me a moment, I'll look that up.

Mr. R. Miller: Sure. Okay. I'd be happy to give you a moment or provide you with a copy of that if you'd like.

I guess what I'm trying to get at: you made some comments yesterday in regard to the Department of Energy's annual report and some of the concerns that you had, particularly with their '03 report. Mr. Auditor General, you actually indicated that if this was a public company and they reported information that wasn't factual in their annual reports, there would be some serious charges levelled against them and the Securities Commission would likely challenge them on that.

My challenge as a member of this committee and a relatively new member of this committee is – I'm looking for some direction from you – how do I know that the annual reports that are placed in front of me are accurate, and what should I be looking for so that I know that the information I have and the questions that I'm asking are relevant to factual information as opposed to something that might not all be there?

Mr. Dunn: Okay. I've just looked up the Ministry of Energy's annual report, and the phraseology, wording, we've used on the performance measures – and that's reported on page 22 of that ministry's annual report – is the same. So we have reported for the year 2006-07 in Energy's annual report the very same results that we had found with the ministry of municipal affairs. It's page 22 in Energy, 23 in Municipal Affairs.

In neither case do we say that we express an opinion that the measures that are reported by a ministry are relevant or sufficient. We do talk about completeness, reliability, comparability, and understandability, but we do not take a position on whether or not they are relevant and sufficient. Actually, relevancy and sufficiency should be judged by the users of the annual report, which primarily are you. So you should be challenging any ministry and its departmental officials: how did you come up with that, first of all, goal and, secondly, performance measure to measure your achievement of the goal and then the target, the target you've established in demonstrating that you have received or achieved sufficient outcome against that goal?

In relationship to what we had reported for the year '03-04 in the Ministry of Energy's annual report, I'll make a very brief comment. In our energy royalty review examination that we did in '06-07, the October '07 annual report, we mentioned in that case that there was a statement made in the '03-04 annual report for the Ministry of Energy that we could not see how the ministry substantiated the assertion made that a royalty review had been completed, but it did not relate to the performance measures and the targets that were reported therein.

Thank you.

Mr. R. Miller: Thank you.

Do I still have a supplemental?

The Chair: No. I'm sorry, Mr. Miller. That's two questions. Alana DeLong, followed by Mr. Chase.

Ms DeLong: Thank you very much. Could I please direct everyone to the Municipal Affairs annual report, page 12 at the very bottom, Safety Standards for Secondary Suites. The adoption of safety standards for secondary suites is listed as a key activity. What prompted the move to develop new standards for these units?

Mr. Danyluk: Well, first of all, we looked at different ways to try to encourage the, if I can use the word, development. Maybe that's the wrong word, but to encourage more units in Alberta. We didn't just look at avenues of building units or having agencies build units; we looked at the opportunity for the possibility of secondary suites or granny suites, if we can say that.

When we looked at rental unit regulations, one of the things that we found is that there were what we would consider stringent guidelines and building codes that very much restricted that development. What does that exactly mean? It means that one of the building codes said that you needed to have a separate entrance for each and every one of the suites. We looked at it and said: well, we think it's not that critical to have a separate entrance; maybe two can use the same entrance. So, you know, those kinds of changes.

If I can ask Ivan to add to that, please.

Mr. Moore: Prior to those standards there was not a standard for a basement suite in a home. It's different from just a basement bedroom. It's self-contained living accommodations. Standards prior to that that were legally acceptable were those applicable to duplexes and apartments, so there were quite stringent requirements around those. In order to support the need for affordable options, we developed safe standards around how a basement development could be done maintaining a proper level of safety for a tenant in a basement accommodation.

Ms DeLong: I wonder whether you could confirm this. I have heard that if we were to open up safe secondary suites in buildings, we would actually fully address the affordable housing situation. What steps have you done to work with municipalities in terms of accommodating these secondary suites in their communities?

Mr. Danyluk: Well, first of all, it is under the jurisdiction and autonomy of municipalities for those municipalities to decide in regard to zoning. Have we encouraged municipalities to look at secondary suites or granny suites? Very much so. There are certain sections of different municipalities that feel that that shouldn't happen, that there shouldn't be rentals. If it is a single dwelling, it should be a single dwelling. That's what it should be zoned for, and that's what people expect when they buy or build in that area. From our estimations if you had a secondary suite for every basement that wasn't utilized, would that address the needs? I would suggest to you yes.

I'll just get Shelley to supplement.

Mrs. Ewart-Johnson: Thank you for the question. We did a quick survey of our major municipalities at the end of September, prior to my presentation to the managing growth committee, to find out how many of our municipalities had adopted the bylaws for secondary suites. We found that eight major municipalities have looked at bylaws to adopt the new building codes. Of that, we also were given the statistic that about 80 new secondary suites had been built at that time, and those are considered the legal suites. There was a lot of upgrading of current suites in basements. But the eight major

municipalities, which is, of course, a significant group including Edmonton, Calgary, Red Deer, Lethbridge – all of those major municipalities had adopted bylaws to incorporate the new standards.

The Chair: Mr. Chase, please, followed by Mr. Dunford.

Mr. Chase: Thank you. Through a combination of philanthropy, donation of labour, time, land, and building supplies Habitat for Humanity is able to leverage funding to build a number of affordable homes. Over the past three years I've worked on Habitat for Humanity projects, specifically the Sheftel Court project in north-west Calgary, that borders on the Calgary-Varsity constituency. I would like to know what money was provided in the 2006-2007 year to support the Habitat for Humanity affordable housing program.

9:30

Mr. Danyluk: Okay. I'll let Robin answer directly. First of all, I just want to make a comment. Is it Thursday that's Philanthropy Day? Very much the work that that organization is doing I think is very positive. I know that we have supported the organization. I can't tell you in '06-07, but I'll get my ADM to do that.

Mr. Chase: Thank you.

Mr. Wigston: In '06-07 \$2 million was approved for Habitat for Humanity to develop 40 new homes. They're developing these homes in several locations across the province: Brooks, Calgary, Camrose, Edmonton, Lethbridge, Medicine Hat, Mountain View, Red Deer, south Peace, and Wood Buffalo.

Mr. Chase: Thank you very much. I would point out that Habitat for Humanity, again, based on its leverage, is very much worth the investment, and \$2 million out of this year's figure of \$285 million seems like a very small investment.

My second question: what was the total amount of funding in 2006-2007 to nonprofit organizations such as Calgary land trust to subsidize either the land acquisition or the building of affordable housing in Calgary?

Mr. Danyluk: First of all, I just want to make sure that we compare apples to apples. You're talking about \$2 million given to one organization in '06-07, and then you bring in '07-08, a budget of \$285 million additional. That seems to be a small amount on the \$285 million. The \$285 million is in the subsequent year, and the \$2 million is in the previous year.

Mr. Chase: If you'd like to put that \$2 million as a numerator over your 2006-2007 denominator, I'd be pleased to hear that figure, but my next question had to do with . . .

The Chair: Mr. Chase, excuse me, please. There is a long list. We have a shorter meeting today, and that's your third question. I'm sorry.

Mr. Chase: I was asking for an answer to my second question.

The Chair: No. We want to move on.

Mr. Danyluk: You got a little addition on your first.

The Chair: Mr. Dunford, followed by Mr. Taylor.

Mr. Chase: To my second question, please.

Mr. Dunford: I think the chair has called me, hasn't he?

The Chair: I'm sorry. We're moving on.

Mr. Dunford: In 2006-2007 how many times were the emergency preparedness procedures mobilized due to either real or implied threats?

Mr. Danyluk: Real or implied threats meaning disasters in the way of floods, in the way of disasters – let's say the Wabamun situation. Is that what you're saying?

Mr. Dunford: Well, those would be real, so I'm curious about that. But there's also an implied threat. You know, we live in an age of high risk from a security standpoint.

Mr. Danyluk: Mr. Chairman, I will ask my managing director or else Ivan to see if he has any comments on 2006 to 2007. You have to remember that the agency has just been formulated in this particular year. I can tell you at this particular time that I probably get one or two notifications a day of some sort of an emergency, but I'll ask my managing director to comment on '06-07.

Mr. Hodgins: Thank you, Mr. Minister. Yes, we do have routine contact in terms of emergency events that are happening across the province. Each day there is a notification of events that occur, most minor in nature, most controlled through local government with the support of the provincial system. We do routinely test the systems in the province as well to make sure that we're response capable. Each month there is a scenario we walk through, a tabletop exercise in terms of us being prepared.

Mr. Dunford: Okay. Thank you.

The Chair: Thank you very much.

Mr. Taylor, please, followed by Mr. Cenaiko.

Mr. Taylor: Thank you, Mr. Chair. There were two outstanding recommendations made by the Auditor General in his '06-07 report for the Alberta Social Housing Corporation regarding land sales, systems, and planning. I wonder, first of all, if the minister could tell us what specific steps he has taken towards establishing a long-term plan for selling land in Fort McMurray.

Mr. Danyluk: You want me to answer what we're doing now?

Mr. Taylor: I'm asking what you have done as a result of the outstanding recommendations in the Auditor General's report, sir.

Mr. Danyluk: Okay. Right now we are working with the municipality of Wood Buffalo, also working with the Wood Buffalo housing authority on different ways. Last year, in fact, we provided in the neighbourhood of \$52.5 million to create 300 affordable housing units. Also projected: another 300 affordable housing units this coming year. Looking into the future, we have a 10-year plan working, as I said, with the housing authority and not necessarily a focus or direction that is taken yet because, as I said, we're working with them for a 10-year plan, hoping to achieve approximately 4,000 units.

I'll ask my ADM to supplement.

Mr. Wigston: The Auditor General's report asked us to work with ministries and the municipality to develop a long-term plan for

selling land in Fort McMurray. We only have a small parcel of land, considering size, left there. We have 306 acres left, but we are working with Infrastructure and SRD and the municipality in order to look at the best staging of which parcels go next. The municipality did a fringe area study, and they've lined up the parcels in order. Two parcels right now, Saline Creek and North Parsons, are the next two that should go on the market, and we're currently working with the ministries involved to come up with a suitable plan for moving those lands onto the market.

Mr. Taylor: Okay. I wonder if the ADM has a timeline for that.

Mr. Wigston: It'll happen fairly soon, but in the relative of land sales it could be within a year. The intent is to have the next parcel or the next two parcels ready to start building by 2010. There's enough land through the parcels we've already sold for full development for the next two years, and the plan is to have this next parcel on stream when parcel D and parcel F are finished, so about 2010.

Mr. Taylor: Thank you, sir.

The Chair: Thank you very much.
Ivan Strang, please.

Mr. Strang: Thank you, Mr. Chairman. To the hon. minister. You'd mentioned something about this in your opening remarks about your tank site remediation program, but if you turn to page 38, your core business 2 on safety service and fire protection, you show that in 2006-07 you did 26 site cleanups. Can you tell the committee how many more sites are left to be cleaned up and what the estimated cost would be?

Mr. Danyluk: Ivan.

Mr. Moore: There were \$50 million approved in '06-07 for, basically, an additional roughly 600 sites on top of those we've already done. The 26 that are reported in the annual report are those where cleanup was completed. There are, in fact, around 650 in progress at any point in time being cleaned up. The additional funding will finish those off and include the additional 600 that we'd identified.

Mr. Strang: Okay. Thank you. My supplementary question is: Minister, why don't you use a heavy hand on a lot of these oil companies to clean up some of these sites? Basically, all they're doing is sterilizing a lot of municipality land, and all they're doing is paying taxes. I'm worried about the seepage in these areas, that can contaminate unsuspected other land owners.

Mr. Danyluk: Ivan.

Mr. Moore: The tank program we have is related to the small-business owner, and that's what it's targeted at. Looking at big oil, their issues rest with Environment, and the enforcement of the environmental requirements flows through that ministry as opposed to through Municipal Affairs and Housing. Our focus is on the small business and assisting them in their environmental needs.

9:40

The Chair: Thank you very much.
We still have Mr. Eggen.

Mr. Eggen: Okay. I'll go quickly.

The Chair: Please proceed, and then after Mr. Eggen's exchange we will have questions on the record because we've got another item to deal with on the agenda.

Mr. Eggen: Right. Okay. Thanks, Mr. Chair. I wanted to refer back to the Auditor General's report in regard to Crown land in and around Fort McMurray. I guess I want to change my first question because the deputy minister, I believe, mentioned that he has 306 acres available for development, but it seems to me that there is considerably more Crown land that's accessible to the municipality of Fort McMurray that could be made available for housing. I just wanted to know: why are you saying there are only 306 acres available like that?

Mr. Danyluk: There are only 306 acres available under this ministry. The ADM also said that there are lands in Saline Creek and Parsons Creek that are managed by Infrastructure and Transportation as well as SRD. So is there more available land? Yes. Very much so.

Mr. Eggen: Thanks.

My second question would be: are you actively negotiating with, I would say, especially SRD to ensure that there's considerably more land available for housing? Of course, the price of housing depends mostly on the lots. If the government has within its capacity the ability to actually bring down the prices of houses in some reasonable way so that they are made more affordable, do you have a specific number that you'd work with to release more land with the active consideration to not just make more housing available but to actually make it more affordable for purchase as well?

Mr. Danyluk: Well, thank you for the question. That relates very much to the recommendations that were made previously by the Auditor General that we move in that direction in a very systematic manner, making sure that the land is made available and developed and includes affordable, attainable housing. That is why we're looking at a 10-year plan, as the assistant deputy minister has stated. We're two years in the process that we have planned. We're looking at that year, let's say year 2 to year 12, because we're looking at a 10-year plan or an eight-year plan. We're looking at both aspects from that point on and, as I said before, trying to incorporate affordable housing as well as attainable housing and how we can best leverage that land. I want to stress to you very much that the discussion between the ministries is taking place with the same goal, and that is providing attainable housing.

Mr. Eggen: Thanks.

The Chair: Thank you.

For the record, Mr. Miller, if you could read your question into *Hansard*, if the minister and his staff could provide a written response through the clerk to all committee members, we would be very grateful. We have a list.

Mr. Danyluk: We would be so glad.

The Chair: Okay.

Mr. R. Miller: Thank you very much, Mr. Chair. On page 100 of the department's financial report, the annual report, the department shows that there are approximately \$170 million in accounts receivable as of March 31 of 2007 and \$172 million for the year ended March 31, 2006. Of that \$170 million the Auditor General

has identified about \$124 million to reimburse the ministry for disaster recovery costs for floods which occurred in the year 2005 or earlier. My question would be: why is it taking so long to be reimbursed by the federal government, and what are we doing to expedite the collection of those receivables?

Thank you.

Mr. Danyluk: I could answer that real quickly.

The Chair: No. In writing, please.

Mr. Chase.

Mr. Chase: Thank you very much. On page 17 it states that the construction and maintenance of municipal infrastructure projects has been greatly impacted by rising costs and lack of workers. Given the fact that construction and maintenance costs will not decrease in this province for a while, what plans does the minister have in place to address the funding shortfalls for municipal projects?

Secondly, what plans are in place to help improve municipalities' revenue streams so that they do not need to base their long-term infrastructure planning on surpluses in provincial budgets?

The Chair: Thank you.

Mr. Strang.

Mr. Strang: Thank you, Mr. Chairman. To the hon. minister. Under your core business 1 in your annual report, on page 26, you state your local government services. I'm just wondering: with a lot of the municipalities, especially the urban ones that are supplying a lot of the rural municipalities the services, are you working with the municipalities so we can develop regional partnership initiative exploration grants so that they can sort of help the other municipalities with their service costs on their arenas and that?

The Chair: Thank you.

Mr. Danyluk: Do you want me to answer that?

The Chair: No. In writing, please.

Mr. Danyluk: We definitely will.

The Chair: I also have a question if you don't mind. It's on page 114 of your annual report, under Safety Services and Fire Protection, technical services, regional services, and the fire commissioner. There was a 10 per cent overexpenditure in their budgets from what was authorized. Could you tell us if this expenditure was a result of any studies or discussions that were made to change the building code and the fire code? There are two issues here: in the fire code it's underbarrier, the fire protection under vinyl siding in new homes, and also the proximity of one home to the other. There has been a series of fires here that have had significant property damage. Could you tell us if this overexpenditure has been a result of studies that may alleviate that problem? Thank you.

If there are no other questions, I on behalf of the committee would like to thank Mr. Danyluk, the hon. minister, for his time and that of his staff. We appreciate your time and your patience with the committee this morning, and you're free to go before we go on to other business.

Mr. Danyluk: The pleasure is definitely ours.

The Chair: I would like to bring the attention of the members to item 4 on our agenda, Other Business, the notice of motion proposed at the September 12, 2007, meeting. Mr. Bonko moved his motion that CDI College be invited to meet with the Standing Committee on Public Accounts so that the committee may examine the college's financial statements.

Now, I received, like the rest of you, this morning an update, a memorandum from Senior Parliamentary Counsel Mr. Rob Reynolds, who has joined us. Good morning, Mr. Reynolds. This was circulated to all members of the committee at the start of this morning's meeting. At this point hopefully everyone has had a chance to read this. I would open the floor to discussion.

Mr. Cenaiko: Well, having read over the document and the motion, I think it's pretty clear that we can't have CDI come. It's pretty clear. They're not a public entity.

The Chair: Well, for the record, at the start of this meeting after I read this memorandum – and I was not consulted by Senior Parliamentary Counsel in the drafting of this. Were you, Mr. Bonko?

Mr. Bonko: No, I was not.

The Chair: Okay. I had a quick look through public accounts for the year ended March 31, 2005, and there is a CDI College of Business, Technology and Health Care certainly in the supplies and services, capital assets, and others listed in that time frame for a total of \$64,944. I believe this college receives its funding through the Canada-Alberta labour market agreement, which is in excess of \$100 million annually. Is that correct, Mr. Bonko?

9:50

Mr. Bonko: I'm not sure exactly on the figures, Mr. Chairman.

The Chair: But they do receive public funding?

Mr. Bonko: I believe so.

Mr. Eggen: They sure do.

The Chair: They sure do. Okay.

Mrs. Forsyth: Well, Mr. Chair, if I may. I don't get confused very often, so I'm having difficulty trying to figure out how to word this properly, but for us to be able to call businesses like CDI College, et cetera, I think we have to have a clear mandate of this committee. So I think that before we go one step further than this, we should really clearly define what the mandate of this committee is, which would make it a lot easier. Is the mandate of this committee that any organization that receives money from the government can be called forward?

The Chair: That is my understanding.

Mrs. Forsyth: Then I guess if CDI College has received government funding, provincial government funding . . .

Mr. Cenaiko: And the Boys & Girls Clubs of Edmonton received funding.

Mrs. Forsyth: I can't answer that. I'm not aware of that. I mean, there's a ton of them, Mr. Chair, even through the grant processes through departments.

Mr. Cenaiko: Mr. Chair, \$140 million a year is provided to not-for-profit organizations, so if you're saying that each one of those organizations could be called, then the Sierra Club would be top on my list. So I'd say that, yes, we should invite the Sierra Club in and find out where they get their funding.

Mrs. Forsyth: If I may, Mr. Chair, because I believe I still have the floor.

The Chair: Yes.

Mrs. Forsyth: I'm not opposed to what this committee is trying to do. I'm really not. I think it's worth while. We need to have a clear mandate of what we can and cannot do on this particular committee. Then if there is a nonprofit out there or someone is receiving government funding, we have the ability, like we did over the summer, to bring them forward.

The Chair: Okay. These are the details of grants, supplies, services, capital assets, and others by payee for the year ended March 31, 2006. This is the general revenue fund. This is what we all affectionately call the blue book. It states in here that "this report includes payments made by departments to government sector entities and Crown-controlled SUCH sector organizations as well as to external organizations and individuals." So it's up to the will of the committee what you want to do, but clearly in Public Accounts public accounts includes everyone from A to Z in both grants and capital assets.

Mr. Bonko: Well, I believe that it was already stated that in the summer we brought in health authorities, we brought in universities and colleges, and clearly that was new ground for the committee. I'm still trying to establish new ground here by bringing in CDI College, which does receive government funding. I think that if government says we are now open, transparent, and accountable to how that money is being spent, then we should in fact be able to bring in any and all organizations that do receive government money, such as CDI College.

Mrs. Forsyth: If I may. Bill, nobody is arguing with you. I mean, I'm speaking for myself as a government member. I don't think anybody's arguing with you, but I want within the mandate, as the chair has indicated, clear direction if you can or cannot do that. The chair has indicated that you can.

The Chair: At the will of the committee.

Mr. Eggen: Well, certainly, I support the basic premise that we're working with here as described by the chair and by the hon. Member for Calgary-Fish Creek. I mean, there's a practical problem associated with this because, of course, of the limited of time that we have. The temporal part of this whole operation is difficult. So I would just like to ask Parliamentary Counsel to elaborate on his report and see what is going on. Is that okay? I just need to know more.

Mr. Reynolds: Well, as the opinion indicates, typically Public Accounts in the past has called entities that are under the public-sector umbrella as those entities are either audited by the Auditor General or even indicated in documents such as the 2007-2008 government estimates or a list of government entities. That mandate of Public Accounts, as Mr. Bonko said, was actually widened pursuant to the House leaders' agreement, where there was specific

reference, as I indicate, to including regional health authorities, I believe, and that was the door to looking at what Mr. Bonko referred to as the SUCH sector.

Now, as I indicate, it's up to the committee in the first instance to determine its own jurisdiction. But what I say is that it would be a remarkable departure from the past practice, the historical operations of this committee. There is no discernible mandate that I've been able to find in any of the materials, such as the Auditor General's report, that would justify, based on past practices, looking at CDI College. As Mr. MacDonald pointed out, it may be in the payees, the blue book, but there are, of course – I don't know – several thousand entities in there that are not audited by the Auditor General and do not fall under the public-sector umbrella.

So based on the past operations of the committee, its explicit mandate, et cetera, while in theory the committee has the jurisdiction, as any committee of the Assembly does, it wouldn't seem to be in keeping with the mandate or jurisdiction as it's been applied to date.

Mr. Eggen: Thank you.

The Chair: Mr. Cenaiko was very patient and then Rick Miller and Alana DeLong.

Mr. Cenaiko: Mr. Chair, I'd have to agree with legal counsel from the LAO that provides us with advice. Included in the blue book would be Sunterra, who provided Public Accounts with lunches over the fall when we had the regional health authorities and the postsecondary institutions in for us. So, again, they're listed in the blue book. I don't think we want to bring Sunterra before Public Accounts.

Mr. R. Miller: We're not getting complaints about them.

Mr. Cenaiko: Well, unless the opposition wants to call them. They can request that.

The Auditor General's scope of practice is such as to ensure the auditing of departments, obviously, which includes regional health authorities, postsecondary institutions, and those that fall under the public accounts and/or the government public entity umbrella. I think I'd like to hear from the Auditor General.

The Chair: Agreed.

Mr. Dunn: As reported by the task force that Neil McCrank and Allan Tupper have just reported on, the government's oversight of public-sector entities – I think they reported 199 of them. There is a very large umbrella which contains all of the public-sector entities, which include postsecondary entities and that, which receive funding and oversight by the various departments and ministries. Obviously, there are a lot of private-sector entities which do work on behalf of the Crown. I'd be concerned if you were to take some of your valuable time looking at one specific private-sector entity if you did not have an objective to be achieved.

I guess what I'm a little interested in is: why do you want to have CDI College appear before you? You have many other colleges which have not appeared before you. You've only had the two universities and Mount Royal and Grant MacEwan appear before you. There are many other colleges that could appear before you, which include NAIT, SAIT, and that, which receive public-sector funding.

However, just to help on one matter here, because I don't know what Mr. Bonko's primary interest is in having CDI. We're aware

of funding which has been provided through EII by way of grants and assistance provided to students who attend private-sector institutions. Funding is provided by the province. I can let the committee know that we have an audit under way right now looking into that funding to ensure that the systems which are maintained by EII as to the appropriateness of the funding and support for those students is properly monitored and supervised and evaluated, and we are also looking at Advanced Education as to how they accredit the private-sector institutions. We intend to report on that to this committee in April 2008.

10:00

It doesn't maybe address exactly what Mr. Bonko was looking for, but we at this moment have this audit under way, and we'll report any of our findings to this committee. It would then become appropriate for you to follow up as to whether you wish to have further information provided by the ministry, that would appear at that time. It would be primarily EII as to that support which goes from the province through to the private-sector entities around the value which is obtained for that support for the students looking for alternate education.

The Chair: Thank you.

Mr. Rodney: Question. Call for the question.

The Chair: We have some more people on the speakers list.

Ms DeLong: Question.

Mr. Eggen: Well, I wouldn't mind just saying something quickly.

The Chair: Very quickly.

Ms DeLong: Well, I'll go first, then.

The Chair: Yes.

Ms DeLong: I think it's been made very clear by our legal counsel that this is not an area that we have in the past looked at, and I don't believe it's even being looked at by any other Public Accounts in the country. Also, we've heard from the Auditor General that if you do have concerns around this – and I don't know where your concerns come from, but it sounds to me as if the Auditor General is looking at two possible approaches that would maybe look after your concerns. So I'd say let's just go ahead with it.

The Chair: Thank you.

Mr. Miller, followed by Mr. Dunford. And if you could be brief with your comments.

Mr. R. Miller: Thank you, Mr. Chair. Actually, the Auditor General answered most of my questions, but I would just like to point out section 4(f) of the House leaders' agreement, which Parliamentary Counsel references in his paper provided to us. According to the very strictest definition it says that we "may call and question Ministers, senior department officials or officials of Agencies, Boards and commissions of government and such other as may be necessary for the full pursuit of its duties." So if this committee chose to do so, my nonlegal mind would tell me that we can. It's within our purview to do so if we believe that it is necessary for the full pursuit of our duties.

It would indeed be a major expansion on the activities of this committee in the past but not necessarily outside of what our Standing Orders say. I would dispute, without having more information in front of us, the notion that other Public Accounts Committees don't do this. Nobody has indicated to us that that is in fact the case. Perhaps that's something we should look at, whether or not other Public Accounts Committees across the country do this sort of thing.

The Chair: Yes. Thank you, Mr. Miller.

The Chair would like to point out in Mr. Reynolds' memorandum section 14 of the Legislative Assembly Act, compelling attendance of witnesses. The Chair would like to note that for all members.

Mr. Dunford: I'll be opposing this motion. I believe that the purpose under the British parliamentary system for Public Accounts is to call government to be accountable for the spending of taxpayers' money. If CDI College, a private firm, is of some concern by money that they're receiving from this government, then it is only appropriate that the appropriate minister be called forward to account.

I think this is, knowingly or unknowingly, just another opportunity to usurp the power and the authority of a duly sworn-in minister of the Crown.

The Chair: Thank you, Mr. Dunford.

Before we vote, Mr. Bonko, do you have anything to say briefly about your motion?

Mr. Bonko: No. I think, Mr. Chairman, that everything has been said, and I will be supporting the motion.

The Chair: Okay.

Mr. Chase, briefly, and then Mrs. Forsyth. Then we're calling the vote.

Mr. Chase: Just by definition precedent is something that has been set before. We've blazed new trails, so to speak, with our calling of health regions and colleges and universities.

Calling for CDI isn't a frivolous request, but if the motion that's been put forward doesn't go through, I'm wondering if the Auditor General would entertain a request to investigate the accountability concerns that have been brought up to us on CDI as a separate investigation.

Mr. Dunn: Maybe I'll respond on behalf of my office. That is part of the area that we're looking at. It'll be CDI together with other private-sector postsecondary institutions and public-sector postsecondary institutions. We're looking at the type of funding and the value that is being obtained from that funding both by way of direct grants as well as assistance to students in attendance at those courses. As I said, it's my expectation that we'll be able to report in our annual report in April of 2008.

The Chair: Thank you.

Mrs. Forsyth to conclude, please.

Mrs. Forsyth: Thank you, Mr. Chair. Again, I go back to some clarification. I'm not opposed to what Mr. Bonko is trying to do in his motion. What I'm opposed to is the fact that if you read the letter from Rob, if I may call him that, you know, there are some interesting comments about legislation that may need to be amended for the scope. It talks about the House leaders' agreement. I would

like some more information. I'm wondering if he would be opposed to postponing this particular motion till next week, till we get some clarification on some of the things that are questionable. I'm sorry, Bill.

Mr. Bonko: No. I think we have enough information with what Parliamentary Counsel has provided us. I believe it is within our scope to bring in external agencies, which has already been pointed out, so I'm comfortable with going with the vote.

The Chair: Okay. Thank you.

The chair is going to call the vote on the motion by Mr. Bonko that

CDI College be invited to meet with the Standing Committee on

Public Accounts so that the committee may examine the college's financial statements.

Those in favour, please? Those opposed? The motion is defeated. That ends that matter.

Item 5 on our agenda is the date of our next meeting, which is next Wednesday, November 21, and we're meeting with the Ministry of Children's Services.

If I could have a motion to adjourn, please? Mr. Johnston. Thank you. Moved by Mr. Johnston that the meeting be adjourned. All in favour? Seeing none opposed, thank you very much. We'll see you next week.

[The committee adjourned at 10:08 a.m.]

