



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on
Public Accounts

Treasury Board and Finance

Wednesday, November 7, 2012
8:35 a.m.

Transcript No. 28-1-5

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Standing Committee on Public Accounts

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Also in Attendance

Johnson, Linda, Calgary-Glenmore (PC)
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Standing Committee on Public Accounts

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Ministry of Treasury Board and Finance

Darwin Bozek, Controller, Office of the Controller

Stephen LeClair, Assistant Deputy Minister, Economics and Fiscal Policy

Rod Matheson, Assistant Deputy Minister, Treasury and Risk Management

Faye McCann, Executive Director, Alternative Capital Planning, Strategic Capital Planning

Aaron Neumeyer, Assistant Deputy Minister, Budget Development and Reporting

Mark Prefontaine, Assistant Deputy Minister, Financial Sector Regulation and Policy

Annette Trimbee, Deputy Minister

ATB Financial

Jim McKillop, Controller, Chief Financial Officer

8:35 a.m. Wednesday, November 7, 2012

[Mr. Anderson in the chair]

The Chair: I'd like to call this meeting of the Public Accounts Committee to order. My name is Rob Anderson, committee chair and MLA for Airdrie. I would like to welcome everyone in attendance.

Let's go around the table quickly to introduce ourselves, starting on my right with our deputy chair.

Mr. Dorward: My name is David Dorward. I'm the MLA for Edmonton-Gold Bar and deputy chair of the Public Accounts Committee.

Ms Fenske: Good morning. Jacque Fenske, MLA, Fort Saskatchewan-Vegreville.

Mr. Webber: Len Webber, Calgary-Foothills.

Mr. Hehr: Kent Hehr, MLA, Calgary-Buffalo.

Dr. Trimbee: Annette Trimbee, deputy minister, Treasury Board and Finance.

Mr. Bozek: Darwin Bozek, Controller, Treasury Board and Finance.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Ireland: Brad Ireland, Assistant Auditor General.

Mrs. Fritz: Yvonne Fritz, Calgary-Cross. Good morning.

Mr. Bilous: Good morning. Deron Bilous, MLA, Edmonton-Beverly-Clareview.

Mr. Donovan: Good morning. Ian Donovan, Little Bow riding.

Mr. Hale: Good morning. Jason Hale, Strathmore-Brooks.

Ms L. Johnson: Good morning. Linda Johnson, Calgary-Glenmore.

Mrs. Sarich: Good morning. Janice Sarich, Edmonton-Decore.

Mr. Anglin: Good morning. Joe Anglin, Rimbey-Rocky Mountain House-Sundre.

Mr. Amery: Good morning. Moe Amery, Calgary-East.

Mr. Tyrell: Good morning. Chris Tyrell, committee clerk.

The Chair: Before we begin, the microphones are operated by the *Hansard* staff. Audio of the committee proceedings is streamed live on the Internet and recorded by *Alberta Hansard*.

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If everyone could also make sure to speak directly into the microphone so that we can hear each other and not lean back in your chairs, if possible, that would be great. It helps the *Hansard* folks.

Please do your best to put your phones on vibrate or silence.

Let's start with approval of the agenda. You've all had it circulated to you. Do we have a mover of the agenda? Mrs. Sarich. Those in favour? Any opposed? Carried.

You've all had the minutes circulated to you. Do we have a mover to approve last meeting's minutes? Mr. Anglin. Those in favour? Those opposed? Carried.

All right. We'll be meeting today, obviously, with officials from Treasury Board and Finance. The reports to be reviewed here are the 2011-12 annual reports from Alberta Finance as well as Alberta Treasury Board and Enterprise, the reports of the AG of Alberta of March and July 2012 as well as the report of the Auditor General that was just released last week, the consolidated financial statements of the government of Alberta 2011-12 annual report, and Measuring Up.

You also all have a copy of the briefing document prepared by committee research services. It's been circulated to you. Of course, the Auditor General went through some issues at our briefing meeting from 8 to 8:30. Hopefully, we can have a few more folks at that next time. It's a very, very worthwhile meeting to attend.

I would now invite Alberta Treasury Board and Finance to make a brief presentation, no more than 10 minutes, and we'll go to the AG after that.

Dr. Trimbee: Thank you and good morning. It's a pleasure to be here today. Before we begin, I'd like to point out that along with Darwin Bozek, the Controller, and Aaron Neumeyer, who's still stuck in traffic and will arrive shortly, I have a number of folks from the ministry as well as representatives from ATB and AIMCo. I also have people here from corporate human resources and Alberta Enterprise and Advanced Education because two of the department reports pertain to those ministries as well.

As you know, the purpose of today's meeting is to review the areas of responsibility under the Ministry of Treasury Board and Finance's portfolio, and I'll start with the 2011-2012 annual report of the government of Alberta. The annual report is made up of several components. It contains an executive summary and the consolidated financial statements of the province in one report and Measuring Up in another report. The Measuring Up report compares actual performance results to desired results set out in the government's strategic plan. It also lets Albertans know the outcomes of government's work for the past year. The report goes beyond reporting financial information; it answers the following questions. What did the government achieve with the dollars spent? Did the government actually do what it said it was going to do? And did the government progress towards achieving its goals?

I will begin by looking at the '11-12 financial highlights for the Alberta government. With regard to revenue, revenue for the fiscal year was \$43.1 billion, including the schools, universities, colleges, and hospital sector, also known as the SUCH sector, and the Alberta Innovates corporations. On a fiscal plan basis revenue in 2011-12 was \$39.2 billion, an increase of \$4.4 billion from 2010-11 and \$3.6 billion from the budget. The change from 2010-11 is due to increases of \$3.2 billion in resource revenue, \$1.2 billion in income tax revenue, and \$0.6 billion in other revenue. These were partly offset by decreases of \$0.2 billion in federal transfers and \$0.3 billion in investment income. Compared to Budget 2011, there were increases of \$3.3 billion in resource revenue and \$0.7 billion in investment income, gaming, and miscellaneous other revenue, which were partly offset by a decrease of \$0.4 billion in income tax revenue.

On the expense side total expenses, including the SUCH sector, the Innovates corporations, and the pension provisions, were \$43.2 billion. On a fiscal plan basis expenses were \$39.3 billion, an increase of \$1 billion from 2010-11 and \$0.3 billion from Budget 2011. The change from '10-11 was mainly due to increases of \$0.9 billion in operating expenses and a net \$0.1 billion mainly in disaster and emergency assistance. The change from Budget 2011 is due to decreases of \$0.2 billion in capital grants and \$0.2 billion in operating expenses and debt-servicing costs. They were offset

by \$0.5 billion for in-year disaster assistance and integrating the budgeted \$240 million in-year savings into actual operating and capital grant reductions.

Both the consolidated financial statements in the annual report and the fiscal plan documents adhere to Canadian public-sector accounting standards, except that the fiscal plan covers a narrower scope in that it does not report the change in pension liabilities and does not consolidate the SUCH-sector entities and Alberta Innovates corporations.

As previously stated, in the fiscal plan total 2011-12 revenue was \$39.2 billion. The SUCH sector and Alberta Innovates corporations had additional own-source revenue of \$3.9 billion. The consolidated financial statement reports total revenue of \$43.1 billion.

Again in the fiscal plan total 2011-12 expenses were \$39.3 billion. This includes capital grants provided to the SUCH sector, which ultimately become capital investment. As noted, this expense must be removed, and instead amortized expenses of SUCH capital assets were added. Total 2011-12 SUCH amortization and inventory consumption expenses exceeded capital grants by \$1.1 billion.

In the fiscal plan the 2011-12 deficit was \$23 million. After adding the additional revenue and net expense, the consolidated financial statements deficit was \$114 million.

In the interest of time, rather than going through highlights of the two annual reports, I'm going to stop it there and conclude and open for questions.

The Chair: Thank you very much.
Auditor General.

Mr. Saher: Thank you, Mr. Chairman. I'll highlight three areas for the committee's attention. First, the recent systems audits we've completed within the ministry. Those audits focused on examining systems to perform variance analysis of performance measures – this audit was reported in our July 2012 report – and also systems at ATB Financial to provide assurance that key internal controls within ATB's new banking system are operating effectively. This audit was reported in both our November 2011 and our recent October 2012 reports.

8:45

Second, I'll highlight for the committee what we believe are the key outstanding recommendations to this ministry. These are our recommendations on the province's capital planning systems – those recommendations are from October 2007 and October 2010 – and systems for chief executive officer selection, evaluation, and compensation as well as executive compensation systems and disclosures at provincial agencies.

Third, these are the significant risks we focus on during our audit of the province's and the ministry's financial statements. We focus on the pension obligations for public service pension plans. These obligations are large estimates in the financial statements based on assumptions about future demographics, rates of return on investments, and inflation. We also focus on the personal income tax revenue accrual. This is a large management estimate within the financial statements which is based on assumptions related to personal income growth.

Lastly, we also concentrate on the valuation of investments held by the department and its endowment funds. We particularly focus our audit effort on the valuation of investments that are not traded in public markets such as real estate and alternative investments such as infrastructure and private equities.

Thank you, Mr. Chairman.

The Chair: Thank you.

Well, we'll move on to questions now. We have about an hour and 10 minutes, so we'll split that up as usual, half for government members, half for opposition, and the opposition time will be split up half for the Wildrose, a quarter for the NDP, and a quarter for the Liberals. When we're doing the government members, I'm going to hand it over to the deputy chair to referee that, so he can decide when to cut you all off.

We'll start with the PC member, and I'll just hand it you, Deputy Chair.

Mr. Dorward: Thank you. I'll take the first question, and then we'll kind of figure it out as we go.

The Chair: Okay. Well, then I'll have to police that. I'm back. We've got to do the same thing when I'm up.

Go ahead.

Mr. Dorward: I'm referencing the consolidated report, page 59. I'm talking about pensions, the consolidated financial statements of the government of Alberta 2012 report, page 59. Rather than go on and on and on with a detailed question, perhaps first just focusing on one number in there, there's a greyed area in that note, and it has a number there saying: pension plan deficit, \$9,979,000,000. Below that is the province of Alberta's share of the deficiency, \$4 billion. What I'd like maybe somebody to comment on is firstly: what does that really mean? What is the difference between those two numbers? What is really happening here? For the committee's understanding: does that mean that nobody has walked over to the pension plan and put physical cash in the bank to cover those future liabilities?

Dr. Trimbee: I'll start. I'm pleased that my ADM from Ponoka managed to get here on time because he'll conclude the answer to the question, but I'll start by saying that the difference between those two numbers represents that employees have responsibility towards their plans as well. The difference between those numbers covers the employee contribution. As well, there are some members of some of the plans for which the government is a trustee where the employers are not included in our consolidated financial statements. That's the difference between those two numbers.

Your second question I'm going to direct to Mark, who will make his way up to the microphone from the gallery.

Mr. Prefontaine: Thank you, and good morning. My name is Mark Prefontaine. I'm the assistant deputy minister for financial sector regulation and policy in Treasury Board and Finance. I believe your second question was: what's happening? Are there actual assets? Is there actual cash going into these plans? The answer is yes. Each plan is required to have an actuarial valuation conducted at least every three years to determine which contributions will be made to the plan. As was indicated by the deputy minister, those contributions are split between the employer and the employees, but contributions are going into the plan. Assets are held in trust for each plan, and what you're seeing in terms of numbers reported there, both the \$9.979 billion and the \$4 billion and change, is a representation of the unfunded liability that has yet to be paid off as experienced gains and losses develop over time in the plans.

Mr. Dorward: All right. If that amount was funded, then, what would be the implications on Alberta's debt or Alberta's deficit if all of a sudden a decision was made tomorrow morning to find that money somewhere and fund those pension liabilities?

Mr. Prefontaine: That would be dependent upon the approach that was taken. There are two numbers represented there. One is the government's share, the employer share. That's the \$4 billion and change. The other is the employee share. There would be two impacts in terms of financial implications. One would be on how that is funded. Is it additional debt that's being taken on? That would be represented accordingly. The other is: what would be the distribution of sharing that responsibility between the employer and the employees? That would have an absolute effect on the contribution rates that both the employer and the employees are paying right now as a percentage of those contribution rates are allocated to paying off those unfunded liabilities. It would be highly dependent upon the approach that was taken and the distribution of responsibility.

Mr. Dorward: If the government has the ability to go out with our great credit rating and borrow money and pile it on this table here for this liability, that the government has already shown that it has, and put that money into AIMCo or whoever is going to administer that pension fund for them, that's one thing. But is there a fear that the employees will never come and pay their part, and therefore the government has a liability that they might have to cover sometime in the future? Is this discussed and talked about?

Mr. Prefontaine: Well, one of the things that you'd have to think about is the government's ability to use its credit rating to create or attain a lump sum of cash to put into the plans versus the ability for employees to do that. Right now contributions are remitted, practically speaking, off each employee's paycheque on a regular basis. It's a percentage of salary. To have employees come up with a lump sum immediately totalling their portion of that unfunded liability hasn't been discussed.

Mr. Dorward: All right. On page 57 of the report, when it talks about the \$8.5 billion with the province's commitment toward the pre-92 liability, is that being retired? How long before that will be retired? How long is it taking? Can you give a little story there?

Mr. Prefontaine: Yeah. Absolutely. That portion is being retired on a pay-as-you-go basis. As benefit obligations come due throughout the year, actual pension cheques need to be paid to pensioners and beneficiaries. That's how that obligation is being retired. I cannot give you a specific date as to when that obligation will be absolutely retired because that is dependent upon, to be quite frank, the death of the last pensioner and/or beneficiary in the plan, but I can tell you that the expectation is that that pay-as-you-go system is expected to peak in 2021 and then begin to decline from there. It is going to be a period of time before that obligation is retired.

Mr. Dorward: Thank you.

Mrs. Fritz and Mr. Fraser, did you have any questions in this segment? I take it by your silence, no. I'll keep going.

You might get to sit down; I'm going to ask a Treasury Branches question. I'm not sure who should announce that, Dr. Trimbee.

The assets of the Treasury Branches shown on page 391 of the financial statements – and I'm referring now to the financial statements of the Finance department – are \$31 billion. That's an awful lot of money. Those are the assets of ATB. The equity of ATB is shown at just over \$2 billion. My question is relative to the equity requirement that is there in order to grow a balance sheet, if you will, or grow the assets of a financial institution. The logic is that you just can't grow your assets forever if there's no

kind of backstop there, which is represented by the equity. Can we just discuss this area? Give us some thoughts as to what comes into the picture here. Is it statutorily looked after by any federal government agency, for example? Do we set in the government exactly what that equity to asset ratio is?

8:55

Dr. Trimbee: I will invite my ATB representative up to the mike, and then he will punt it back if there's a part of that question that you need our help with, correct?

Mr. McKillop: Yeah. Thank you. My name is Jim McKillop. I'm the chief financial officer of ATB Financial. Good morning, everybody. It's certainly a pleasure to be here. The question around the adequacy of our equity or our capital to fund our ongoing operations is a question that's, obviously, very important to us. From a purely regulatory perspective there is a set of regulatory guidelines which are, you know, administered by the province. They're patterned after the global standards around regulatory guidelines, which are Basel based, and we report each quarter to the Finance department of the province. I am pleased to say that we have a surplus relative to our requirements for equity relative to that reporting requirement.

We are also in the process of stepping up – and we're largely there – to what's called Basel II regulatory requirements. Those are the capital standards that are common for banks on a global basis. You know, we're largely compliant, not completely compliant, but we're largely through that process on an overall basis. We also are able to step up to the requirements of Basel II, which is the global standard for banks.

Our equity is virtually completely generated through the generation of net earnings. We, as you all know, do not have a common equity structure, a public debt opportunity similar to other banks that are within the Canadian environment.

Hopefully, that helps with your question, sir.

Mr. Dorward: Yes. It's exactly what I wanted to hear. Thank you.

Now, looking more directly at the numbers that are there on page 392 of the Finance financial statements and consolidated statement of income, I guess it's a general question regarding ATB's profitability. You know, we have ATB. We're able to get a dividend or a payment from ATB, but what do we do to see if what we're getting is comparable to what other shareholders out there in the business world would get from their investment in a bank, maybe comparing that? Do we sit down with the board of directors of ATB and say, "You know, we're the shareholders of this, in essence, so we really would like to have 14 per cent return, thank you very much," or 2 per cent? I don't know what the number is. Do we discuss that, or is it kind of laissez-faire, whereby ATB plods along and we get a cheque at the end of the year, and thank you very much? I guess the context I'm asking it in here is the risk for the people of Alberta owning a financial institution. As we know, things down in the States didn't go so well a few years ago. I don't want to get into that issue necessarily, but as it pertains to the risk that the public have of owning a financial institution, are we getting a fair return?

Mr. McKillop: I can make a couple of points to that, and the folks from Alberta Finance may or may not want to add to it. You know, as the chief financial officer of the company we look at it very frequently. We have one specific measure that we've agreed on with Alberta Finance, and it's called return on risk-adjusted assets. That number is proposed by management to the board of directors on an annual basis. That's approved by the board of the

directors, and that is a specific measure that the professionals from Alberta Finance use to monitor our performance.

Relative to the rest of the industry and in Canada we can look at that from a number of different ways. Looking at growth specifically, which is the growth in loans that we provide to Albertans and the growth in the deposit base that we collect from Albertans to invest, we are certainly comparable to the rest of the industry. I think you'll note from our numbers that are before you that our growth in loans were in the order of 1 and a half billion dollars, or about 6 per cent, which, again, is comparable to where the industry is. Where we need to do some work is in terms of returns and productivity and efficiency.

As probably all of you know, we just completed a major banking system conversion, and we were essentially in project mode for about three years. You know, further to my previous comments, we were able to grow our book and service Albertans. We aren't as efficient as we need to be, and we've got a program in place to improve that. We are seeing results in the fiscal year that we are currently in.

Mr. Dorward: Okay. I think that's enough. My segment is up now.

Mr. McKillop: Thank you.

[Mr. Dorward in the chair]

Mr. Anderson: All right. Okay. I will ask the next set of questions, so if you can make sure that I don't do anything illegal, that'd be good.

The Deputy Chair: All right.

Mr. Anderson: I'd like to talk about public agencies, and several outstanding recommendations of the Auditor General. In October 2008 the AG recommended that processes be put in place to provide public agencies with guidance on how to select, evaluate, and compensate CEOs and other executives. It was also recommended that monitoring processes should be put in place to ensure that good executive compensation practices are followed and reported to the minister, who is accountable for the public agencies.

If you look at the October 2008 report, two of these three recommendations were made to the Agency Governance Secretariat, which now resides within the Ministry of Treasury Board and Finance. These recommendations were made to the secretariat because it had the mandate for administering the Alberta Public Agencies Governance Act, which includes regulations dealing with CEO compensation. The act received royal assent in June 2009 but has not yet been proclaimed. The government says, as far as we can tell, that as far as the AG is concerned, they want to give public agencies more time to become familiar with the actual requirement before putting it into force.

I guess my first question is: 2009 is three years ago, so why has this act not been proclaimed? That seems like a very long period of time.

Dr. Trimbee: The timing for proclamation of the act is under consideration right now. I think it's fair to say that governance is a very significant issue, and that act is based on a very solid policy framework. In terms of, you know, what has occurred in the last couple of years with the 192 agencies, boards, and commissions, they are developing mandate roles and document statements. The Agency Governance Secretariat, which is in Treasury Board and Finance, is a very active little group of two.

To go back to the specific recommendations around CEO selection and compensation and guidance, I would like to comment that we have done all of the background work. What we have recently done with the deputy ministers' council is that we have created a subcommittee of deputies that we call the Finance and Internal Audit Committee. These materials are ready to be looked at by that group of individuals and then to work their way through the system. One of the recommendations talks about specifically creating or revising a Treasury Board directive.

With the CEOs of these agencies, boards, and commissions a number of them are actually paid as senior officials, so they're paid according to the same rules as the deputy ministers, or similar rules, and that falls under corporate human resources. A number of other CEOs have in the legislation that created those entities a step that requires ministerial approval of their compensation. Many others do consult with deputies and with ministers before they actually make a decision.

We take that batch of recommendations quite seriously. We are ready to move through the system, and we are planning to work with the Auditor General on a follow-up to those starting in 2013.

Mr. Anderson: Okay. That's good to hear. I think everybody on this committee would like to see that act proclaimed and this process put into place. So I'm glad. I think we'll be expecting to hear some good news in 2013 on that, hopefully as early as possible.

I am short for time, so I will try to be tight here as much as possible because I've got a lot of ground to cover. In that same 2008-09 report there were three related recommendations made to improve public disclosure of executive compensation in Alberta's public sector. These recommendations included improvements to disclosure of termination payments – boy, has that been a problem – pension plan benefits, and variable pay. The office of the Controller, which also resides within your department, is handling the implementation of these recommendations. What is the state of this? I guess I would say: why has the Treasury Board directive dealing with executive compensation disclosure not been updated? What is now disclosed and what will be disclosed? Again, this is something that you would think wouldn't be that hard to do.

9:05

Dr. Trimbee: We will be updating the directive shortly. I will ask Darwin, who might need to call Gisele, who I see has made it as well, up to the gallery to talk about what is disclosed right now and what changes we would be recommending in the Treasury Board directive, recognizing that decision is yet to be made.

Mr. Anderson: All right. Can you get that information back to me, back to the board and circulated through the board?

Dr. Trimbee: Okay. We can do that. Sure.

Mr. Anderson: That would be good. Again, very important.

I'd like to move on quickly to . . .

Mr. Donovan: Mr. Chairman, just on that, is there a timeline when that actually is going to happen? I know you said it would be coming up.

Dr. Trimbee: In 2013.

Mr. Donovan: In the first part of the calendar year?

Dr. Trimbee: In the first half of 2013.

Mr. Donovan: That'd be great. Thank you. I'd just like to have it done.

Mr. Anderson: Okay. Capital planning. There are three recommendations on capital planning that are still outstanding from the Auditor General's October 2007 report. For example, it was found that there were no specific plans with targets and timelines to reduce deferred maintenance. They also found that departments did not provide Treasury Board with consistent, reasonably complete summary data on capital project submissions, including the need and impact on program delivery if the project was approved, alternatives considered, life cycle costs associated with the project, and – this is quite amazing – the accuracy of the estimated costs. It seems to me that it would be very difficult for Treasury Board to adequately do their job without that information. That would explain some of the horrendous cost overruns that we're having. My question would be: what remains for the department to do to implement these recommendations to Treasury Board so that they can properly prioritize their lists and make sure that we're not having these massive cost overruns and so forth after the fact?

Dr. Trimbee: In Budget 2012 we committed to redoing, or revising, the 20-year strategic capital plan. Part of that exercise will be to take a closer look at deferred maintenance and make sure that we are putting enough resources towards deferred maintenance. You've probably heard some of the specific numbers as you've talked to other ministries. We are having a good look at that.

The other thing we are working on, largely with the ministries of Infrastructure and Transportation, is a strategic capital asset management framework. That's a system across government where you have information on the assets you have, the condition that they are in, and what is being spent. That's really the key, I think, to achieving the objectives that the Auditor General has pointed out. With that common strategic asset management framework when we make decisions about capital, we'll be making them with due consideration of the long-term costs for maintaining that capital as well as the operating costs.

Mr. Anderson: Okay. But the accuracy of estimated costs: we're being inundated with reports of cost overruns on these capital projects. Clearly, there's a problem here. When you look at the south-side hospital, that's one major example, but there are literally hundreds of examples. It seems to me that perhaps Treasury Board – and I sat on Treasury Board for a time – is not getting the information that they need to make decisions, so they're undertaking projects that after the fact turn into black holes, money pits in some cases. Is there something being done on that to make sure that when you take these costs to Treasury Board and say, "This is how much something is going cost," they're actually going to get an accurate piece of information there?

Dr. Trimbee: Well, you know from your Treasury Board experience that at times in the past people came forward with estimates, and there wasn't as significant a challenge function as I think you can imagine that we are exercising today. So the first job is to get the initial estimate right, and then there needs to be efficient and effective project management throughout the course of that project.

I will tell you that with some of the big examples, that you probably have at the back of your mind when you make this comment, midway through the projects we did work collectively across ministries to bring in more of a value management exercise.

What we saw with many of those projects was a scope creep. So the design changed from the initial design that was approved by Treasury Board.

Mr. Anderson: Yeah. Well, we'll move on, but that is one of the biggest reasons for the cost overruns, as you know, and it's incredibly much more expensive to change midstream than it is just to do what was originally planned and designed in the first place. At least, you know, every developer and builder that I talk to says that.

Anyway, we need to move on. I only have six minutes left. With regard to capital planning as well there have been some reports recently about this, so I think it's topical. Given the money that we're spending on capital projects, are you undertaking right now to put a process in place to properly prioritize these projects in a way that's objective and publicly disclosed?

Dr. Trimbee: We need to ensure that decisions on the capital plan are tied to decisions that tie to the long-term vision and what government is trying to achieve. Capital is really a means to deliver on services. Capital is a means to meet our strategic objectives related to families and communities, economic development, and natural resource development. So the capital plan needs to tie into the bigger plan.

When it comes to setting priorities, as you can imagine, the health system has priorities, the education system has priorities, the postsecondary system has priorities, the transportation system has priorities, local communities have priorities. The art of going forward is to figure out how to work your way through all of these system priorities and local priorities and come up with a plan that makes sense and is defensible, recognizing that over the course of 3, 5, 20 years things change. We do have situations where schools are being built, and by the time they're built, the schools are full. Obviously, we have to have some nimbleness, and we have to be prepared to make some changes as we go.

Yes, we need to have systems to prioritize, but I don't imagine a day where we'll have 3,000 projects on a megalist that, you know, every one of them will be numbered and we're just going to plow through that list. I don't think the situation that we're in really allows for that.

Mr. Anderson: Well, I guess that would be debatable. I'd love to see what the Auditor General thinks about that. Perhaps that's true. But a good start to that would be, of course, to break down into the different envelopes, so within education, within health care, and have that megalist for those particular departments so that when money is allocated into those envelopes, we have a very clear publicly disclosed list of what's coming up. Granted, things change. I understand that, and everybody gets that. But at least it would be public, and there would be reasoning for that, and we would know we're getting value for money. Is that something that's being considered within the different departments?

Dr. Trimbee: We need a sense of prioritization within envelopes, but we also need to leave some room to encourage innovative partnerships at a community level, where you might combine some thinking around education and health and seniors, for example, right?

Mr. Anderson: I think you could do both. I just hope that by the time I leave this Legislature, we have that in place to ensure that we have good value for money.

Moving on to ministry financial statements and performance measures in the two minutes I have left, the province's annual deficit in the statement of operations on page 25 is \$114 million,

and in note 5, on page 39, is the number that was reported to the public on a fiscal basis, which was \$23 million in June. Can you please explain why there were two different versions of the deficit? I'm referring to the consolidated financial statements.

9:15

Dr. Trimbee: Both the consolidated financial statements and the fiscal plan documents adhere to the Canadian public sector's accounting standards except that the fiscal plan covers a narrower scope of reporting by not reporting the change in pension liabilities, which David Dorward asked about a little while ago, and by not consolidating the school boards, universities, colleges, and health or SUCH-sector entities as well as the Alberta Innovates corporation. So the difference relates to the fact that the \$23 million is dealing with a narrower scope. It doesn't include pensions and doesn't fully consolidate the SUCH sector.

Mr. Anderson: Do you think that on a go-forward it would make sense to make sure that those two numbers are the same?

Dr. Trimbee: We have had that conversation in the orientation around the fiscal plan compared to the consolidated financial statements, and we have heard from several people that it does make things complicated when you talk about two different numbers.

Mr. Anderson: Okay. That would be great to see in the next report.

Well, looky there; I'm out of time.

The Deputy Chair: Just before I give the chair back to you, I just wanted to clarify something, a comment that you made relative to the Alberta Public Agencies Governance Act. You commented that this committee would like to see that proclaimed. I don't think we've ever discussed that at this committee level, so it might have been a little bit aggressive to say that we want to see it proclaimed. Quite frankly, it's not the purview of this committee to tell anybody else when things should be proclaimed.

Mr. Anderson: I would agree with that entirely. I just figured that when the Legislature passes a law, they want to see that law proclaimed, but I will not assume that anymore.

The Deputy Chair: Back to you, sir.

[Mr. Anderson in the chair]

The Chair: No, it's yours. It's your time.

Mr. Dorward: Oh. Well, then, back to us.

Mrs. Sarich is going to take this segment, about 10 minutes long.

Mrs. Sarich: Thank you very much. Once again, good morning. Just a couple of further questions in the area of capital planning. That would be one area I'd like to have some clarity on and then move into the performance measurements.

There are lots of questions by a lot of sectors regarding the capital assets of the government of Alberta, but the particular focus and concern lies in operation and maintenance. There seem to be lingering concerns that not enough dollars are being allocated to appropriately look after the capital asset for the short term and the long term. I was wondering if you could just shed some light – that would be very helpful for many sectors from education to health – around the capital assets and this particular operation and maintenance on what you have in place, where we are going with this particular area. Is there any cause for concern?

Dr. Trimbee: There is a concern that we need to pay more attention to operating and maintenance. With a strategic asset of capital database we will make sure we have information on the quality of our infrastructure, and as you can imagine, there might be slightly different standards for the type of infrastructure that you have in mind.

Mrs. Sarich: Could I just interrupt for one moment?

Dr. Trimbee: Sure.

Mrs. Sarich: It's my understanding that the government of Alberta – I can't recall what the timing is – does audits on the capital assets. I'm going to assume you already have that information, so could you move past that? If I'm wrong, just let me know I'm wrong.

Dr. Trimbee: In the Measuring Up document there is a measure that talks about the condition of facilities, so if what you are asking me is, "Are we going to make better use of that information in our decisions around what to allocate towards operating and maintenance?" my answer would be yes.

Mrs. Sarich: Okay. Well, let's move past the operation and maintenance issue concern. How are you dealing with that? What are the steps and measures that you put in place to, you know, protect the asset relative to its current state or make recommendations for replacement right across?

Dr. Trimbee: I'm not sure what to say in addition to what I've said. I might not be understanding your question.

Mrs. Sarich: You've indicated that it's a concern, so what does that mean?

Dr. Trimbee: It means that we should use the audit information and factor that into decisions around how money gets allocated and factor that into decisions made in individual ministries around what specifically is done with the money that is allocated to them.

Mrs. Sarich: Okay. I think that there is something extra to be explored in this particular area.

I'll move on. Let's have a look at . . .

Mr. Dorward: Maybe what we could do there is that you and I will work together to frame something on that. Maybe we could get it to the ministry and then ask them to respond to that. We can do that one in writing, and we'll report back to the committee on it.

Mrs. Sarich: Okay. Thank you very much, Deputy Chair, on that thoughtful approach. We'll do that.

In the area of performance measures and variance analysis it seems to be indicated by the July 2012 Auditor General report, pages 63 onward, that there seems to be some concern here about what is happening in the area of performance measurement and targets. I was just wondering: how does the department work with ministries to improve the annual report preparation processes to identify and explain significant performance measure variances and improve the processes for anything that is significant on the variance assessments? Let's start with that.

Dr. Trimbee: Treasury Board and Finance has the corporate responsibility for ensuring a consistent and effective approach across government. In the past what we have done is that we've worked with ministry contacts on guidance and standards docu-

ments. What I'm going to do in the future to better respond to the Auditor General's concerns – I need to elevate that conversation and involve deputy ministers and involve this Finance and Internal Audit Committee because I think what has happened over time is that it's become a bit of a routine exercise. I think we need to elevate it again and get leadership to pay a little more attention to the measures that are selected, to the targets that they are setting for those measures, and to the actual annual report descriptions of the variances that are observed.

Mrs. Sarich: Thank you for that. Based on your answer, it appears that you want to strengthen your role of oversight in this particular area, and that would be very helpful.

What other steps would you consider taking to enable ministries to make more use of financial data in the results analysis and their comments that they would be providing?

Dr. Trimbee: If you look at the range of measures in Measuring Up, you'll see that there is really quite a diversity of measures. One of the measures that I worked on early in my career was the river water quality index, and that one I think of as a state-of-the-nation type of report measure, where basically it's a comment on whether our rivers are having excellent or good water quality.

If you think about that one – and I remember going to a government committee at one stage from the department of environment and asking for more resources and somebody asking me what impact that would have on our measures. I remember that on that one the answer was: you won't see an immediate impact on that measure because that is only partially affected by what we spend. River water quality is affected by surface runoff. If you have a heavy rainstorm, you can put a lot of pollutants in the river, and that might affect your water quality standards. So there is an example of a measure that is influenced by government spending and government choices but only to a certain degree. There's another measure in Measuring Up on the number of affordable housing units approved for development. Well, clearly, that's directly tied to a spending choice.

I think that in all instances if there is a result that is different than the target, ministries should first off talk about whether or not they think that change means something. In some instances the measures are based on surveys. Surveys have confidence limits. You have to start by saying whether that difference is actually real, and then, secondly, if it's a significant difference, there is value in talking about why you didn't hit your target. It's not a bad thing to have that conversation because that's what opens the dialogue where people can start to think about whether the programs that we are delivering are effective in meeting the outcomes that we're seeking.

9:25

I think, you know, we will raise the bar here. Again, it does involve a variety of activities at a variety of levels within organizations. I think the work that the Auditor General has done is very, very helpful. I think it reminds people that we used to think this was really complicated and we used to put a lot of thought into it and we used to spend a lot of time thinking about targets. We need to do that again. It's consistent with the results-based budgeting that we're initiating across government. It really is a cultural change.

Mrs. Sarich: Thank you. Just moving right along, because you have a role and responsibility around the business plans and that – and I do have some experience working with a ministry on that – maybe just shed some additional clarification. Do you approve

any additions, deletions of the performance measures for all government departments? Do you have any influence in that way, or is it something that is built within that ministry and comes to you as recommendations?

Dr. Trimbee: We have a lot of influence on what shows up in Measuring Up. Ministries have additional measures in their individual ministry business plans. We need to exert more leadership and be seen as a resource that the ministries come to when they're trying to work through some of these issues. In the early days, when we first began business planning and annual reports, I remember going to I think it was Finance at the time, and there was one individual that was seen as the guru. So we need to re-energize that role.

Mrs. Sarich: Okay. So what could we expect down the road, in the future, on that when you say re-energize or strengthen the role? Would there be some indicators within the next six months that this actually is going to take place? What are we looking at?

Dr. Trimbee: We have a position in Treasury Board and Finance, an executive director that's responsible for results-based budgeting as well as Measuring Up. Through the whole results-based budgeting exercise, where we look at a third of what government does each year for the next three years, we will be working through, again, outcomes and layers of outcomes, so I think that over the next four to five years we will evolve and improve our performance framework.

We also have to be mindful that we don't knee-jerk respond and change everything overnight because part of the value of a performance management framework is looking at trends over time. I also know that the Auditor General doesn't like it when we switch our performance measures haphazardly year by year.

The Chair: Okay. The government still has a few minutes left. We'll come back to them after we go to the Liberals. Who's doing the Liberals?

Mr. Hehr: Dr. Sherman.

The Chair: Dr. Sherman is going to do the Liberals. Remember, no policy. Processes. It's all about processes.

Dr. Sherman, and then we'll go to the NDP.

Dr. Sherman: Thank you, Mr. Chair. Page 163 of the most recent Auditor General's report from October references that the office previously instructed the Alberta College of Art and Design to develop, implement and enforce policies for code of conduct and conflict of interest [and also to] develop and implement a fraud policy that clearly defines actions, responsibilities, authority levels and reporting lines in case of fraud allegations.

As you know, yesterday a CBC story revealed that the Alberta College of Art and Design allegedly spent tens of thousands of taxpayer dollars to buy access to Tory insiders in an attempt to gain more funding. The CBC story also made mention of an alleged fundraising scheme that was intended to circumvent section 3, prohibited corporations, of the Election Finances and Contributions Disclosure Act. To the Auditor General: my question is . . .

Mr. Dorward: The Auditor General is not here for that purpose. He's here as an additional.

Dr. Sherman: In that case, to the deputy minister. I understand you may have been the deputy minister of advanced education at the time as well. What was the information that the Auditor

General received or observed that led them to recommend that the Alberta College of Art and Design develop, implement, and enforce policies pertaining to code of conduct, conflict of interest, and fraud? Was this a routine audit that found these policies lacking, or was there a problem?

The Chair: Just to clarify, it is okay. You can address the deputy minister, but you can also ask that to the Auditor General as well. That's okay.

Dr. Sherman: Thank you. I'll address it to both.

The Chair: Auditor General, maybe we'll start with you.

Mr. Saher: Maybe I'll go first. I think I understand the question to be: what is the detail behind us making the recommendation we did? I'll be frank. I didn't prepare myself today to answer questions on Advanced Education. That ministry is coming before this committee on November 21. Certainly, if it's the will of the committee, I could attempt a written answer before then, but at this time I cannot off the top of my head give you the detail.

The Chair: That's fine, Auditor General. Why don't we do that, and perhaps the Liberals could come back and ask that question again on the 21st, and he'll have an answer ready for you on that.

Dr. Sherman: Another answer we would like – I'll just give you the heads-up. My question is: have you completed the follow-up audit that's yet to confirm that the Alberta College of Art and Design has implemented your recommendations? If they haven't implemented them, why not, and what will happen?

The Chair: Right. Again, you know, because that's directly related to Advanced Education, Auditor General, could you have the answer to that question ready for next meeting as well?

Mr. Saher: Yeah. Just for clarity, I'm not going to attempt a written answer beforehand. We'll be prepared to answer those questions on November 21.

Dr. Sherman: Thank you.

The Chair: Mr. Hehr.

Mr. Hehr: Thank you, Mr. Chair. On page 149 of the Auditor General's October 2012 report it says that the "ATB is unable to demonstrate that it complies with the [payment card industry's] 12 data security standards." That seems to me a pretty serious issue. If ATB doesn't follow through in this regard, it could lose its ability to be a MasterCard issuer, lose its reputation as a credit card provider, and be imposed financial and other penalties by MasterCard for noncompliance. This seems to me fairly serious. Maybe the ATB would like to answer or the Auditor General; I'm not sure. My question would be: how long has the ATB been deficient in this regard, and has it resulted in any known data breaches?

Mr. McKillop: Thank you for the question. One statement of principle is that ATB takes the protection of customer information extremely, extremely seriously. That's a fundamental requirement for us as a financial institution. In terms of that specific issue there is no evidence of a breach of those obligations for the Canadian Payments Association. What the Auditor General is recommending is that we can't demonstrate compliance with those specific rules.

What we've done over the last number of months is that a group, led by our chief compliance officer, who is an individual who is independent from our MasterCard group and independent from our technology group, has done a detailed review of those compliance requirements, has come up with a draft gap analysis, and is in the process of preparing to present it to our senior executive committee for consideration. I did speak to her just a few days ago. As the chief compliance officer there is nothing that has come to her attention that is, you know, anything that we have to jump on right now.

Again, we take the protection of customer information extremely seriously. There have been no breaches that we've had as a financial institution. MasterCard has no issues with our practices, and we are taking the steps to further close any gaps that we might have relative to those compliance standards.

9:35

Mr. Hehr: So you've got this handled; that's what you're telling me.

Mr. McKillop: Yes, we do.

Mr. Hehr: Okay. That's fair enough. Nevertheless, it looks like there are PCI data and security standards that maybe need to be improved by the government. Recommendation 11 on page 62 of the Auditor General's October 2012 report also speaks to the need for the government to raise the game in this area. Have steps been taken to look into this issue, and what's being devised to ensure that these types of breaches don't occur?

Dr. Trimbee: I'll ask Rod to come forward because he has an individual that's working cross ministry on this.

The Chair: Rod, you have about one minute to answer that question.

Mr. Matheson: Okay. My name is Rod Matheson, assistant deputy minister of treasury and risk management. This is a topic that the government also is taking very seriously. We have a group that is looking government-wide at ensuring that the government meets the industry standards for PCI compliance. We are a large vendor across the broad government of Alberta enterprise or entity, so we are fully engaged in that. We are, so far, in compliance with industry standards, and we want to ensure that we continue to be in compliance with industry standards.

Mr. Hehr: Thank you for those answers.

The Chair: All right. Thank you very much, Mr. Hehr.
Mr. Bilous from the NDP.

Mr. Bilous: Thank you, Mr. Chair. I have three questions that I'm hoping to get through in my time. The first one is regarding capital planning, and it's going back to the question of deferred maintenance. According to the Auditor General's report the deferred maintenance estimate as of 2007 was around \$6.1 billion. First of all, do you have a more current estimate?

Dr. Trimbee: Yes, I do. I anticipated that question, so I actually have the detailed numbers right in front of me. These are numbers as of March 2012. The total for all of government is \$4.098 billion, so \$4 billion: Transportation, \$1.3 billion; GOA buildings, \$328 million; Enterprise and Advanced Ed, \$817 million; Alberta Health Services, \$583 million; and Education, \$939 million. That's what adds up to the \$4 billion, and the total assets we have, I think, are ballpark \$40 billion.

Mr. Bilous: Great. Thank you. To follow up on that, I'm just curious as to how we arrived at this number. I don't mean your formula for calculations. I just mean, you know, that when we're looking at budgeting to begin with or at any type of asset that we have, I would assume and hope that there is a line in the budget for maintenance. Now, I'm trying to get my head around how this deferred maintenance number has grown, in my recollection, over the last 20 years and to see if the ministry has an answer.

Dr. Trimbee: Faye, are you comfortable with that?
She'll come quickly up to the mike.

Mr. Bilous: Sure. Thank you.

Ms McCann: Good morning. Faye McCann, executive director in the strategic capital planning division. Just to address the question on the numbers that Deputy Minister Trimbee gave you, those numbers came from the 2012 capital planning submissions made by the ministry. The ministries do have their facility condition indexes. They do do their audits of their facilities and their assets. This information is captured in the submission that comes into Treasury Board and Finance, so those numbers were derived. It's something that gets monitored and gets looked at in the capital planning process.

Mr. Bilous: Okay. Thank you. Part of my concern with this – and I recognize that another ministry will come before us – is that in the latest report that the AG released, we were looking at deferred maintenance or the issue of, especially, bridges in this province. I can't help but look at the two as far as we've got a deferred maintenance cost that continues to get pushed off year by year, and we also have some of our infrastructure like bridges, where we're not even sure as far as inspections go where they sit. I'm not going to ask you about that specifically because that's not necessarily your department, but what progress has been made or what is your ministry doing to ensure year by year that we're eliminating that deferred maintenance?

Dr. Trimbee: In Budget 2013 in the next redo of the strategic capital plan, you know, I'm recommending we talk more specifically about our long-term goals with respect to what is acceptable and what we want to work towards.

Mr. Bilous: How much time do I have left, Mr. Chair?

The Chair: You have four minutes.

Mr. Bilous: Excellent. Okay. Thank you.

I'd like to move to the ministerial financial statements and performance measures. I'm still just trying to get my own head around them, not being an accountant. I know a question was already asked about the discrepancy in numbers, the public-sector accounting basis versus the fiscal basis of reporting. Again, I'm just trying to understand why there exists a discrepancy between estimates and actual. You know, I'd like to ask: is this a typical accounting process, or is it intentionally two different numbers, where there needs to be a formula to reconcile the two in order to make sense of it? I mean, where does that come from, why does that exist, and why hasn't that been corrected?

Mr. Bozek: I'll take a stab at that and maybe have Aaron supplement. The budget, if you will, the estimates are based on the fiscal plan basis. As Annette mentioned earlier, it's on a narrow scope, so it excludes the SUCH sector. It excludes the pension, accounting, and Alberta Innovates corporations. That's a policy

decision by government, based upon when they prepare the budget.

When we prepare the financial reporting, that's based on PSAB standards, and all that stuff comes in. Again, the financial reporting is based on the generally accepted accounting standards, but the budget is prepared on a different basis, if you will, because of a government policy decision to do such, and we reconcile that in the consolidated financial statements in note 5. That's where we try to bring it in balance. It's not like two standards per se. There's only one accounting standard in terms of PSAB.

Mr. Bilous: Right. Just to make it easier, I would think, not only for this committee but for Albertans when they're looking at estimates versus actual, where and what would be the process on bringing those two numbers or two formulas in line with each other so that that reconciliation doesn't need to be done and so that it's a lot easier to compare?

Mr. Neumeyer: Well, again, it's the policy choice of government to do the budget on the basis it's doing it. If the budget was on the same basis as the financial statement, yes, there wouldn't be the need for the reconciliation.

The Chair: A minute and 30.

Mr. Dorward: If you're out of a question, I'll take your time.

Mr. Bilous: Well, yeah. I mean, I've got more that would probably take more than that.

Well, thanks for clarifying.

Actually, David, if you want to, I'll lend you my minute and 30.

Mr. Dorward: Thank you.

The Chair: All right. We have eight minutes remaining for the government.

Mr. Dorward: This may be a joint one, anyway. We talked a little bit about it this morning.

Before I go on, I wanted to thank all the people in the back of the room for, one, coming, and two, for all the good work you do on behalf of all Albertans. It's great. We recognize the good work. We've even got Mr. Mowat from ATB here. Hi again, Dave Mowat.

Alberta has a great credit rating, and this is a huge asset. In the annual report of Finance on page 22 at the very top – and I'm glad to see it at the top – it says that we've had a triple-A rating for years and years. This is great, but we don't want to lose that. What measures give us that rating? By the way, these are called short snappers, so I don't expect long answers. Do we know the measures that give us that rating, who takes ownership, and are we looking after this area to make darn sure we never lose it?

9:45

Dr. Trimbee: I'll try to be short and snappy. I had the opportunity to actually meet some of the raters a couple of weeks ago in Toronto and ask those questions. It's really not that complicated. They put stuff on their websites that looks complicated, but fundamentally, when they look at governments, it's as simple as: how much money do you have in the bank? How much do you owe, and what have you done in the last little while to add debt? What's happening with your savings? Are you seen as stable? Are you predictable? Do you have structural problems? It's not that complicated, to be honest with you. They won't give you: here's a formula; just answer these questions. There's a lot of judgment involved. Fundamentally, it's not rocket science. It's pretty

common sense, and it's: how healthy are you financially? Right? Can you pay your bills?

Mr. Dorward: Thank you. A little bit of a question regarding personal and corporate taxes. There's a lot of money we bring in in the tax area in this province. When I look, for example, on page 50 of the annual report, there's a budget-to-actual variance on the corporate tax side of about \$350 million. I apologize; that may be combined. Let me make my question general. Is it hard to budget how much money we have coming in in corporate and personal tax?

Dr. Trimbee: Stephen LeClair is coming forward.

Mr. LeClair: Thank you, I'm Stephen LeClair. I'm the assistant deputy minister of economic and fiscal policy. Is it hard to budget how much we're getting? Yes, it is, for a couple of different reasons. One of the largest reasons why is that for the amount that we get in terms of taxes, we don't necessarily know what the prior year was when we're making the estimate for what the future year is going to be because, as we all know, you pay your taxes on a calendar year. It takes time for that assessment to be processed by the government. We don't understand what our prior year is when we're making our future year forecast, so that makes a challenge upon which base we're going to be forecasting growth. That's one area that makes it challenging.

The second area that makes it challenging – and this is especially with regard to corporate income tax – is that companies have a lot of latitude in the way that they shift forward or back their profits or losses. We don't know exactly what they're going to be doing. We can look at the history of what they've done before, and we use some of those historical parameters in coming up with how we determine the forecast going forward. It has been especially challenging in the last few years because whenever you have such an economic event like we had in October of 2008, that basically means that all your historical parameters get thrown out the window. We're not sure how we're going to look. We even went back when we were trying to do our forecast. We went back to 1982 to see how they reacted. It does make it challenging. Those are a couple of the reasons that make it very challenging.

Mr. Dorward: Good. Thank you.

Mrs. Fritz has questions from our caucus.

Mrs. Fritz: Thank you. Just in follow-up to the previous question on page 50 with the schedules to the consolidated financial statement, when I was looking at the revenues – and I know you've mentioned that they've been challenging, and you went back to 2008, which I appreciate – and where we are today, would you say that the economy is fairly average now? It's not robust. How would you describe it today, then?

Mr. LeClair: I'd describe it first of all in the context of Canada in the world. We're in a pretty nice place right now. We've got a very strong economy, still, in Alberta. I know we're having some challenges on the revenue side, but the economy is strong. It's one of the strongest in all of Canada. Are we at a period of boom, that people like to talk about? We still don't have the tight labour market that we did have before. We're still not seeing the price inflation that we saw before and everything, but we have been on the precipice of being overheated. Right now I'd just call it very robust.

Mrs. Fritz: Having said that, what I hear you saying is that you anticipate that when we look at this consolidated financial state-

ment next time round, there would be an increase in the revenues because of the shortfall that was mentioned previously. That was with the personal income tax, the corporate income tax from the \$12,301,000,000 down to the \$11,948,000,000.

Mr. LeClair: What I would say in terms of the income tax and that is that one of the things we reported at first quarter was that we did see an increase in our corporate income tax. We get cash in on a regular basis throughout the year. Our cash payments this year have been quite strong relative to historical reasons. When we look back at last year and that, we were also fairly strong as well. But then the revenue from their profits was probably taken back a wee bit because of the amount of investments. They were doing this on the corporate side. On the personal income side last year we saw some good wage growth, but some of the legacies left over from the prior years in terms of investment income growth affected it.

Mrs. Fritz: Thank you for that answer.

The Chair: Thanks. We just have a few seconds left. Mr. Fraser and Mrs. Fritz, if you have any other questions, can you just read them into the record, and we can get a written response for it? Would that be good?

Mrs. Fritz: I can just read the one, then. This question is on page 22 of the Ministry of Finance 2011-12 annual report. It included the provincial credit rating as a performance measure of the strength and sustainability of government finances. The question is straightforward, but it's a little bit complex in how I know the answer will come back. What does the department specifically focus on to achieve the target for this measure?

The Chair: Thank you.

Mr. Fraser: Really quickly, similar to what the chair had mentioned before, when we talk about cost overruns, is there a reporting of the value-added? Particularly, when I think of an example in my own constituency, when they changed the grade for some of the intersections on the southeast ring road, a lot of that was due to safety. I think it would be important to be able to communicate not only to the people on this committee and all members of the House but particularly constituents. When there is a change, is there a long-term value-add, whether it's safety or technology, if there's a cost overrun at the south Calgary hospital?

Secondly, just one more question on the deferred maintenance on infrastructure, bridges, and other things: if you're deferring the maintenance, is there an equation in terms of what we need per year for that maintenance? If so, if we're putting money aside to maintain our infrastructure, if it's not used and that maintenance is deferred, where does that money go? Is it building, you know, to assist other areas of infrastructure?

That's all I have. Thank you, Mr. Chair.

The Chair: Thank you very much, Mr. Fraser.

We need to wrap up because we do have some business to attend to. It will only take a few minutes. Thank you very much to the folks from Treasury Board. Dr. Trimbee and, of course, Aaron and Darwin: good to see you again. If everyone could stay seated except for the deputy chair, who will see our guests out, that would be great. If we could keep the talking down to a minimum, though, as you exit. If you want to do any chatting, you could do it outside. Again, thank you very much for coming.

As of right now we have only one more meeting scheduled, on Wednesday, November 21, with Alberta Enterprise and Advanced

Education. The informal working group met this morning with the Auditor General, and the recommendation which came out of that meeting is that we call Transportation and Service Alberta before the committee for our next two meetings. In fact, what I'm going to do is just go over real quickly the five folks that we thought we would ask to come and why.

The first three guests that we had came out of the Auditor General's report that was just released. The three main departments involved are Transportation, Service Alberta, and Environment and SRD. We thought that we would do Transportation on the 28th of this month; the 5th of December, Service Alberta; and we would skip to February 13, when we're back in session, for Environment and SRD. That would take care of those first three.

There was also some chat on the committee about two other folks to invite. One was Justice, particularly looking at their case management system in light of things that have happened recently and other issues for the Justice department. Then Human Services was suggested just because we just had the big merger there of departments between ministries. So that would take care of the 20th and 27th, and then we would go from there.

That was kind of what was agreed to at the planning meeting. I have some motions here I'd like to make. I'll open it up quickly for discussion if anybody has objections to that or issues that they want to bring up.

9:55

Great. Thanks so much for getting your input to your representatives on the planning committee because that really helps to speed this process up. That's fantastic.

Would a member like to move that

the Standing Committee on Public Accounts invite Alberta Transportation to appear before the committee on Wednesday, November 28, 2012, to address the recommendations contained in the October 2012 report of the Auditor General of Alberta.

Do we have a mover for that? Okay. Mr. Bilous.

Mr. Dorward: A friendly amendment. Can we also include there the annual report dated March 31, 2012?

The Chair: Mr. Bilous, you're okay with that amendment?

All in favour? Any opposed? Carried.

Second, could we have a mover, perhaps Mrs. Sarich, that the Standing Committee on Public Accounts invite Service Alberta to appear before the committee on Wednesday, December 5, 2012, to address the recommendations contained in the October 2012 report of the Auditor General of Alberta as well as the March 31, 2012, annual report.

Mrs. Sarich, you moved that, right?

Mrs. Sarich: Yes.

The Chair: Okay. All in favour? Opposed? Carried.

Could we have a mover that

the Standing Committee on Public Accounts invite Alberta Environment and Sustainable Resource Development to appear before the committee on Wednesday, February 13, 2013, to address the recommendations contained in the October 2012 report of the Auditor General of Alberta as well as the March 31, 2012, annual report.

Do we have a mover?

Mr. Stier: I'll move that.

The Chair: Mr. Stier. All in favour? Any opposed? Carried.

Could we have a mover that

the Standing Committee on Public Accounts invite Alberta Justice and Solicitor General to appear before the committee on Wednesday, February 20, 2013.

Mr. Amery is going to move that. All in favour? Any opposed? Carried.

All right. Lastly, do we have a mover that

the Standing Committee on Public Accounts invite Alberta Human Services to appear before the committee on Wednesday, February 27, 2013.

Mrs. Fritz. All in favour? Any opposed? Carried.

Okay. With regard to research requests as we've mentioned in previous weeks, any research requests should be given to your caucus representative on the informal working group so we can give direction. We did have a request this morning for committee research services to do some research for when we call Alberta Justice and Solicitor General before us on February 20 to describe what the case-management system looks like at this time, how it all works and all that sort of thing. Could we have a mover that

committee research services prepare for committee members background research on Alberta Justice and Solicitor General for the meeting scheduled on Wednesday, February 20, 2013.

Do we have a mover for that? Mr. Amery. Those in favour? Any opposed? Carried.

Okay. Other business, last business. You may all remember that on September 24 when Dr. Sherman asked about inviting the Alberta Medical Association before the committee, legal counsel Rob Reynolds promised that he would get back to us regarding that legal opinion. Shannon Dean, Senior Parliamentary Counsel, helped prepare this along with Mr. Reynolds. I'm just going to give you the brief answer, but you can have the full report.

Is that posted to the website yet?

Mr. Tyrell: No. It won't be posted, but anyone who wants a copy can come see me.

The Chair: Okay. Anybody who wants a copy, it's actually quite a thick document. The brief answer is that committees of the Assembly have the power to compel the attendance of witnesses. However, that power should be exercised within the committee's mandate. The mandate of the committee is limited to examining only those organizations that fall within the public-sector umbrella and questioning officials from those organizations. The AMA, despite receiving grant money from the government, would not qualify as one of those organizations. So that is the legal opinion of Parliamentary Counsel, and I think we can accept that.

Yes, Mrs. Sarich.

Mrs. Sarich: Not on this matter, but I had just a general question under other business.

The Chair: For sure.

I don't think we need to pass a motion on that. It's just for your information.

Mrs. Sarich.

Mrs. Sarich: Thank you, Mr. Chair. I just wanted to ask because we were moving very quickly on those motions and referencing on a couple of them the March and October 2012 reports. I noticed in the July 2012 report that there were follow-up system audits in two areas, Environment and Sustainable Resource Development and Human Services. I just was wondering if it would be appropriate that we not preclude any information provided by the reports of the Auditor General in any of the other ministries that are coming forward on this schedule that was moved and adopted by vote.

The Chair: Sure. I think that you're absolutely right. I think that when we refer to specific reports, we want to give them a heads-up on what we're probably going to be focusing on. I would ask Chris to make it very clear in the letter that all reports of the Auditor General and financial reports going back are on the table, so if a member has a question on that, they need to be prepared for it. Of course, we're trying to just give them somewhat of a focus because it's such a huge amount of information otherwise, right?

Mrs. Sarich: Thank you.

The Chair: Any other questions or business for the committee?

Mr. Dorward: Two short things. Mark Golanco, could you say hello? I just wanted to introduce Mark. He is our caucus researcher for this committee in our caucus. I would certainly invite anybody else to please introduce themselves. We're so thankful for the work that gets done around here.

Also, I thought that it would be a good idea and would like to direct Chris to take care of this for us. Could we have circulated or with our minutes or our agenda an ongoing register on which questions we're expecting answers back just so that they don't get lost in the minutia of all this chaos and so that we then are aware when they come forward or don't come forward, and we can just

kind of lob them off or discuss them at our meeting if necessary?

Thank you.

The Chair: Our next meeting will be held Wednesday the 21st after constituency week with Alberta Enterprise and Advanced Education from 8:30 to 10. We didn't have very good attendance this morning at the informal meeting. Honestly, that is an incredible meeting to come to. A few of us made it; not very many did. If we could come to that.

Mrs. Fritz: Can I speak to that? I know that this is the second time, Mr. Chairman, that you're flagging that for us, and I appreciate that it's a concern of yours as the chair. The weather this morning in Edmonton is incredible if you listen to the news. It's ice. It's rain. Just coming the short distance here, we had an accident over near the school, so I know people trickled into the meeting. I understand, too, where you're coming from. It's important. Thank you for flagging it.

The Chair: Absolutely. I don't want anyone to feel that they're singled out. If we could do that, that'd be great. That's from 8 to 8:30 in committee room B.

Could we have a member move to adjourn the meeting? Ms Fenske. Any opposed? No. All right. Thank you, everyone.

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

