



Legislative Assembly of Alberta

The 27th Legislature  
First Session

Standing Committee  
on  
Public Accounts

Wednesday, April 23, 2008  
8:30 a.m.

Transcript No. 27-1-1

**Legislative Assembly of Alberta  
The 27th Legislature  
First Session**

**Standing Committee on Public Accounts**

MacDonald, Hugh, Edmonton-Gold Bar (L), Chair  
Lund, Ty, Rocky Mountain House (PC), Deputy Chair

Benito, Carl, Edmonton-Mill Woods (PC)  
Bhardwaj, Naresh, Edmonton-Ellerslie (PC)  
Chase, Harry B., Calgary-Varsity (L)  
Dallas, Cal, Red Deer-South (PC)  
Denis, Jonathan, Calgary-Egmont (PC)  
Drysdale, Wayne, Grande Prairie-Wapiti (PC)  
Fawcett, Kyle, Calgary-North Hill (PC)  
Griffiths, Doug, Battle River-Wainwright (PC)  
Jacobs, Broyce, Cardston-Taber-Warner (PC)  
Johnson, Jeff, Athabasca-Redwater (PC)  
Kang, Darshan S., Calgary-McCall (L)  
Mason, Brian, Edmonton-Highlands-Norwood (NDP)  
Quest, Dave, Strathcona (PC)  
Vandermeer, Tony, Edmonton-Beverly-Clareview (PC)  
Woo-Paw, Teresa, Calgary-Mackay (PC)

**Auditor General's Office Participants**

Fred Dunn	Auditor General
Vivek Dharap	Assistant Auditor General
Jeff Dumont	Assistant Auditor General
Ed Ryan	Executive Director
Merwan Saher	Assistant Auditor General
Ronda White	Assistant Auditor General
Doug Wylie	Assistant Auditor General

**Support Staff**

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Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Philip Massolin	Committee Research Co-ordinator
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

8:30 a.m.

Wednesday, April 23, 2008

[Mr. MacDonald in the chair]

**The Chair:** Welcome, everyone. I would like to call this Standing Committee on Public Accounts to order, please. I would like to welcome everyone, including the new deputy chair, Ty Lund, from Rocky Mountain House. This committee has one returning member from last session, Mr. Chase, and two members who were on the committee several years ago, Mr. Griffiths and Mr. Mason. I would like to welcome you both back on behalf of the committee. The agenda packages and reports for this meeting were posted on the committee's internal website a week ago. I would like on behalf of all members of the committee to welcome our Auditor General, Mr. Fred Dunn, and his colleagues. Perhaps we can quickly go around the table and introduce ourselves. Maybe we'll start with Mr. Lund.

**Mr. Lund:** Ty Lund, Rocky Mountain House.

**Mr. Bhardwaj:** Naresh Bhardwaj, Edmonton-Ellerslie.

**Mr. Dallas:** Cal Dallas, Red Deer-South.

**Mr. Mason:** Brian Mason, Edmonton-Highlands-Norwood.

**Mr. Kang:** Darshan Kang, Calgary-McCall.

**Mr. Chase:** Harry Chase, Calgary-Varsity. I would be remiss if I didn't welcome you to Laurie Blakeman's Edmonton-Centre constituency.

**Mr. Dharap:** Vivek Dharap, Auditor General's office.

**Mr. Dumont:** Jeff Dumont, Auditor General's office.

**Mr. Ryan:** Ed Ryan, Auditor General's office.

**Mr. Dunn:** Fred Dunn, Auditor General.

**Mr. Wylie:** Doug Wylie, Auditor General's office.

**Ms White:** Ronda White, Auditor General's office.

**Mr. Saher:** Merwan Saher, Auditor General's office.

**Mr. Denis:** Jonathan Denis, Calgary-Egmont.

**Mr. Vandermeer:** Tony Vandermeer, Edmonton-Beverly-Clareview.

**Mr. Drysdale:** Wayne Drysdale, Grande Prairie-Wapiti.

**Mr. Jacobs:** Bryce Jacobs, Cardston-Taber-Warner.

**Mr. Griffiths:** Doug Griffiths, Battle River-Wainwright.

Mr. Chair, if I may. I used to be vice-chair of this committee, and just for all the new members I'd like them to know – I'm serious – this really is one of the most important committees in all of government. You're really going to enjoy this job, and I'm not being sarcastic.

**Mrs. Dacyshyn:** Corinne Dacyshyn, committee clerk.

**The Chair:** Hugh MacDonald, Edmonton-Gold Bar.

**Dr. Massolin:** I'm Philip Massolin. I'm committee research co-ordinator from the Legislative Assembly Office.

**The Chair:** Thank you. May I please have approval of the agenda as circulated. Moved by Mr. Griffiths that the agenda for our April 23, 2008, meeting be adopted as circulated. Thank you.

Now, item 3 on our agenda is the Organization of Committee Meetings. Standing Order 53: as of April 17 there were some changes to the standing orders with Government Motion 8, but please note that "public accounts and all reports of the Auditor General shall stand permanently referred to the Public Accounts Committee as they become available." Also, the standing order notes that government must reply to any reports of the committee "within 150 days."

This committee examines ministry expenditures from the previous fiscal year, using the most current ministry's and Auditor General's annual reports; that is, 2006-07 and, when relevant, the Auditor General's most recently released report, which was just earlier last week. All members should have received the government of Alberta's response to the recommendations contained in the Auditor General's 2006-07 annual report from the hon. Mr. Lloyd Snelgrove at the start of the week, on Monday.

Date and Time of Committee Meetings. The meetings start at 8:30 sharp and conclude at 10 a.m. Sometimes – and the chair apologizes in advance – the meetings carry on for five or 10 minutes after, and I realize that everyone, including department officials and the ministers and the Auditor General and his staff, has things to do as well. We try to start at 8:30 sharp and conclude at 10 o'clock.

Now, there are the questions around the members about what is appropriate to ask and what is inappropriate. We generally steer away from policy questions and keep questions to the year under review, whether it's the Auditor General's report or the department's report.

I would like at this time to raise item 7(a). Last year a question was raised about the kinds of witnesses our Public Accounts Committee could invite to appear before it. A paper was prepared last fall following a survey of practices in other jurisdictions. As the information is still relevant to the operations of this committee, Philip did some excellent work in getting us some information.

Now, Number and Order of Questions by Members. Tradition has been one question, and then that question is followed by a supplementary. It alternates between opposition and government. All Members of the Legislative Assembly are entitled to participate in meetings, but members not officially on this committee are not allowed to vote or move motions at this committee. That's in our standing orders. The standing order changes allow for temporary substitutions with the same rights as regular committee members, moving motions and voting, but only when 24 hours' written notice has been given to the chair and to the committee clerk. The member who is allowing the substitution is responsible for providing appropriate material to the member attending in his or her place.

Committee Support. This committee has a committee clerk, Corinne Dacyshyn, of course, whom you've already met. She is responsible for providing procedural advice when required and preparing agendas, the committee schedule, and the minutes of meetings as well as organizing your meeting materials. The committee research co-ordinator, Dr. Philip Massolin, worked very well with the committee last year. I'm delighted that he's back.

Now if I could turn it over, please, to Philip to explain what he can offer the committee as far as research and advice.

Before I do that, I would like to welcome Teresa Woo-Paw to the committee and also Mr. Carl Benito. Welcome.

**Dr. Massolin:** Thank you, Mr. Chair. Good morning, everyone, once again. The Legislative Assembly Office has once again been asked to provide research support to legislative committees, including the Public Accounts Committee and the policy field committees. My role is to provide nonpartisan research support to this committee and also to supervise a team of several researchers to fulfill that goal. What we've done in the past, i.e. last year, is to provide mostly research papers or briefings, some of a general nature, some that respond specifically to committee members' questions. My role is to supervise that research and the writing of those papers and to be available at these committee meetings to respond to any questions that the members may have and to follow up.

Now I'd like to talk about the way in which those assignments were kind of doled out. Last year a research subcommittee was struck according to a motion that was moved by the committee, and the research subcommittee consisted of the chair, the deputy chair, and a representative of the third party. That research subcommittee met a few times last year to plan out some of the research tasks, specifically for the September and October meetings.

So the question, I think, before the committee members now is whether or not you want to restrike that subcommittee in order to again assign the research staff tasks. I think the other issue that you may want to consider is what sorts of research you'd like us to undertake for the upcoming set of meetings here in the spring, if you can call it spring. We've prepared a research report for next week's meeting, but we're prepared to do something further, given our marching orders.

Thank you.

**The Chair:** Thank you very much, Philip.  
Do you have any questions?

**Mr. Chase:** Just to follow up on Philip's recommendation, this committee has very much appreciated the research that has taken place, and I would move that we restrike the committee to facilitate that ongoing research.

**The Chair:** Okay. Thank you. Would you like to formally introduce a motion?

8:40

**Mr. Chase:** Yes. I move that we restrike the research committee so that it can provide us with the necessary research.

**The Chair:** Okay. The subcommittee of the Public Accounts Committee to direct the research staff.

**Mr. Chase:** Thank you for the appropriate phrasing.

**The Chair:** Do we have any members interested in serving on this committee? Mr. Griffiths, Mr. Bhardwaj, Mr. Darshan Kang, and the chair. Okay. So that is four members on this committee.

Mr. Mason?

**Mr. Mason:** Yes. You're looking for someone to break the tie? I'm not sure I have time, but if the substitution rule applies, then we would probably be able to manage it.

**The Chair:** For the subcommittee the rule does not apply.

**Mr. Mason:** I may be a fairly delinquent member, then, Mr. Chairman.

**The Chair:** Okay. Fine. But you are willing to sit on the committee?

**Mr. Mason:** If that makes things run more smoothly, yes.

**The Chair:** Okay.

Could you read the motion, then, please?

**Mrs. Dacyshyn:** I'll read the motion back, Mr. Chair. It's moved by Mr. Chase that

a research subcommittee of the Standing Committee on Public Accounts be established comprised of the chair, Mr. Bhardwaj, Mr. Griffiths, Mr. Kang, and Mr. Mason.

**The Chair:** Harry was on that too, wasn't he?

**Mr. Chase:** I can be on it if that would be helpful. It was actually Darshan Kang.

**The Chair:** No. Five is what we had on there. The chair apologizes.

All those in favour of the motion? Opposed? Seeing none, it's carried. Thank you very much.

The chair would like to clarify that the September and October meetings that we had last year were out of the session, and they were with the regional health authorities – Calgary, Capital, Fort McMurray, and Northern Lights – and also with four of the postsecondary education institutions in the province.

The chair at this time would also like to welcome to the committee Mr. Dave Quest. Good morning, sir.

**Mr. Quest:** Good morning. Sorry I'm late.

**The Chair:** That's okay.

Item 3(e). We have been through that.

Item 3(f), Committee Meeting Schedule.

**Mr. Mason:** If I may, I just would like a little bit more clarification on the chair's policy with respect to the rotation of questions.

**The Chair:** Certainly.

**Mr. Mason:** Since the questions alternate between government and opposition, does the rotation – and I'm asking mostly on the opposition side, but it also applies to government – just automatically go through each member from the opposition in turn? Is that the policy?

**The Chair:** No. Each member, regardless of whether they're a government member on this committee or an opposition member, has to indicate that they are interested in asking or directing a question to either the Auditor General or the department. Sometimes members are interested in attending the proceedings and not interested in asking questions, and sometimes there has been a series of questions come from government members only because there are either few opposition members present or if they are present, they don't have any questions.

**Mr. Mason:** So do we need to indicate each time that we wish to ask?

**The Chair:** Yes, please, and once we get started, through the chair. The last term we had help compiling this list, but we can certainly

compile this list. We started five minutes before the meeting to make the list, and it worked out quite well. Members could indicate, and then they could get back on the rotation, if they were interested, and proceed. We got advice from the committee members, and they directed us to speed up the process because there were a lot more questions than there was time to ask them and to receive an appropriate answer from the staff. We did things like reduce the time period in which the minister or his or her officials could give an overview of their department. Sometimes that went on for 20 minutes, and we reduced it to 10 so that members could have more time to ask questions.

If the committee would be gracious in reducing the length of their initial preamble, the chair and I think the committee, I can say, would be very grateful because I think that in the last term we got a lot done in this committee. I would encourage members just to signal the chair, and we'll certainly get you on the list. If there are glitches in the system, we'll work them out. Okay?

Now, the schedule of in-session meetings was completed by the chair, and it is available on the website. We're still working out some final details for this series of meetings this spring, but we certainly have a few departments teed up for sure for the next couple of weeks.

Now, the annual reports and the ministerial responsibilities. The committee clerk has prepared a chart, which you all received with your agenda packages, outlining new ministerial responsibilities and which 2006-07 reports are required for the meetings. There's going to be some overlap in some of these meetings as a result of the government organization after the election, but we're just going to have to deal with it.

Now, item 4, Approved Committee Budget Estimates – 2008-2009. This budget estimate was approved by the Special Standing Committee on Members' Services in November 2007. This budget reflects actual use and is based on the directed 5 per cent increases. It also provides for full committee attendance at five full-day out-of-session meetings, similar to the four meetings that took place in the fall of 2007. The travel budget refers to funding for limited travel to attend the annual joint Canadian Council of Legislative Auditors and the Canadian Council of Public Accounts Committees conference, which will take place in Whitehorse, Yukon, in September. Delegate selection from this committee will take place once the official invitation is received. No motion is required for that.

**Mr. Lund:** I'm curious when I look at the budget: the estimate for '07-08 versus the forecast versus the current estimate. I need some kind of an explanation how it went from \$38,350 to \$90,000.

**The Chair:** That budget projection would be if there are meetings outside session. Last year we had \$48,000 budgeted, but we spent \$26,000. We had \$22,000 left because we were going to have a lot more meetings outside of session, and we didn't have them for obvious reasons. During session we don't need a lot of money because members don't get paid, but if we meet outside session, then it's like any other committee or committee work of this Legislative Assembly: members receive a per diem. That's what that money would be used for. We may not use it all. We may use a portion of it.

8:50

**Mr. Lund:** Well, does the \$57,000, then, restrict our ability to have meetings outside of session? You quoted some numbers. You went fairly fast. Mentally I thought it was more than \$57,000 that you spent last year.

**The Chair:** No. We spent a lot less than that.  
Would you like to . . .

**Mrs. Dacyshyn:** I can try, Mr. Chair. The line you want us to look at is Pay to Members of the Legislative Assembly. Last year, because we didn't know how many meetings would be held outside of session – this was a new procedure – we gave all of the committees a global figure. We had to start somewhere. So we spent \$22,000 of that last year in pay to members for out-of-session meetings. This year we've budgeted \$33,000. That's again based on five full-day meetings of the committee and outside of session if the committee chooses to do that. That's where the \$33,000 comes from.

The travel budget is similar that way. You'll see that we budgeted \$34,000 last year. That was for travel to the conference but mostly travel for members to meetings. Now, that doesn't mean necessarily that members are going to claim their travel. If they're here for another reason, they might claim it in another budget, but we have to budget for it just in case they need it. Does that explain it?

**Mr. Lund:** Thank you.

**Mr. Griffiths:** I don't anticipate having a full discussion about this now, but I do anticipate that in the near future we will be discussing the conference that comes up. I hope that it's on the agenda, how we discuss how people are selected. Yes, Mr. Chairman, I'm going to suggest that the chairman should automatically be a member that goes because it facilitates the effectiveness of your job. I hope that we get to have a full discussion, and I'd like to see that on the agenda when we do get the invitation.

**The Chair:** Okay. Thank you.  
Any other questions on that?

**Mrs. Dacyshyn:** I'd just like to also say that we can talk about this again when we talk about delegate selection for next year. Alberta is hosting this conference next year. That's September 2009. We've chosen dates. I'm working with the office of the Auditor General on very preliminary arrangements. We're very excited to have delegates coming from across the country, and we'll be looking forward to planning that.

**The Chair:** Thank you.

Item 5 on the agenda, Committee Report on 2007 Activities. A copy was included for information only. Our committee cannot approve the report on activities of a committee in existence before the provincial election of March 3. I will table this in the Assembly as a regular member, not as the chairperson of this committee. Okay.

Now, the Auditor General is really displaying a lot of patience down there. Item 6 on our agenda is our meeting with Mr. Dunn today, and it is my pleasure to turn the microphone over to Mr. Dunn to speak on his 2006-07 annual report as well as on his April 2008 report.

Mr. Dunn.

**Mr. Dunn:** Thank you, Mr. Chairman. First of all, I want to pick up on the report that you have submitted and the comments made by yourself and Mr. Griffiths. For the committee members who are new, quite often what's looked at is: what are the roles and responsibilities of this committee? I'll refer you to some words that were rendered by Justice Gomery after the Gomery commission. When he did his report, he referred to the roles and the responsibility of a Public Accounts Committee.

In his recommendations to the federal government he referred to the Public Accounts Committee as the queen of parliamentary

committees. It is this committee's responsibility to follow up on the recommendations made by the Auditor General and the reports submitted to you via the business plan and the annual reports of the ministries or organizations that are before you, for you to ask questions around their ability and their response to spending public-sector dollars, public resources, efficiently, economically, and have ways in which they can describe their effectiveness with the use of those resources.

It's this committee that all those reports stand before, and you have the opportunity to ask the management of those organizations how they did the work that they intended to carry out in a most efficient and economical manner. Thus, you are the ones who get below the surface and ask those questions, and they then are obligated to respond to you as to why they spent the dollars that they have been allocated and how they managed to accomplish what has been reported to you and to all Albertans that they did accomplish.

I'll just go back and remind you that other groups have looked at the roles and responsibilities of the Public Accounts Committee. This committee has improved its performance in the almost six years that I've been here I think rather dramatically, and I compliment the chair and the previous vice-chair of this committee for leading this committee forward. I believe it's well laid out in the committee chair's report as to the changes that were made, and I certainly hope for and I will support the continued improvement in the performance of this committee. Hopefully, we can all progress together.

Now I'll turn to my reports. Hopefully, all of you have received copies of those. I know the chair has mentioned the report of April 2008, but you should have the three binders: two from October 2007 and then the one binder from April 2008. I and my staff will take a few minutes to review four major system audits in our 2006-07 annual report, which was released on October 1, 2007, and four major system audits in the April 2008 report, which was just released on April 16, 2008. As I mentioned, you should all have copies of those.

With me today to highlight these audits are the members of my executive management committee responsible for the conduct and the reporting on these audits: Vivek Dharap, Jeff Dumont, Ed Ryan, Merwan Saher, Ronda White, and Doug Wylie. Each will report on specific audits that they've conducted. We will keep our comments brief to allow as much time as possible afterwards for your questions.

Now I'm going to turn it over to Jeff Dumont to introduce the first of the four major audits, which is located in volume 1 of our 2006-07 annual report, dealing with the prioritizing of Alberta's infrastructure needs.

**Mr. Dumont:** Thank you. I'll refer you now to our chapter on assessing and prioritizing Alberta's infrastructure needs, that starts on page 29 of volume 1. We set out to answer the question: does the government have a well-defined and functioning system to effectively assess and prioritize infrastructure for the departments and for the other organizations that rely on the government for the funding of their infrastructure? We found that the government has systems but that they can significantly improve them. Therefore, we made five recommendations to the Department of Treasury Board.

The department has to finish developing guidelines for assessing and prioritizing infrastructure projects and has to communicate and monitor departments' compliance with these guidelines. Doing this, we believe, will lead to better decisions on which projects to fund as there will be better information on Alberta's needs, the ways to meet those needs, and the associated costs.

The department also needs to develop objectives, timelines, and

targets for reducing its deferred maintenance, and information on reducing deferred maintenance should be included in the government's capital plan. Infrastructure assets are an important resource for Albertans. There should be greater public information on the government's stewardship of those assets.

Finally, the department requires life-cycle costing information for the proposed infrastructure projects, and it needs to establish a process to ensure that the public infrastructure assets are properly maintained in the future. Having better information on the costs will lead to better long-term decisions, and proper maintenance of the assets reduces the total cost of providing those assets over their life and prevents other risks such as risks of safety to Albertans.

Now I'll turn it over to Ed Ryan.

**Mr. Ryan:** Thank you, Jeff. Our report on child intervention services starts on page 63 of volume 1.

We assessed if the systems that the Department of Children and Youth Services and the 10 child and family services authorities in Alberta use to deliver child intervention services are adequate, well designed, and operating as they were intended. Overall, we found that the department and the authorities have comprehensive systems to deliver child intervention services and that the systems are operating as intended. However, the systems' design could be improved, so we made three recommendations to the department and two recommendations to the individual authorities.

**9:00**

The department has to review and update the standards governing child intervention services as well as improve the compliance monitoring processes to those standards. It also has to evaluate the accreditation processes it has in place for the licensed facilities that take care of these children in need.

The child and family services authorities have to improve training processes and feedback to caseworkers on the results of the monitoring, and they also have to improve the co-ordination of monitoring activities between the department and the authorities.

These are key recommendations because by implementing these recommendations, the department will significantly improve its ability to provide services to vulnerable children and families when a child's welfare, including its survival, security, and development, may be at risk.

I'll turn it over to Doug Wylie.

**Mr. Dunn:** Just before Doug starts, if you have your volume 1 and you turn to page 15, there's a roadmap to all the recommendations. You see colours within the roadmap. What each of the members is talking about are the key recommendations that come out of those systems audits or value for money audits. If you just follow down through volume 1, you'll see we've talked about the first two sections, and then if you were to turn over, you'll see we'll now talk about Energy's royalty system. But what we're hitting are the highlights, the key recommendations, the yellowed recommendations, in our opening comments.

Doug, you'll talk about Energy?

**Mr. Wylie:** Yes. Mr. Chairman, our report on Energy's royalty review system starts on page 91 of volume 1. We define royalty review as comprising five components. Continuous monitoring is the first element; the second is technical review; the third, policy development; the fourth, consultation; and the fifth is dealing with amending the regime itself. We audited one and two, the department's monitoring and technical review processes, from the year 2000 onward. We set out to answer the questions: do systems exist

to support the Energy department's royalty review objectives, are the systems well designed, and do they operate as they should?

We found that systems exist, but they must be improved. The department should clearly describe and publicly state the objectives and targets of Alberta royalty regimes; improve the planning, coverage, and internal reporting of its royalty review work; and periodically report publicly on royalty regimes using the methods and tools of the technical review to provide information to the owners, MLAs, and stakeholders about performance and issues of royalty regimes and show the department's capacity and methodology to analyze the royalty regimes. These recommendations are important to provide transparency and accountability for the stewardship of Alberta's key resource.

Merwan.

**Mr. Saher:** Thank you. Our report on government's revenue forecasting systems starts on page 133 in volume 1.

Our conclusion. The government has adequate systems for preparing revenue budgets and forecasts, and budget documents provide sufficient information to understand the forecasts. Our work to arrive at this overall conclusion resulted in specific recommendations to the Department of Finance and Enterprise.

The recommendations were to improve investment income forecasting; improve the method for estimating historical personal income growth; improve the model for forecasting corporate taxable income and the method for estimating corporate income tax refunds payable; and help readers better understand the forecasts for nonrenewable resource revenue and investment income and the overall revenue forecast. These recommendations are important to improving the reliability of the budget and forecasts and to allowing Albertans to assess the reasonableness and potential volatility of the revenue forecasts.

Now I'm going to hand it over to Jeff Dumont, who will introduce the first of the four major systems audits in our April 2008 report.

**Mr. Dumont:** Okay. I'll refer you to our report on the postsecondary institutions' noncredit programs, which starts on page 15 of that report. We set out to answer the question: does the Department of Advanced Education and Technology have effective systems to monitor institutions' noncredit programs? We concluded that it can significantly improve the systems it has by clarifying its standards and expectations for the noncredit programs and clearly communicating these to the institutions.

Also, the institutions need to improve their systems to approve programs, evaluate their quality, and measure and report the costs of providing them. Implementation of these recommendations will help the management of these institutions ensure that they can make proper business decisions such as which programs to offer and what prices to charge for them.

**Ms White:** Good morning. Our report on implementing the provincial mental health plan starts on page 63 of the April report. This audit was seeking to answer the question: do the Department of Health and Wellness and the Alberta Mental Health Board know whether the plan that was designed in 2004 is being successfully implemented? Our audit concluded that the systems to monitor progress on the plan are not well designed and that they could not confirm whether the plan as a whole had progressed. As a result, we made two recommendations to strengthen the systems. The department and the Mental Health Board need to improve their planning, monitoring, and reporting on the plan. They also need to ensure that the organizations responsible for mental health services clearly understand their roles, responsibilities, and performance

expectations. Without these improvements there is a risk that the plan priorities in this significant area may not be achieved and momentum for the plan may fade.

Now I'll turn it over to Ed Ryan.

**Mr. Ryan:** Thanks, Ronda. Our report on seniors' care and programs starts on page 95 of the April report. Back in May of 2005 we recommended that the Department of Health and Wellness and the Department of Seniors and Community Supports and the RHAs update, implement, and monitor standards in long-term care and supportive living settings. Those are standards for care and standards for accommodation.

We followed up this year and found that the departments have implemented our recommendations to update the standards – the care standards and accommodation standards – and they have made satisfactory progress towards developing monitoring systems to ensure that there is compliance with those new standards.

We also found that the RHAs have generally made satisfactory progress in developing systems to implement the standards but are at various stages in developing their own compliance monitoring programs. More work is needed. The departments and the RHAs need to complete developing their monitoring programs and carry out regular inspections to ensure compliance with the standards.

I refer you to appendix A beginning at page 123 for the results of our work on an RHA-by-RHA basis and also to appendix B, beginning at page 143, for a progress report on the remaining outstanding recommendations from our 2005 report.

Our audit work on this file will not be complete until we are satisfied that the monitoring for compliance with standards is done properly and uniformly across the province.

Now I'll turn it over to Vivek.

**Mr. Dharap:** Thanks, Ed. Our report on information technology control frameworks starts on page 167 of our April 2008 report. The control framework is an organized way to identify and assess risk and then design and implement cost-effective controls. Government departments as a whole need to do a better job identifying risks to their systems and data and then using effective controls to mitigate risks to their information and computer systems, and Service Alberta can help by providing guidance to departments to implement and maintain effective IT control environments.

Without the discipline imposed by an IT control framework, government managers cannot confirm that they're doing everything necessary to minimize key risks. Just as insurance can be a cost-effective way to deal with the risks one faces, an IT control framework is an inexpensive way to show Albertans that government systems are secure and that their personal data is protected.

This concludes our introductory remarks on the major systems audits. I'll turn it back to Fred.

**Mr. Dunn:** Thank you. You're aware that our reports cover the findings and recommendations arising out of many more audits than just the eight major systems audits that we have just introduced. The results of all our work on the ministries, departments, regulated funds, Crown-controlled organizations, and provincial agencies that are office audits stand before this committee for its review. There is a substantial number of ministries and organizations involved.

9:10

We appreciate the work of this committee in holding management to account for their plans to implement our recommendations within a reasonable time frame. In my opinion, this committee is successful when it draws out from management what its plans are and the time

frame within which those plans will be executed to implement the recommendations that we have made and that have been agreed to by the government that they will be implemented. We have historically agreed that all the numbered recommendations that the government responds to and says it has accepted will be successfully implemented within a three-year time frame. You meet with the management following the release of our report. They have normally had a substantial period of time to be aware of what we are reporting, and you should be comfortable in asking questions on who has done what and by when in order to implement those recommendations.

Thank you, Mr. Chairman and committee members. We turn it over to you for your questions.

**The Chair:** Thank you very much.

Before we proceed with questions, the chair would like to remind all hon. members of this committee that *Hansard* records this meeting. The transcript is available to those who are interested.

Also, please feel free to go into the kitchen and grab yourself a coffee. There are baked goods in there. There is some chopped fruit. You're quite welcome to bring that back here with you. The rules here are a lot less rigorous than in the Legislative Assembly. To the new members, please, if you wish, take off your jackets and get up and go get a coffee if you'd like. If you have any questions any time, please direct them our way, and we'll do our best to answer them.

We will now start with questions. Mr. Chase, please.

**Mr. Chase:** Thank you very much, Mr. Chair. I'd like to begin with an acknowledgement of Auditor General Fred Dunn and his department. On behalf of the Alberta Liberal caucus and Alberta taxpayers I would like to thank Auditor General Fred Dunn for the due diligence he and his department have shown both in investigating concerns and producing detailed recommendation reports. I urge the government to reconsider its decision to cut \$20,000 from the Auditor's department, which hinders transparency and accountability in investigating and reporting recommendations for improvement. Thank you very much.

My first question relates to page 73 of the April 2008 report, where it states that the provincial mental health plan has no funding to support change and that "progress on a priority is dependent on money and resources." It also states that for the projects that did receive funding, they are at risk of not being completed after the innovation fund expires. To the Auditor: are you aware of any circumstances when the Alberta Mental Health Board or regional health authorities requested additional funds to assist in their implementation plans, and if so, what was the response given?

**Mr. Dunn:** All committee members should be aware that at one time the Alberta Mental Health Board delivered mental health services, and you're aware that that role and responsibility was delegated or assigned to each of the regional health authorities commencing in the year 2005, was it, Ronda?

**Ms White:** Yeah, in 2005.

**Mr. Dunn:** They commenced having all the mental health services delivered through the regional health authorities.

I'm going to now turn that question over to Ronda. But as long as you recognize that the Mental Health Board does exist but with a substantially reduced amount of financial resources than it used to have because it now has an oversight responsibility together with Health over the regional health authorities as to those authorities delivering the mental health services.

**Ms White:** Just to your question, we're not aware of any other requests that were denied. We are just indicating here that it was clear from what's happened in this last plan that where resources were assigned, the work was completed.

**Mr. Chase:** Thank you. My supplementary question to Ronda would be: are you aware of any plans to provide emergent or contingent additional funding to the various initiatives of the mental health plan?

**Ms White:** Not at this time, but what we've tried to indicate in this report is that as part of doing the next round of planning, they have to make sure that resources are assigned appropriately to all the strategies, whether it's from existing resources or new funds.

**The Chair:** Thank you.

The list that the chair has for questions is Mr. Darshan Kang and Mr. Mason, and Mr. Chase has indicated he wants to get back on the list.

Mr. Dallas, would you like to proceed, please, with a question if you're ready?

**Mr. Dallas:** Sure. Just a question for Mr. Dunn with respect to the process around the recommendations. I believe that good ideas will withstand a fair amount of scrutiny, so please accept the spirit of the question. From the perspective of the development of these recommendations, what processes are involved in determining that the staff that participate from your office have, you know, the appropriate background to make recommendations in these very specific areas around procedures and processes that are profession specific?

**Mr. Dunn:** You're asking outside the financial statements and the normal accounting type of auditing? I believe you're looking at recommendations that we've made in areas which would typically not fall into the purview of an accountant. I think you're asking that.

**Mr. Dallas:** Exactly.

**Mr. Dunn:** Maybe I'll spend a moment with the committee members just to describe the process that we go through. First of all, we look at what areas we should be auditing, where public resources have been, obviously, allocated and consumed. We step back and we look at matters which have been brought to our attention through a number of sources. We look at the areas that have been discussed by the MLAs in the House, the challenges that have been made. We look at the information that we gain from doing our normal financial statement year-end audits as to what are important systems and exercises and programs that are delivered by the department. We look at what has been brought to our attention by citizens of Alberta who ask us about a certain matter or allegations that they make about possible inappropriate behaviour. We also look at other activities that other Auditor General offices have reported on and looked at in other jurisdictions.

After we've selected a topic or a subject, we sit down with the department or ministry that's involved and describe what we intend to look at and why. We then describe to them a set of criteria. That's why you'll see within our report a summary of the criteria that we have used to assess the performance of the system. Your question, then, is also applicable to any department, as to what criteria does management use to ensure that that process is being appropriately and effectively carried out.

When we get into areas and systems outside the normal purview

of an accountant – mental health, seniors' care, and that – what we do is engage outside experts. We go through a contracting process to engage the skills that we believe are necessary to supplement the skills that our staff have in-house, and we put them as part of our team, ensuring that we have appropriate criteria, that management has agreed with that criteria, that when we conduct the audit, at the end of the day we'll be able to report whether or not that criteria has been met in the performance of that system. As I said, we engage specialists, whether it be a petroleum engineer, an economist, a mental health expert, a pharmacist, or whatever it is. We will engage those individuals, and we will have them as part of our team.

What our team brings to the table is a defined approach and an audit methodology to ensure that we understand what the objectives are that we're trying to achieve. Thus, we often lead in the reporting here with: what were we trying to answer? That's what you just heard from some of the members, who said that the questions we were trying to answer in the conduct of the audit were those questions. Then we report against the criteria that we defined previously and that management accepted, as to whether or not that criteria has been met. If it hasn't but it was agreed to up front that it should have been present, then, of course, we report the exception; thus, that drives the recommendation.

9:20

By following that process with each of our audits, it makes it, say, interactive with management. It makes it very important for management to understand that if they had expected that criteria to be there all the time and it was not being met, then they should be doing something about that. Thus, it drives out the recommendations, generally quite specific recommendations, as to what management should do.

What we try to avoid is appearing to be dictatorial as to the solution. We'll identify the missing criteria or the risk of you not having your system be able to have that criteria there all the time, but it's up to management – and, therefore, questions that you may want to ask – as to how they're going to implement, the solution they accept or propose to implement to satisfy that recommendation.

We conclude all our report matters with implications and risks. Thus, we try to summarize very briefly for you what the risk is for the department or organization. If they do not implement that recommendation, what are they exposed to? You'll see at the bottom of each of our recommendations a section called implications and risks.

Does that help to answer your question?

**Mr. Dallas:** That's helpful. Thank you.

**The Chair:** Do you have a follow-up at this time, Mr. Dallas?

**Mr. Dallas:** Well, I do, actually. Just one follow-up to that. When you externally contract support and expertise in that particular area, what comfort does the committee have that there would be concurrence in terms of the recommendations relative to professional practices? Is that a given, that you would not make those recommendations without that external concurrence?

**Mr. Dunn:** Yes. Remember, as we go through our work, we report our scope and our criteria up front. We report our finding and discuss it very thoroughly with management. When these have arrived via this report, these have been thoroughly vetted with management. As I said, first of all, we all understand the objectives and the criteria. Secondly, the findings are verified, that they accept the evidence that we have presented to them. We then work together

with management very diligently to come up with recommendations that address those findings, and management normally at that point have expressed their intent to carry that out. The question becomes: by when and by whom? So these are very carefully vetted through management, and if they had a difficulty with the external experts that we hired, they would have told us up front, and they would have challenged those credentials.

Two things that we try to do. First of all, we try to use a formalized RFP program to make sure that we contract with people who are capable of doing the work that we want and, secondly, that they don't have a conflict of interest. We would try to ensure that they have not provided assistance to the department before so that they aren't, thus, as part of our audit team auditing their own work. So we ensure that they don't have a conflict of interest. We do describe and introduce them to the management of the organizations that we're auditing so that they know who we're using as our expert resources.

**The Chair:** Thank you.

Mr. Kang, please, followed by Mr. Lund.

**Mr. Kang:** Thank you, Mr. Chair. Mr. Auditor General, I would like to first of all thank and congratulate your department for all the excellent work you are doing. I've been kind of a fan of yours for a while, before I came here.

My question is on the royalty review. On page 91 of volume 1 of your 2006-2007 annual report you state, "The Department estimates that it could collect an additional \$1 billion or more per year without stifling industry profitability." Could you please set out the evidence that led you to this conclusion? Also, how many internal government reports over how long a period report this gap in potential versus collected royalties?

**Mr. Dunn:** Okay. Thank you. If everyone has that report, it's at the bottom of page 91, and it was a very controversial paragraph when it was inserted. This summarizes what is described later on in the report. The sources of reference that you're looking for as to how we formed this conclusion start on page 106 of that report. So turn to page 106, and it continues through to page 108. We cite a number of sources that we looked at.

As Mr. Wylie has said: when we set out to look at this work, why did we decide to do it? Let me remind everybody why we had done this work. It goes back to August 2006. I'll refer to *Hansard* from August 24, 2006. There was an exchange in the House, and thus I became interested because of this exchange. It talked about royalty programs, and it happened to be at that time that a member of the government party, Mr. Knight, had asked the then Minister of Energy, Mr. Melchin, the question: "Is this a conclusion to the royalty review?" Then there was the response that said, "This is part of the ongoing review."

There was a series of three questions – you know the process – and the responses to those three questions. In the second question Mr. Knight was asking: could the minister provide a rationale for his decision? This was the response: "Mr. Speaker, we will be bringing forward additional information to the public with regard to these programs and the royalty review in due course." That's what triggered my interest. Very simply, I said: I would like to read the royalty review; that's what I'd like to do. After that exchange I started to discuss with my colleague: please let me know when the royalty review is completed so I can read it.

You probably realize what was happening. After August 2006 the government went through the process of looking at leadership, et cetera, and this was being discussed at that time. I was interested to

see how a royalty review was done, the thoroughness of it, and the conclusions. We went through a period of time discussing with the then management of the Department of Energy, to look at what they had done in the royalty review. I'll ask Doug Wylie to supplement in a moment. That took a period of time, and eventually I came to the conclusion that a royalty review, of the substance that we thought a royalty review should be, possibly had not been carried out. So we set out to answer the question: was a royalty review carried out, and if not, what was carried out? Subsequently we were made aware that these were technical reviews.

In looking at the process of what should be made public, we looked at a number of reports that were available at the Department of Energy, and we took some pains on pages 106 to 108 to name the various reports that we looked at. Those reports started as early as the year 2000 and came forward. I guess 2005 was probably the latest one. All we did in that look-back was summarize the messages that were contained within those documents. We did not recompute, recalculate. We did not look forward or anything. All we did was look at the reports that were available within the department that had formed information that was to flow forward to the minister for his guidance, and we reported what was contained in those reports. I know that that struck a number of people as rather interesting.

We, though, ensuring that we were not commenting on public policy, made it clear within this report that it's up to a minister to form their decisions based upon whatever information a minister chooses to refer to. This was a series of pieces of information made available to a couple of deputy ministers over that period of time that continued to have a similar theme: for the royalty regime in Alberta at that time, very simply, the caps that were in place over that period of time were consistently being overridden by way of the commodity price. The caps, as we describe in here, were set at approximately \$3.25, I think, for old gas, \$3.45 for new gas, something in that range, \$3.25 to \$3.45, and for conventional oil, \$30. We just merely looked at the reports that had indicated that these commodity prices were being exceeded on a continuous basis.

Doug, can you supplement that?

9:30

**Mr. Wylie:** Yes. To provide context, I guess, to what we're referring to on pages 105 through to 108, that the Auditor General has referred to, this is the output of the work that the department does. As I stated in my introductory comments, we looked at two aspects of what the department was doing vis-à-vis a royalty review. First was monitoring. What exists within the department? What are the monitoring processes that they were conducting as well as what are they doing in the way of the technical review, the technical analysis, a review of how well the regimes are operating?

On pages 105 to 108 what we outline there is the output, and we indicate in our report that, indeed, the department had processes. We make five recommendations for improvement, but they did have processes, and to a great extent there was a lot of good work conducted by the department. We felt it important, though, that the output of the work of the department be known and be acted upon. Our concern was: what is happening with the work of the department? What we cite on page 91 is, in essence, the output of the department, the work of their process and their people.

**The Chair:** Thank you.

Your second question, please.

**Mr. Kang:** On page 70 in volume 2 of the Auditor General's 2006-07 report you stated that the production audit group consisted of only

one auditor for 2006, when this group has had up to 14 auditors in the past. What have been the impacts of this number of auditors? In your opinion, what is the minimum number of auditors required to effectively audit the royalty system?

**Mr. Dunn:** If you refer to volume 2 – and this comes under the Department of Energy – the Department of Energy had as a component what at that time was the Alberta Energy and Utilities Board, and that organization was responsible for the volumes of the commodities being reported. In the conduct of their business, they have a couple of compliance groups. One, which we refer to on page 70 here, was called the production audit group, which had struggled to maintain its staffing levels. It had been at one time seven, and then for a period of time it got down to one staff member. There is a significant amount of volume of commodities which are being reported instantaneously, you know, 24 hours a day every day of the year, of natural gas, conventional oil, and that sort of stuff.

We have reviewed this process with the successor group, the ERCB, which is the new component of the former AEUB, and looked at how they'll be conducting this work in the future. When the Department of Energy appears before you, you could ask that question, as to what has happened in response to the recommendations and the observations that we've made here. I cannot pre-empt their response, but they have undertaken to look at this very carefully. They have now a process in place where they're addressing this, but it had got to a time when there were very few people involved in checking that material. I believe today that their plans are for a more enhanced program.

**Mr. Wylie:** Yes. I believe a complement of seven individuals.

**The Chair:** Thank you very much.

Mr. Lund, please, followed by Mr. Mason.

**Mr. Lund:** Well, thanks. Thank you for the work that you've done on these various aspects. Looking at volume 2 of 2 on page 163 under Sustainable Resource Development, I'm a little curious just exactly what it is that you're recommending here. In recommendation 33 you say:

We recommend that the Department of Sustainable Resource Development evaluate whether government objectives could be met by introducing requests for proposals from all interested parties whenever an entity applies to put substantial improvements on public land.

I have had a little bit of experience in this, and I found that usually when someone was requesting either a long-term lease and/or to purchase public land, they would have done a massive amount of work at their expense determining whether, in fact, whatever it is, if it's a motel, a hotel, or some kind of a convenience thing for the public, some kind of business on public land – they would have spent a substantial amount of money determining whether this was a good location. If it was to go out for a proposal after someone had spent all that effort, I have real difficulty understanding how this is supposed to work. The fact is that as soon as that would be disclosed, all of a sudden somebody else will have benefited from that investment and research that was done.

The fact is that government is looking to get the maximum value, of course, and for that reason I usually do agree with the calling for proposals. However, in this particular case I'm confused how on earth that would work. If it was a government endeavour, business – heaven forbid that we get back in business – then, of course, a call for proposals is going to get the best deal for the government, but I don't understand it when it's just someone wanting to build something on public land or improve something.

**Mr. Dunn:** Okay. Prior to Merwan answering with some specifics, I just want to remind the members of what gave rise to why we did enter this audit. It was a question raised at this committee by a previous member around something that was called Elinor Lake land sales, and that was described on page 159. At that meeting in May of 2007 the question was whether the taxpayers of Alberta received fair value for the land at Elinor Lake when it was sold to private interests. That was what we were trying to answer. The question raised at this committee meeting said, "Could you answer: did the government receive fair value?" which then led us to looking at the process around Elinor Lake, which I understand was a very picturesque piece of property in Alberta where somebody had a lease and then subsequently obtained full ownership after the lease and had developed possibly what someone would call a resort on it. The question was: did the province receive fair value? That's what we undertook to look at, and there were a couple of recommendations, Mr. Lund, before that, but the key recommendation became 33.

Merwan, maybe you can answer specifically.

**Mr. Saher:** Yes. The first thing I'd like to do is just refer members to the fact that we now have a formal government response to the recommendation we've made here. Just very quickly. It's been accepted in principle, which generally means that it's not yet accepted. It's not rejected, but it's not accepted. It's in a middle ground. That's my interpretation of accepted in principle. The department will carefully evaluate whether government objectives can be better met through the use of request for proposals or other competitive processes to all interested parties where appropriate.

The particular situation that created this recommendation was a case where an existing lessee made an offer to purchase the land that was subject to a lease. In such a situation the government regulations are that the existing lessee has a right of refusal. In practical terms what that means is that any sale of leased land will generally be made to the lessee. So having become involved in a lease, it puts the lessee in a preferential position.

The intent of our recommendation was to go back to the beginning of the process, before land is even offered under a lease. At that stage allow the marketplace, if you will, to make a determination of what the appropriate value of that land is. The answer could well be that the government proceeds with a lease, but our view is that at the beginning stage and notwithstanding what the member pointed out, the considerable investment of time and effort in making a decision of interest in land, all members of the public should have a chance to propose on the value of that land.

9:40

**The Chair:** Thank you.

Mr. Lund, do you have a follow-up at this time?

**Mr. Lund:** Well, I believe that there are different circumstances and different cases, and for this particular one at Elinor Lake, as you describe it, probably you're absolutely right. But I do have difficulty with some others that I've seen where it isn't a case of converting a lease into a sale. It's simply where someone has invested the money and comes along and wants to buy it.

Mr. Chairman, can I move to a different topic, or have you got some others?

**The Chair:** Today you can move to a different topic, but please be brief because we still have Mr. Mason. We have quite a list, actually. It's not a usual practice, but you go ahead.

**Mr. Lund:** Well, thank you for your accommodation. On page 167

under Sustainable Resource Development again – and this is to do with the Natural Resources Conservation Board. I think you've made some good recommendations here; however, I want to have it clarified. To what extent are you suggesting that the NRCB would go in assessing this risk? What I'm getting at is major installations, particularly around things like a sour gas well. Now, I know that's got nothing to do with the NRCB, but I want to use it for comparison. They require all kinds of computer modelling as far as the airshed is concerned. This gets to be extremely expensive. I'm curious if you're thinking that a CFO should be required to go to that extent because odour gets to be as much a contaminant as groundwater contamination from solids.

**Mr. Dunn:** You're right. In fact, when we did this work, one of the critical issues was the odour contamination. Just to reference so other committee members know what we're talking about, this is an area that we've looked at for a number of years. CFOs are confined feeding operations, whether you have pig farms or beef and that where you have confined feeding, and therefore, of course, you have the waste that comes out and is now either spread over an area of land or it's contained within diked facilities, where you could end up with a fairly large open-air, basically, septic operation.

We looked at how does this NRCB, which had inherited its responsibility – Merwan will tell you about that. It inherited its responsibility a few years back. Previously it used to be a municipal responsibility as to the roles and responsibilities of the legislation around confined feeding operations. The province undertook that responsibility, and it was to be exercised through the NRCB to ensure that there was no land and water contamination, because these are fairly large operations and you have large diking operations there. If the diking was not sufficient, then, of course, it could enter into the water supply, either a river or a lake or the groundwater. So we have been looking at this for a couple of years, and we have made this recommendation again to the NRCB. When we say we made it again, it's because it had not been satisfactorily implemented in the preceding three years.

Merwan, maybe you can now answer Mr. Lund's questions.

**Mr. Saher:** Yes. Just very quickly a piece of background. As the Auditor General pointed out, the legislation that's now being used for regulating confined feeding operations is the Agricultural Operation Practices Act, known as AOPA. That came into being in its present form in 2002. Our primary interest was how the NRCB was ensuring that facilities that had operated prior to the coming into being of that act were in fact operating safely. There were something like 1,300 facilities that were going to be the subject of audits by the NRCB to establish that they were operating safely.

Our interest was: how does an organization set about determining the risks that have to be dealt with in a population that covers facilities that operate throughout Alberta? Clearly, one has to identify the particular risks that you need to identify before you go out and start investigating. We were not satisfied that the program that the NRCB had put in place to deal with those 1,300 facilities was robust enough, which is why we repeated our recommendation.

But to try to get specifically to the member's question of how rigorous the risk investigation should be, as I understood the question, I'm going to go back and refer to the recommendation we made, which was to set out a process that we believe should be used. First is to identify all of the risks and then use those risks to rank CFOs, identifying those that are in higher risk areas. I'm not an expert on the geography of Alberta, but depending on where a CFO is located, it is more or less likely to have problems with groundwater and other causes of contamination.

**The Chair:** Thank you very much.

Mr. Mason, please, followed by Mr. Griffiths.

**Mr. Mason:** Thank you very much, Mr. Chairman. I just want to start by saying that I very much appreciate the work of this Auditor General and his staff. I think that they've made a tremendous contribution to improving the quality of government and the value that people get for taxes.

I do have some concerns about the follow-up audit with respect to long-term care in the province. I thought that the first audit in 2005 was outstanding. One of the things that it did was put a human face on the conditions that many seniors live under, and I think that it prodded all of us to try and work harder to improve those things.

This report deals very much with systems more than people, and that's the concern. It talks about: there are standards that have been put in place in most cases, and there is monitoring of those standards and systems to do that and so on. But what it doesn't do and what I'd like you to address please, Mr. Dunn, is whether or not the fact that the standards are in place and that there are inspection systems in place and checks on compliance and so on makes a real and meaningful improvement in the quality of life of residents.

I'll just give an example. One of the compelling stories that you talked about in 2005 was seniors in a facility who were awakened at 3 in the morning to start getting them ready for breakfast because there weren't enough staff to handle it and seniors being left in their own waste because there weren't enough staff. Staffing seemed to be the major question. I don't see any indication that the shortage of staff has been significantly alleviated although training may have improved. My question is: how do you know that the actual lives of seniors in some of these nursing homes and other long-term care facilities have materially improved based on your follow-up audit?

9:50

**Mr. Dunn:** Thank you very much. I appreciate very much the spirit in which that question is delivered. You're right. In 2005 it was a provocative report, which was a special report. It was not contained within our annual report. It was a special report. I think the Legislative Assembly at that point stopped and had a debate upon the receipt of that report.

One of the key features in that report was the fact that the standards within Alberta were not up to date. We first undertook that work because we wanted to look at how vulnerable Albertans were being cared for under our health care system. That's why we wanted to take that look.

The first conclusion was that your standards were not up to date; therefore, as we went out to visit a variety of facilities, we knew and acknowledged up front that we were measuring them against out-of-date standards.

What the theme of our May 2005 report was was that the department and the RHAs should have (a) up-to-date standards, (b) a process by which they evaluate the caregiving organizations against those standards to actually monitor them against new and improved standards, and (c) where they were not complying with the expectations of the citizens and the residents, they should enforce them. Those were really the three themes: set current standards, monitor – find out who is achieving them and who isn't – and then enforce.

We also encouraged those RHAs to then make public the results of the inspections. As you appreciate, it's not our role and responsibility to go around inspecting 180 long-term care facilities. That's not what the Auditor General's role and responsibility should be. Your question really wants to be answered by the departments. What have they done to ensure that these new standards, properly enforced, improve the quality of life of the residents? Those

questions would be very appropriate questions to be asked of and, to the extent that it affects seniors, which is for the supportive living organizations, responded to by both the departments of Health and Wellness and Seniors and the RHAs that oversee those facilities.

Because I appreciate, Mr. Mason, where your question is coming from, I'm going to ask Rhonda very briefly: did we just look at administrative matters here and really not deal with the critical issues facing the residents?

**Ms White:** No. I think as Fred has said, we looked at the systems. Are the standards now up to date? I'll take you back to the 2005 report. There were three areas we were quite concerned about. One was medication management. I'll go into specifics. There were care plans. There was the issue of restraints. When we looked at the new standards, those areas have been addressed, and the standards have much improved in how staff in those facilities should be dealing with those issues. Of course, as we examined the systems for monitoring when we went out with the RHAs and the supportive living people at Seniors and Community Supports, we were looking at: were they actually monitoring against those standards, and were they complying with them?

In essence, with these good standards and good systems to monitor, things should be getting better, but to assure you, we did focus on some of those high-risk areas that we'd flagged in our original report.

**The Chair:** Thank you.

Mr. Mason.

**Mr. Mason:** Thank you, Mr. Chairman. Well, my concern is that we don't really know, and I don't know by looking at this report. Mr. Dunn, you suggested that I should be asking the departments this question, but with respect, why didn't you ask them?

**Mr. Dunn:** Well, that is what we have asked them, and their response is that the monitoring process, the monitoring process that they have implemented, answers those questions. But they can provide you now with current data around who they have inspected, what they have found, and what they have done about the violations.

Just also briefly, Mr. Chairman, you talked about staffing. On page 103 we did give a bit of a comparison of the types of full-time equivalents in the various long-term care facilities from 2005 to November 2007. There's a small table there that shows the change that took place there.

**The Chair:** Thank you.

Mr. Griffiths, please.

**Mr. Griffiths:** Thank you very much. I know we're running short on time. I have two questions, and they aren't quick, but I'll ask them quickly. The first one. Even though I haven't been here for a year and a half, it'll be like I haven't left. You know, the question I always ask every minister and every department, now that department members come, is on performance measures. I'm wondering if you or your staff have any comments. I always say that there are three types of performance measures. There are the satisfaction surveys, which are the most superficial, there are the output measurements, and then there are the outcome measurements, which are the highest quality. Does your staff have any comments? Are you doing anything to help push departments to come up with better quality performance measures on outcomes?

**Mr. Dunn:** Mr. Griffiths is talking about the public performance

reporting that takes place in the front part of the annual reports. There are goals set, then there are performance measures, and there are targets within the performance measures, and the entities report against the achievement of those targets.

The government of Alberta has just recently gone through quite an extensive exercise looking at its whole public performance reporting process, and we've had discussions. It was facilitated by an independent group that also have assisted this committee. The CCAF came in to assist the Department of Treasury Board to look at the public performance reporting taking place within Alberta, and some members of I believe this committee were interviewed – possibly the chair was interviewed – around the improvements in the public performance reporting. The report, I believe, will be made available. In what time, Doug, is that report going to be made?

**Mr. Wylie:** Publicly available? I think it's in the fall.

**Mr. Dunn:** In the fall of '08. One of the themes that comes out is a drive towards outcome measures. Mr. Griffiths, your questioning has resulted in an examination of how those departments are going to be able to achieve more outcome measures rather than, as you call them, input- and output-type measures. It is being addressed, but that would again continue to be a good question to ask of the departments and ministries that appear.

**Mr. Griffiths:** Thank you. Don't worry; I'm going to keep asking it.

My second question. Going through the report, I didn't see anything on electronic health records, and I know a lot of money has been spent on them. They're a very important part of the health care system, or they're going to be even more important in the future. But I didn't see any reporting or any evaluation on how they network, whether there are good-quality electronic health records, the safety of electronic health records, any of that. I'm wondering if you did and I missed it or if there's something in the future.

**Mr. Dunn:** It's in the future. Not to give too much of a preview, it's an area that is very important to many jurisdictions. An awful lot of money has been put in by Alberta together with the federal government, so the federal government is together with Alberta. Alberta is a leader in the use of electronic health records right now. I believe it's about 40 per cent of practitioners that are on the electronic health record.

It's a piece of work that we actually have now under scope, and we'll be working first of all around what is happening in Alberta, and then we're going to try to work with other jurisdictions to give an Alberta comparison to other provinces and jurisdictions, and it will become a multijurisdictional exercise.

Vivek, maybe briefly.

**Mr. Dharap:** Yeah. We are working with the other legislative offices across the country and coming up with a combined report for probably next year.

**The Chair:** Thank you.

Now, we still have a couple of members indicating they have questions. It has been the operation of this committee if we're out

of time to have the questions read into the record and followed by a written response through the committee clerk to all members of the committee.

Mr. Chase. If you would be quick, I would appreciate it.

**Mr. Chase:** Thank you. This question arises from concerns resulting from the controversial sale of what was supposed to have been affordable housing, Monarch Place in Red Deer. The Auditor General points out on page 163 of the April 2008 report that "the Department believes that municipalities are in a better position to evaluate and monitor grant recipients." Is this your opinion of a good policy choice that delivers taxpayers certainty for the expenditures of their funds?

Secondly, did your investigation indicate that more involvement of the Department of Municipal Affairs in monitoring grant recipients would result in a more efficient process?

**The Chair:** Thank you.

Mr. Kang, you had indicated you would like to ask another question. If you could quickly read it into the record, please, and we will get a written response.

10:00

**Mr. Kang:** This question arises from page 114 of volume 1 of your 2006-2007 annual report. You offer a number of recommendations that will support timely resolution of issues in the royalties sector. I'd like to know how quickly you would like to see the departments move on this. What is the risk if the departments don't move right away?

Thanks.

**The Chair:** Thank you very much.

Are there any other questions at this time? Seeing none, I would like to thank the members and encourage you to have questions next week that are brief and concise. The chair, I think, is going to have tighten up not only the questions but the answers because on a routine examination of an annual report we have sometimes 25, 30 questions in the time allotted. So the chair would again ask for the patience of the committee.

I would like on behalf of all members to again thank Mr. Dunn and his staff for their time and attention this morning. I would at this time like to remind members that our next meeting will be next Wednesday, April 30, and we will have the Department of Energy before us. We will be dealing with the 2006-07 annual report and also the reports from the Auditor General that were briefly discussed today. We now have given the option to the department: the minister may or may not be here. We're not sure yet. There has been no formal indication, but certainly senior officials from the department will be here to answer our questions if the minister is not here. The process is ongoing, and we will see how it works.

Are there any questions from any members at this time? Seeing none, may I please have a motion to adjourn? Mr. Mason. It's moved by Mr. Mason that the meeting be adjourned. All those in favour? None opposed? Thank you very much, and we will see you next Wednesday.

[The committee adjourned at 10:02 a.m.]





