Legislative Assembly of Alberta

The 28th Legislature
Second Session

Standing Committee
on
Public Accounts

Wednesday, March 5, 2014
6:19 p.m.

Transcript No. 28-2-2

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Standing Committee on Public Accounts

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Luan, Jason, Calgary-Hawkwood (PC)
Pastoor, Bridget Brennan, Lethbridge-East (PC)
Sandhu, Peter, Edmonton-Manning (PC)
Sarich, Janice, Edmonton-Decore (PC)
Young, Steve, Edmonton-Riverview (PC)

Also in Attendance

Strankman, Rick, Drumheller-Stettler (W)

Office of the Auditor General Participants

Merwan Saher	Auditor General
Rob Driesen	Assistant Auditor General
Brad Ireland	Assistant Auditor General
Eric Leonty	Assistant Auditor General
Doug Wylie	Assistant Auditor General
Jeff Sittler	Principal

Support Staff

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Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Christopher Tyrell	Committee Clerk
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Janet Schwegel	Managing Editor of *Alberta Hansard*

Transcript produced by *Alberta Hansard*

6:19 p.m. Wednesday, March 5, 2014

[Mr. Anderson in the chair]

The Chair: Good evening, everyone. I'm going to call this meeting of our Public Accounts Committee to order.

I'm Rob Anderson, committee chair, MLA for Airdrie. I'd like to welcome everyone in attendance and via teleconference. We'll go around the table and introduce ourselves, starting on my right. After Chris Tyrell is done, then we'll go to the phone. I believe there's someone on the phone, isn't there? There is? Okay.

Mr. Dorward: My name is David Dorward. I'm the deputy chair of this committee and, more importantly, the MLA for Edmonton-Gold Bar.

Mr. Donovan: I'm Ian Donovan, MLA for the Little Bow riding.

Mr. Sandhu: Good evening. Peter Sandhu, MLA, Edmonton-Manning.

Mr. Strankman: Good evening. Rick Strankman, Drumheller-Stettler.

Mr. Bilous: Good evening. Nice to see you again, almost 12 hours later. Deron Bilous, MLA, Edmonton-Beverly-Clareview.

Mr. Leonty: Eric Leonty, Assistant Auditor General.

Mr. Sittler: Jeff Sittler, with the Auditor General's office.

Mr. Ireland: Brad Ireland, Assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Driesen: Rob Driesen, Assistant Auditor General.

Mr. Wylie: Doug Wylie, Assistant Auditor General.

Mrs. Sarich: Good evening and welcome. Janice Sarich, MLA, Edmonton-Decore.

Mr. Barnes: Drew Barnes, MLA, Cypress-Medicine Hat.

Ms Fenske: Hi. Jacquie Fenske, MLA, Fort Saskatchewan-Vegreville.

Dr. Massolin: Good evening. Philip Massolin, manager of research services.

Mr. Tyrell: And I'm Chris Tyrell, committee clerk.

The Chair: Excellent. Before we begin, the microphones are operated by *Hansard* – oh, yes, on the phone.

Ms Pastoor: It's okay. I won't take it personally, Rob.

Bridget Pastoor, MLA, Lethbridge-East.

The Chair: Sorry, Bridget.

Ms Pastoor: No problem.

The Chair: Before we begin, the microphones are operated by *Hansard* staff. The audio of committee proceedings is streamed live on the Internet and recorded by *Alberta Hansard*, and audio access and meeting transcripts can be obtained via the Leg. Assembly website. Please, everyone, speak clearly into the microphones and lean forward when you're speaking or answering, if possible, so *Hansard* can pick it up easier. Keep your cellphones, if you can, on vibrate or silent.

Could we have a member move that the agenda for the March 5, 2014, evening meeting of the Standing Committee on Public Accounts be approved as distributed or amended? Mr. Bilous. Those in favour? Any opposed? Carried.

We do have some other business we'll attend to after we go through the main part of our meeting regarding what we talked about this morning with going to the CCPAC conference.

Joining us this evening, of course, is the Auditor General of Alberta and his staff. I know we just saw them earlier today, roughly 11 hours ago, and I'd like to thank them for being here twice in one day and doing double duty for us.

Back in December this committee discussed scheduling a meeting with the office of the Auditor General following the release of each report of the Auditor General going forward so we can better understand it. The purpose of tonight's meeting is for the Auditor General and his staff to take us through the latest report and answer any questions that committee members have. My hope is that this will be another step towards making members of our Public Accounts Committee feel as much of the process as possible and to be as effective as possible in the carrying out of their duties.

I would now like to invite Mr. Saher and his staff to begin when they are ready. We're going to break it up into three segments. First, we're going to start with a half-hour segment on pensions, followed by a 15-minute segment on the postsecondary recommendations, and then another 15-minute session on the follow-up recommendations to end it. In each segment the Auditor General will give an introduction or a report on his findings, and then the remainder of the time will be spent on Q and A, just random. We're not going to do it timed or anything like that, but obviously keep your questions short, as succinct as possible so that everyone has a chance to ask questions if they wish.

Mr. Young, would you like to introduce yourself?

Mr. Young: Yeah. Steve Young, MLA for Edmonton-Riverview.

The Chair: Thanks, Steve.

With that, we'll go to the Auditor General.

Mr. Saher: Good evening, everyone. Thank you, Mr. Chairman. The deputy chair suggested that I take a few minutes just to set the scene of the work of the audit office before we move into the February 2014 report, which was the latest report.

Your sister committee the Standing Committee on Leg. Offices will shortly be recommending to the Assembly the budget for the fiscal year that will be starting April 1. Just so you have a sense of how much the office consumes, we're now at $27 million. We have 140 full-time staff. About $6 million of that $27 million budget is used to pay agents who work on our behalf doing financial statement audits. We have the ultimate responsibility, but with 140 people we couldn't possibly do the volume of financial statement auditing that's required at the government's year-end date. So a $27 million budget. We have 140 people. We spend $6 million of that budget on agents and temporary staff.

6:25

I think another important thing for me to tell you is that we're the auditor of every ministry, department, and provincial agency in the province. We are the auditor, essentially, of all of the entities that comprise the consolidated financial statements other than the school boards. We're the auditor of only one school board but all of the postsecondaries, all of the departments and agencies.

If you look at that $27 million, our goal for the fiscal year that we're going into is to use those resources: 75 per cent of them to deal with the financial statement auditing, which is nondiscretionary – we're required to do that under the act – and the balance, 25 per cent, would be used for doing systems audits. We call them systems audits. Other people refer to them as value-for-money audits. The modern language today, if I can call it that way, in the public-sector accounting world is performance audits.

Our strategic goal is to be able to do more of those systems audits. We're challenging ourselves internally within the office to be able to do more of those with the existing resources we have. In other words, can we get our financial statement auditing to be as cost-effective as we can possibly get it? The risk that we have is – we look at our business through the lens of three Rs. We try to manage the risk that our work is not relevant, that our work is not reliable, and that it's not done at a reasonable cost. In that framework we run our operations, and our goal is to strive to do more of those added-value systems audits and maintain our credibility in terms of reliable work done reasonably.

Those are just introductory comments on the work of the office. Maybe if there's anyone who has a question at this moment, we could deal with that. The sort of high-level comments I've made we go into in detail in the Standing Committee on Leg. Offices, but as was pointed out to me, I don't think actually any of you are on that committee, so you miss that piece of our interaction with the Assembly when we present our business plan and discuss resources.

Mr. Young: I have a question.

The Chair: Sure.

Are you finished with your introductory comments?

Mr. Saher: Yes, on the high-level bit of the office.

The Chair: Okay. Go ahead.

Mr. Young: Sorry, Chair. I understood he was inviting questions.

Your role is for administrative and risk auditing. Does it go into performance and prioritization?

Mr. Saher: No. It wouldn't be prioritization across the government as a whole. The financial statement auditing is done just as it's done anywhere in the world. The opinions we offer on financial statements are done just as they're done by the auditing profession anywhere. The systems auditing piece is part of our mandate. It's in section 19 of our act. We are invited to look in at government systems, the systems by which government runs its programs, to look at whether or not the government is using systems designed to ensure economy and efficiency.

Separately, in a separate subsection: does the government have systems to measure and report on its effectiveness? There's an important point there, that we're not invited to make direct assessments of effectiveness. We're invited to look in at the systems by which government measures its effectiveness.

Mr. Young: Okay. My point is that in terms of ROI of these projects, in terms of the evaluations that have been set up, are we delivering on what we've set out in the mandate of these many programs that are delivered throughout government?

Mr. Saher: Our way of looking in would be to say that that is a management responsibility: to advocate for resources, to receive those resources, to plan to use them wisely, and then, most importantly, to report back to the Assembly and Albertans on the results achieved. Just by way of connecting the evening with the morning, you asked, in my opinion, some good questions this morning looking in at performance measures.

Mr. Young: Right. I apologize. I'm new to the committee, so I'm just trying to find my feet under me. But thank you for your comments.

Mrs. Sarich: Yes. Thank you very much, Mr. Chair. You had mentioned 75 per cent on financial statement audits and 25 per cent on system audits, which are the value-for-money, the performance audits. Also, if I heard you correctly, then, you said to do more in that direction. Is there anything that you could share with us where we could expect to see a change in the 2014-2015 in terms of the value-for-money audits? Any changes?

Mr. Saher: We've traditionally been at 80-20. This business plan drives us to 75-25. We think we have set ourselves a reasonable goal. We will report back again as to whether or not we can achieve that. Essentially, the contention that's often made is, "Well, why don't you just ask for more money and do more systems audits?" because that's what people like the audit office to do. They find that to be more interesting than the financial statement audits.

There are various reasons why we don't just ask for more money. That reliability risk that we have has to be managed. I mean, we can't just go out there and find individuals capable of doing that sort of work. Also, there's a sweet spot, if I can put it that way, in terms of us cranking out so many new recommendations from more systems audits and delivering that to the public service in Alberta, their ability to deal reasonably with that volume of input. So there is a point, and at the moment we think 75-25 is a good balance for the time being. If we can achieve that and sustain that over time, then arguments could be made: well, why don't you try 70-30? But I'm not prepared to go there yet.

Mrs. Sarich: Right. Maybe at that point – you know, see how it goes – the Standing Committee on Public Accounts would be able to support those directions if you're signalling that it would be of greater value to do that, correct?

Mr. Saher: Right. I will just take the opportunity to stress that we will have a piece of work for public reporting. I'm pretty certain it will be publicly reported in July, so that will be our next public report. We call that results analysis, and that's the important work that was referred to this morning as telling the story. We're adding credibility to the financial information. We also add some credibility to the performance measures. But those are just two pieces.

The real challenge is for the public service to bring those two pieces together and explain to Albertans: "This is what we wanted to achieve at this cost. This is what we have achieved at whatever the actual cost is. This is what we've learned. These are the programs that would make sense to continue in the way that they're doing. These are programs that don't seem to have a value." I think that's an important piece of the work of the Public Accounts Committee, to discuss with the people that appear before you the results analysis.

Mrs. Sarich: Thank you.

The Chair: Thanks.

I think we'll move on to the material here. Go ahead with the pensions.

Mr. Saher: Thank you. In our February 2014 report, starting at page 15, is a systems audit on the Department of Treasury Board and Finance's oversight systems for Alberta's public-sector pension plans. I've been told by many people that it's a complicated piece. Yes, it is complicated because pensions in and of themselves are a complex subject. I'm not going to apologize for the fact that it seems complicated. Our purpose tonight, by trying to at a very high level explain to you what is under that, is to maybe help you as Public Accounts Committee members with the questions that you might use as you meet with the department and questions that you may find appropriate to use in the House.

In this piece we're essentially advocating for disciplined risk management. The first thing people say is: what risk do you mean? The risk that we are talking about is the risk of the pension promises not being met. When we talk about risk, it's always in that context. The real risk is the pension promise out there. These pension plans: each of them has a pension promise. The risk is that that promise can't be met.

That's why in our language we talk about risk management. If the department were to look at our recommendations and accept them and move towards more focused risk management, we think that the pension system in Alberta would be better managed in the sense of better information being produced at the right time to allow the people who have to make decisions to make informed decisions. When I talk about people making decisions, there are sort of, really, two parties here. There are the employers – in many cases that's the government itself – and there are employees. In any one of these plans there are participants and stakeholders, and we believe that the decision-making has to be based on the participants having all of the information that they need to make good decisions. So that's why we talk about risk management.

6:35

If I sort of jump to one of the questions that one of you as members might want to ask me tonight – or if you don't choose to ask me, it's a good question – it's being asked in the media, and we are being asked as an audit office why we don't answer this question. The question is: are changes needed? Are changes needed to the four pension plans that were the subject of this work? Another way of asking that question is: are the plans sustainable as is? That's another question that's being asked in the sort of public debate and discourse.

This is the answer that I would give you to those questions. The evidence is – and the evidence is evidence that we have in our report – that the contributors, who are the employers and the employees, are signalling that contribution rates are reaching a maximum acceptable level. So in terms of "Is there something that needs to be dealt with?" and "Why is this an issue today?" and "Why wasn't it an issue yesterday?" the overwhelming evidence is that the people who contribute to the plans are signalling – that's the employers and employees – that the contribution rates are reaching the maximum acceptable level. What do you mean by acceptable? In terms of individuals it would be, I think, viewed as affordable.

If that's the situation and assuming no willingness to increase contributions, there is no alternative but to reduce the benefits that the plans have. I mean, it's a simple sort of mathematical equation. It's just founded in logic. There's not really any other place to go. If you reach the maximum in terms of the contributions that are affordable and assuming that you don't want to take on additional investment risk, then the only thing that can make this balance out over time is a change in the promise; in other words, a change in the benefits.

The trick here is to have the participants agree on a promise that's acceptable to them all, a promise that they can live with, and at a probability of being achieved that's acceptable, an acceptable probability given a particular contribution rate and given an investment return.

The next question: do the proposed changes that are being talked about by the department at this time make the plans more sustainable? I can only answer that in one way. I cannot give you that answer. There is only one person that can give you that answer, and that's the President of Treasury Board and Minister of Finance and his departmental officials. So to the question "Do the proposed changes make the plans more sustainable?" my answer would be: ask the minister to explain for each plan the degree to which his proposals increase the probability of the promise being met.

Very simply, what I'm trying to convey to you and what risk management is all about: risk management is all about the contributors, the participants in the plan understanding what the risks are that they bear. What is the probability that the promise that is embedded in the plan can be met given certain contribution rates and given a decision on an acceptable investment return? See, I can't answer that question. That question can only be answered by the participants.

What we're trying to do in our report here is to say that these are the questions that need to be asked. People need to understand the risks that they hold. If there's one thing that I think needs to be fully understood, it is that many people assume that the promise is a 100 per cent guarantee. It is not that. I'm just trying to make that point.

Pensioners, people who are current contributors to the plan – I mean, the presumption is that the promise is 100 per cent guaranteed. That is a false presumption, in my mind. I think that a frank discussion as to the probabilities of the promise being met is what's needed. If you fully understand what the probabilities are, then risk management can be win-win. People can be making decisions at the right time if they understand the risks that they're subjected to. They can come to the table and make good decisions about whether they're happy with the new information. I mean, as the dynamics of the plan change, as the probabilities change, then people can say, "Yes, we can live with this" or "No, we can't live with this."

I've tried at the highest level to explain to you the purpose of this piece that we have, why we talk about risk management and what the risk is. It's the risk of the promise not being met. Our contribution is systems designed to manage that risk proactively almost continuously.

With that, I'll stop on pensions and now invite you to ask us questions.

The Chair: Yeah. We'll go with questions. Just for a point of clarity, can you please expand, Mr. Auditor General, on what you mean when you say that pensioners should not or that the contributors right now should not feel that the benefits promised are guaranteed? What do you mean by that? Could that mean that they shouldn't feel that it's guaranteed or that it's not guaranteed because it's not sustainable, so they shouldn't feel it's guaranteed, so we should make it sustainable? What do you mean by that sentence?

Mr. Saher: Well, I'll ask Brad and Jeff to comment in a minute. What I was trying to convey is that I think there's a general sort of presumption in the world out there that these pension plans exist and that there are the benefits that will be paid out, that they will be paid out. You know, that's how it is. I'm saying that from an economic point of view if there are not assets in place to pay those pensions, then there's something to be talked about. I mean, if there are no assets to pay a pension obligation, then the promise is unsustainable.

The Chair: Right. So you're not saying that they shouldn't have that expectation. It's just that if we're going to give them that expectation or create that expectation, then we'd better have a conversation about how we're going to actually make that happen because right now it's very much not guaranteed that the pension will be there when they need it.

Mr. Saher: Yes. The way you've expressed it, I think, is reasonable. I'm simply saying that I think that it's important that the discussion move to, you know: what are the risks in relation to the pension promise?

Maybe, if you don't mind, I could just ask one or other of my colleagues, if they feel they can help with that, to do so.

Maybe I'll just introduce Jeff Sittler, the audit principal in our office who led this engagement. Obviously, he's knowledgeable about what we wrote.

Mr. Sittler: I would answer that question this way, that as a member in the plan you have to keep in mind that you're taking back what I would call credit risk when you accept a pension deal. You know, traditionally pension funding risk has been managed – part of the strategy is that if things get bad enough, the employer sponsor is willing to put more money into the plan. If that employer sponsor doesn't have the means or doesn't have the will to put more money in the plan, then it's not guaranteed.

The best example I can think of is probably the city of Detroit. I mean, today it might seem incredible that the province may not have the financial means to back the plans, but there's no guarantee of that 30 years from now. So putting in risk management systems that would proactively prevent that from happening, I think, is a better practice than hoping that the sponsor will be able to deal with it after the fact.

6:45

The Chair: Very well put. Thank you very much.

Was there somebody else that wanted to comment from your office, Mr. Saher?

Mr. Ireland: I guess maybe the only thing I'll add is that I think the Minister of Finance's proposal, that he put out a week or two ago there, is that with the pensions that have been earned to date, you know, the plan, I think, is to fully fund those. I think the plan going forward – and I think what people start thinking about when they start their career and when they're in the plan is that the design in the plan benefits won't be changed. And I think what we're seeing is that, as Jeff said, if the sponsor – really, the government, the employer – and the employees don't want to put in more money, then the only thing that can change is the benefits coming out at the end. I think we're seeing this across the public sector in Canada at the provincial and the federal level, this belief. Ten years ago people thought that, you know, these things weren't going to be changed at any point in the future and that they wouldn't change throughout their career.

That's all I can add.

The Chair: Thank you.

Mr. Saher: Maybe I'll just supplement. You know, the belief, I think, some years ago was that the equation would balance. The investments would return the added funding. That hasn't proven to be the case, and I think people argue: "Well, look. Everything is fine now. The last two years have been spectacular." I don't think you can say that the problem goes away. I mean, the evidence is that investments over time will generate a return, so people have to decide how much risk they're prepared to take. This is a longer term proposition. I mean, I think people have to look out over a longer period than just: everything is going very well at the moment.

Again, I come back to pension risk management, which is constantly looking at that and encouraging the participants to make rational decisions. What risk are you prepared to take? This can be modelled, and we can tell you that if you go down this path, the probability of the promise being met is this. People have to say: well, if that's the reality, is that acceptable or not?

The Chair: Okay. Well, let's go into questions here. Who would like to ask a question on this? Mr. Luan.

Mr. Luan: Thank you. Thank you, Auditor General, for your high-level opening introduction. Where I need some clarification is regarding pensions. Help me to think of which question is to whom in terms of your office versus the Minister of Finance's office. Here is my question. Regarding the value-added audit at what point is your office, in regard to unfunded liabilities, going to say – yes, the day-to-day management is the Minister of Finance's responsibility, which is audited to see if they've met with what they set out to do. But at what point are you going to say that with the way the system is designed, with an aging population, expansion of life expectancy, and so on and so forth, the formula that was set to meet the needs has fundamentally changed and you're not going to meet that target? To what degree has it become an issue for audits that you'd say: "The system set-up is incorrect. Something has to be done"? That's my question.

Mr. Saher: Well, I don't think we would ever say that there's some problem with the plans as designed. That's not our job to say that there's a problem with plan design. Our mandate is to look in at: given a plan and its design do all of the people who are participants in that plan understand the plan design? Do they understand the objectives? So looking in as an auditor at the system, it's important that everyone understands what the plan's objectives are, how it's designed. Is there good performance reporting? Is there reporting back against those objectives?

In our report we talk about the people who are the participants in the plan setting out in advance their tolerances for deviation, setting out in advance that if there is a deviation of this magnitude, we must come back and talk to each other. In other words, it's a rational way of looking in and decision-making based on indicators that things may need to change rather than it being simply, you know, that what has happened over time is that everything has sort of been fixed by jacking up contribution rates. I mean, we've just come to the end of that technique, if you will, for solving an unfunded position.

I'm not sure that I've really answered your question. I'm trying to state that our job is to look in at the systems that are in place to help achieve the objectives. So we're simply saying that we think what's needed now is formal, different, better risk management techniques.

Mr. Luan: Yeah. If I can do a supplement very quickly on this same subject. I understand what you're saying, but here's my speculation. If I were the minister, I would say: "Yes. Trust me. Things are going to work. We'll have a way of doing it." But you as an outside auditor see the communications that we give to our members. We promise the moon, and we'll deliver the moon. But you also know through your audits that with some of the significant changes – I mentioned aging population and all of that stuff – the formula we used, say, 30 or 40 years ago is no longer valid. But I'm still telling everybody – and I can tell you as a member myself – that in the past you'd get this annual statement telling you what it is, but 90 per cent of the people don't quite understand all that that entails. Somebody says: "We're good. We're okay. We have a way of fixing it." You give that trust to them, particularly if it's government. But I'm thinking beyond the department going: rah-rah. With the Auditor as a second eye or a separate arm's-length process, at what point are you going to say: "Wait a second. It's not working. Something needs to be done differently"?

Mr. Saher: Well, I think we've said that in this report. I think we're saying clearly that there's an indication that there is a problem. Our contribution is to say that to manage the issues that are present today, our assistance is: "Follow these recommendations that we've made. If you follow these recommendations, then the facts will be out there regularly." Those that have to make the decision, the minister on one side and plan participants on another – I mean, how shall I put it? I believe they will be forced into having to face the realities and make decisions.

Jeff, can you add to that?

Mr. Sittler: Yeah. The only thing I would maybe add, if you want to look backwards, you know, is that the last time we went through a major revision of the pension plans was 1992. Could we have written the same report in 1992? I think the answer is no because the risk management methodologies, tools, et cetera, weren't in use then. It's relatively recently – let's say the last five or 10 years – that people have started applying this to pension plans. I would expect that 20 years from now there's going to be different stuff. So it's more about: continuously you've got to re-evaluate your system and see whether you're meeting those objectives. The objectives don't need to change, but how you put in systems to make sure you can meet them is going to change over time. I would be reluctant to sort of look backwards and say, "Well, we should have known better then," because I think that probably was state of the art then.

Mr. Luan: Good. Thank you.

6:55

Mr. Saher: Maybe I could just add one thing to the member's question. We audit the plan financial statements. So we are providing credibility on the $7.4 billion unfunded status. That's one of our jobs. That number is a reasonable estimate of the unfunded liability. So we contribute in that way.

Through this report I think I'm saying that there's more than just looking at a set of financial statements; there's more than the information that the plan trustees put out to their members. I mean, your point is that many people don't understand that. You're absolutely right. I want to come back to the presumption, and that is: "Well, why do I need to look at all of this? I'm going to get my pension."

The Chair: We're definitely going to be running out of time in this section quickly, so let's try to keep the questions as short as possible if at all possible.

Mr. Bilous: Okay. A couple of points. I understand exactly what your jobs are, but please keep in mind that these pension plans were part of the remuneration that employees were offered when they took their jobs. So it's very understandable that, you know, suddenly, after a worker works for 20, 30 years and that was part of their pension retirement strategy and it's now being challenged or changed, you're going to get some very upset folks.

I was wondering, though, if you could comment. As you had mentioned, Mr. Auditor General, yes, the hikes have been – and I remember, I think it was five years ago, that there was, at least for the LAPP, a significant contribution increase borne by many, many members to help cover that cost. From what I've been reading, the plan over the next few years – I mean, much of the unfunded liability portion should in fact be covered off. I'm wondering if you gents can speak to that.

Mr. Saher: Jeff, you take that.

Mr. Sittler: You're correct that when liabilities or unfunded liabilities arise in the plans, they have been adding additional contributions, and that liability is amortized over 15 years. Assuming that there's no further adverse experience in investments or on the liability side in terms of mortality or inflation or something like that, then, yes, you would expect to see those contribution rates come down now. But, I mean, what are the odds that we're not going to experience further adverse deviation at some point in the future?

Coming back to the risk management, it's about understanding the probability that you could experience worse-than-expected returns in your investments, and if that happens, what's going to be your response to that? Are you going to be able to tack on another 2 per cent in contribution rates if you have to do that within the next five years or something like that?

The Chair: Okay.

Mr. Saher: If I could just also mention that in our report, the third recommendation we made on sustainability support processes, one of the points we made was that we thought that the department needed to "conduct or obtain further analysis of the impact of proposed pension plan design changes on employee attraction and retention." Clearly, the pension piece of any employee's – it is a piece of the remuneration package. I mean, there's the salary, and then there's your deductions and the employer contributions to this pension once you retire.

Mr. Bilous: Right. Again, employees or people that have chosen to go into public service: part of the reason is that they look at the full package. Again, where I get my back up and where many others do is when that becomes threatened, especially after a life's service. I mean, I don't need to get into the reasoning behind pensions and where they first came from. They're part of that remuneration but also a reward for loyalty within the company, et cetera, and spending a lifetime.

The Chair: Mr. Bilous, if I could, these are all very good points. I don't want to go too much into the political aspect of this. I don't think the Auditor General was saying, necessarily, that it should be one way or another. I think he's just saying that we have to deal with it. However we deal with it is a totally different question. I think he's just saying that right now the sustainability is not . . .

Mr. Bilous: Can I ask one short – this isn't policy.

The Chair: Very short.

Mr. Bilous: I appreciate what you're saying. The reasoning behind wanting to change it is that in case, again, say, the markets dip or whatever, you're going to have a growing unfunded liability portion, right? So you're trying to manage and mitigate risk. My question to you, though, is: is this not a premature decision?

Mr. Saher: No. To consider these plans at this time is imperative because the contribution rates have reached, in the view of many people, an unaffordable level. So something has to be done. I think that the question really is: any proposed change, what does it do to the probability of the promise? What is the real and actual probability of the promise being met now, before change, and what will the changes do to the probability? In my opinion, that's the question that needs to be asked and answered.

The Chair: Mrs. Sarich.

Mrs. Sarich: Yes. Thank you. Pages 28 and 29 in the document and just focusing on page 29, the key findings, the four bullets there in the green area, and then you have the audit findings statement: if I'm reading this correctly, under Our Audit Findings, the last bit of information provided there, and then I look at the key findings, are you confident that what you had found through the audit, the key findings, everything that's in the four bullets in the green – are you satisfied, or are there more questions there? Like, "The department's principles for the reform of the pension plans," and so on and so forth, under Key Findings on page 29, and then you conclude with a statement under Our Audit Findings. I just want to know what your level of confidence is in what you had found relative to what's in that green section.

Mr. Saher: I'll go first, and then I'll ask Brad to supplement. Yes, these are audit findings at a high level of assurance. The point that has to be made and stressed is that these are the findings at a point in time.

Brad, pick it up from there.

Mr. Ireland: Yeah. That's the point I was going to make. We at the start set out with a set of audit criteria about what a sustainability review should look like. We looked at what the Department of Finance had done up until the end of July. That work set the stage for the proposals the minister announced in September. These were the findings that we had in July. Since then, obviously, more work has been done. So the question, I guess, probably back to the government or the Minister of Finance is: what work has been done since July, since the Auditor General has released his report, about dealing with these issues? Are you satisfied that they've been dealt with before we conclude on some of these issues?

Mrs. Sarich: It's the conclusion.

The Chair: We have to move on. We're way, way, way behind. Two more, very quickly, Mr. Dorward and then Mr. Barnes, and that's it for this section.

Mr. Dorward: All right. Good guidance, Chair.

On page 33 the deficit is about $7.4 billion. I assume that's the employers' and the employees' share, that that's both of them.

Mr. Ireland: Yes.

Mr. Dorward: This is out of the blue, and you can maybe get back to the committee because it is out of the blue. If the government were to say, "We do not have a defined benefit plan anymore; we have a defined contribution plan," would the government likely have to pay out $7.4 billion to something to have the plans up to that point in time dealt with?

Mr. Ireland: I think if you go to page 17 of our report, in the middle of page 17 there's a paragraph there that starts, "The department's options for reform were also constrained." That paragraph really gets at if the government did close down these defined benefit plans at a certain point in time. Right now these plans are funded jointly by employees and employers. If the government did close down these plans, the government is more likely to be funding the full liability for these plans.

7:05

Mr. Dorward: Okay. Thank you. That's all I need. You've pointed to the right place, and we'll take that.

Thank you.

Mr. Saher: Mr. Chairman, just before we leave the subject – I know you want to move on – I would just note page 38. On page 38 there are some bullets and some questions. I think that upon reviewing our report earlier today, it struck me that those questions we have there are really a good way of understanding the sort of risk management that we're talking about.

If we now move on to . . .

The Chair: Well, no. Actually, Mr. Barnes, really quickly, please.

Mr. Barnes: I think that the bullets that you just pointed out, Auditor General, do pinpoint a lot of the answers to my questions. I guess from an overall standpoint if the Alberta government were to continue on the road that it's on right now, would something like higher investment returns accidentally through what's going on in the market now help, or is there a lot of unsustainable risk in the near future?

Mr. Saher: Well, just sort of mathematically, short-term increases in investment returns would presumably show a reduction in the unfunded liability. Risk management will tell you what is the probability of that short-term blip, if I can call it that, being sustained over time and give you a reasoned look at – I keep coming back to it – the probability of the promise being met at a particular investment rate of return based on the risk you're prepared to take. I mean, there are techniques now that will tell you that.

So rather than people saying, "Well let's just hope investments will make the difference," one can move from just hoping to data which tells you that given these contribution rates, given this promise, given this investment rate of return the probability of the promise being met is 50 per cent, 54 per cent. A year from now, hypothetically, when it's reassessed, it's gone to 60 per cent. Well, that's good; we seem to be on the right path. But if that data in three years' time has slipped back to 45, then is that fine? Shall we just hope it goes back up to 60? I don't think that that's the way to deal with pensions.

Mr. Barnes: I agree. Thank you.

The Chair: Thanks.

I'm sure this will be, hopefully, a quick answer, and then we'll move on. There is pension legislation apparently coming forward. We can't say for sure. Will it be premature if these first three recommendations that you've made here regarding these pensions, if those three recommendations, which are essentially reporting recommendations of risk and so forth, all of the different things that are in there, are not completed and discussed prior to the legislation coming forward, would that be premature? Should these recommendations be implemented prior to passing the legislation, in your opinion?

Mr. Saher: In my opinion, the first two are designed to help manage your system going forward, whatever the legislation is. The third was, specifically, us looking in at the processes to arrive and support – I mean we call that piece sustainability support processes. We gave those findings to the department back in the middle of 2013. So I think it's really the minister's and the department's judgment as to the extent to which that needed to be done before proposals come forward in legislation.

The Chair: Sure. It's certainly their choice.
All right. Let's move on to the next section.

Mr. Saher: This is the piece of our report that deals with postsecondary institutions, and it starts on page 71. I'm going to ask Rob Driesen to very quickly give you a summary of what this piece is all about.

Mr. Driesen: Thank you very much. Our report on postsecondary institutions summarizes the results of our financial statement audits of 16 postsecondary institutions which have June 30 fiscal year-ends.

It is fundamental that postsecondary institutions establish and then sustain annually strong controls and processes over their financial reporting. As highlighted on pages 72 and 73 of our report, many of the postsecondary institutions examined have established reliable financial reporting controls and processes. Some institutions experienced difficulty sustaining their processes due to unexpected challenges, mainly with staffing. We expect that these challenges will be temporary.

Olds College, Northern Lakes College, and the Alberta College of Arts and Design do not have adequate processes and controls to prepare accurate financial reporting on a reasonably prompt basis. The audit committees of these institutions must hold management accountable to improve processes to provide reliable financial information to Albertans. The minister through the department must hold these audit committees accountable to do this.

NorQuest College, Mount Royal University, and MacEwan University have significantly improved their financial reporting processes recently through the strong work of their management and audit committees. To date we have been unable to complete our audit of Olds College and have just recently completed our audit of Northern Lakes College. Five of the institutions, as documented on page 72 of our report, need to make significant improvements with respect to outstanding recommendations. These institutions either had new recommendations, have significant prior recommendations not yet implemented, or have had a recommendation repeated.

Starting on page 75 of our report, we highlight that many institutions have implemented prior recommendations which further strengthen their financial reporting processes. Of the 21 recommendations we followed up on, we assessed 16 as implemented and repeated five. Only two institutions, the Alberta College of Arts and Design and Northern Lakes College, received a new recommendation in the past year.

Thanks.

Mr. Saher: You know, these are referred to as our report cards. You have what I have referred to as the sort of premier league on the right-hand side – that's page 73 – and the ones that have work to do on the left.

The Chair: Do you really think that it's very effective to be using soccer analogies in Alberta like that? I mean, that's right over our head, Mr. Saher. Is that really value for money?

Mr. Saher: Well, I'm used to soccer, what was called football in Britain, and the leagues.

Anyway, all I want to say at the moment is that, you know, the guys on the left – Olds College, Northern Lakes, Alberta College of Arts and Design, and the others – the point we're trying to make is that it is possible to get yourself to the right-hand side, but you will only get there if you acknowledge that you have a problem to deal with. That has to be acknowledged by management. We do make this point, that the audit committees and the boards have a critical job to play. In the cases where audit committees took a direct interest, we have seen the change that can happen. I'm referring to NorQuest and Grant MacEwan, in particular.

Our goal would be to get everyone on the right-hand side, and then the challenge would be keeping yourself there. It's easy to lead change, get change; it's very difficult to sustain that. I think that's what Albertans need, each of these institutions essentially being in a position that we can easily give them the green rating.

The Chair: Well, the deputy chair was just pointing out that Olds College, Northern Lakes College, and ACAD were before us – when was it? – a year ago, and they've still got horrendous marks. Should we call them before us and make them account for that?

7:15

Mr. Saher: No. My recommendation is not to do that immediately. My recommendation is to give them one more year. I think they appeared before this committee because we had enough insight, if I can put it that way, to recommend to you that you call those particular institutions here. I mean, we were able to foreshadow what we're reporting here publicly.

The Chair: Are they making any progress towards a yellow or green standing? Or are they not responding to your follow-up?

Mr. Saher: I'm concerned that we've not been able to complete the audit of Olds. Rob Driesen, who's the AAG with oversight on that, when we talk about it – well, you speak for yourself. What do you tell me?

Mr. Driesen: Olds College has experienced a lot of staff turnover at key financial positions in the past year, which has caused some difficulty. Having said that, they had financial reporting issues prior to that. So those in combination have created a lot of difficulties for them, and being a rural institution, it's difficult for them, more difficult than for other institutions, to attract certain people with that financial acumen to be able to help and get them, you know, on the right track.

The Chair: Sorry. It's more difficult for them to attract in Olds, Alberta, than Portage College or Keyano College or Lakeland College? You know, that cannot be. How can that be the reason?

Mr. Driesen: Once you have those people there and are able to retain them, once you have those people in those positions that have that experience and can implement those good processes, then, absolutely, you can have that at any institution in Alberta. It's getting them to some of those institutions when they don't have them that becomes more difficult. That is more of a challenge than an institution that's in a larger centre.

The Chair: Okay.

Mr. Saher: Sorry. If I could just supplement there. My advice to the committee is that you give these institutions on the left another year. We do see signs that there is a will. Certainly, at Alberta

College of Arts and Design I'm very confident from the assurances we've received from the audit committee there that there will be a change, that there will be a difference.

The Chair: Well, it might be an idea to point it out to those three colleges, point to the transcript tonight. It might be in their best interest for them to know about the transcript tonight from *Hansard*. I don't know who would do that. Maybe the Auditor General's office can do it since they're doing it anyway. We could send them a letter. It's something to discuss, anyway. I mean, if this committee is going to have any effect, when people come before it and they've been called to the mat, so to speak, and they say, "Oh, we're going to do better; we're doing to do better," and then there's no indication that it's getting better – I think we have a duty and obligation, if we're going to have any standing as a committee to do anything and have any credibility, to follow up with that and make sure that it's done. I don't know.

Mrs. Sarich.

Mrs. Sarich: Thank you, Mr. Chair. On page 72 right at the top it says, "It is critical that the boards of governors of post-secondary institutions hold management accountable for improving identified control weaknesses in a reasonable period of time." So it defaults back to the board of governors.

Where I'm struggling is that even when there's a problem with internal control, smaller organizations like school boards in rural Alberta simply contract the auditing functions that they need to help them move in the correct direction because that's coming from the board of trustees to the superintendent. I don't see this is any different. So by waiting another cycle to work this out, I think that, you know, a letter or some strong statement by the Standing Committee on Public Accounts – this would be a responsibility and a governance responsibility of the board of governors for these three institutions. They need to be working this out.

I appreciate that they may need some time, but I think that this is critical. It's critical that they need some help. They really do. Could they afford as a board of governors to wait another year and have finances not monitored, tracked, or internal controls? I don't think so.

Mr. Saher: No. I'm not advocating to perpetuate a weak situation over time. I'm simply conveying to you that it's my sense that we've received assurances that these matters will be dealt with. I've no reason to doubt that at the moment, but if the committee thought it would be – I mean, it's for the committee to judge. You are right; they were here in the past. If you believe that it would be worth their coming forward and giving you an update, that's your prerogative.

The Chair: Mr. Young.

Mr. Young: Thank you, Chair. My question is – and it's sort of going back to some of your other commentary around pension – what is the risk associated with these scores or inaction of these institutions? Can you give us some sense of the risk and consequences of that promise or assurances that these colleges have given you?

Mr. Saher: The way I look at it is that these institutions exist to provide education. That's their business. If you don't have – let's call it a boiler room. If your boiler room isn't robust, then you put your very existence at risk. Many people will say: "Well, you know, controls over financials, bookkeeping aren't important. Of course, I have to believe, because that's what my work is designed to do, that it's critically important.

I think that Mrs. Sarich is conveying that there is definitely a problem here. Yes, I support that; there is definitely a problem. There is risk. If the boiler room blows up, you risk being able to do what your mandate is, to deliver education.

We're talking about the processes, the systems that ensure that you have good budgets to deliver the education you want to deliver, that you have controls to ensure that money is not wasted, that you ensure that fraud risk is managed, that you have regular financial reporting, interim reporting, coming to the boards. I mean, Olds: we haven't yet been able to finish the – these are the financial statements for the year ending June 30, 2013, not yet audited.

Mr. Young: Can I follow up real quick?

The Chair: Yes.

Mr. Young: The other risk piece is what I don't see. I know these are the 16 from the June 30 year-end. What about the major institutions, the U of C and the U of A? Where's the risk there and the auditing?

Mr. Saher: The similar report card on those was in our October 2013 report.

Mr. Young: Okay. Thank you.

The Chair: Well, I think we should heed the recommendation the Auditor General just made and wait a little bit, but this might be a piece that we should consider when we're talking about our next report to the Legislature, just an area to think about. If we as a committee believe that, you know, even just to make a recommendation with regard to following up with these folks and then make that recommendation known to the colleges and institutions themselves, maybe that would be a course of action. Let's talk about it as a committee and see where we go from here, but it seems to me that there's certainly an appetite for following up on this at some point in the not-too-distant future.

If we could go on to the final piece, outstanding recommendations.

Mr. Saher: Right. Starting on page 47 of the report, our follow-up audits. In my introductory comments in the report itself I said, "We are pleased to report that all of the 13 outstanding recommendations we followed up in these audits have been implemented." If we just quickly move through them without talking in too much detail other than to say that we were doing a follow-up audit, there were outstanding recommendations, and we've assessed all of those as having been implemented.

7:25

The first was Department of Education, school board budgeting. I'm simply sort of going to read the heading without going into the detail. If I go into the detail, we'll be here for a long time, but if I just sort of cite them, then that might be an option for any member to ask a question.

The next was Human Services, administrative support systems for child intervention services. Then there was Human Services, PDD service provider monitoring. That's the persons with developmental disabilities service provider monitoring. Another one in Human Services: systems to monitor training provider compliance.

Then we did a follow-up piece in the Ministry of Infrastructure on Alberta schools alternative procurement.

Innovation and Advanced Education – this is the department itself – postsecondary institution noncredit programs.

Then, finally, Service Alberta, information technology control framework.

From our point of view these are good-news stories in that having gone out to do our follow-up, we found that in these cases all of the recommendations that we had made had been fully and properly implemented.

The Chair: Excellent. Any questions about that? Mr. Barnes.

Mr. Barnes: Thank you, Mr. Chairperson. Thank you again, Mr. Auditor General. Infrastructure, schools alternative: what were your recommendations or your findings on the money for value going to P3s and supposedly transferring that risk to the private sector from the public sector? Were there any findings there, any interesting thoughts?

Mr. Saher: Well, the major outstanding recommendation was that the system here requires that as a P3 project is entered into, the department issue a value-for-money report itself. The very first of these alternative procurements – ASAP 1 it was called – we looked at in detail in 2010, and one of the recommendations we had was that the government was not following its processes. It had not issued a value-for-money report. So in this audit we've confirmed that they have issued that outstanding one, and since then, for all of the ASAP 2 and ASAP 3 they have in fact complied with their processes and issued those reports. Those reports are reports that set out, if you will, the business case. They set out the value-for-money proposition of using a P3 procurement.

Mr. Barnes: Do you have any opinion on the factor that they use to equate passing the risk to the private sector from the public system?

Mr. Saher: I can't do that in one grand statement. We're satisfied that the processes by which the risk transfers are assessed and priced so as to make a comparison with the P3 alternative against conventional procurement, that those systems are done well and fully so that those P3 value-for-money reports are credible.

Mr. Barnes: Okay. Thank you.

The Chair: Mr. Bilous.

Mr. Bilous: Yeah. I'll make this statement really quick because I get that this isn't a debate. Just for members to keep in mind that what the Auditor General is assessing as far as value for money, even the concept of value, in my mind, can be defined in numerous ways. I mean, from the simple fact that if we're looking at whether it's, you know, infrastructure projects that are P3, I guess I can appreciate, on the one hand, looking at the dollars and mitigating risk, but just to remind the committee again that within those P3 contracts it's more than just dollars in and what you get out of it. Without getting into a lengthy story, caveats on building 18 schools: well, one of the caveats for the P3 might be that there are 18 cookie-cutter schools throughout the province as opposed to going on needs assessment and all the rest. I also think it's interesting – and I don't know, Mr. Auditor General, if you touch on it – that through a P3 model it is the private sector that's borrowing the money to fund the construction and the operation initially of that project, correct?

Mr. Saher: Yes.

Mr. Bilous: Right. So do you look at the fact that the government can borrow money cheaper than, to my knowledge, most anyone in the private sector? They've got the best rating as far as borrowing money provincially.

The Chair: All right. Let's not get into a debate on this.

Mr. Dorward: Deron, I can explain that afterward. You're chewing up our time, but I'll talk after.

Mr. Bilous: Well, no. Is that not an accurate statement?

The Chair: I guess my point is that that wasn't the subject of the Auditor General's audit. I mean, we agree on a lot of that stuff, Mr. Bilous. I'm just saying that what Mr. Saher – I don't know if that's what he was auditing.

Was that what you were auditing? It seems to me that the subject of your audit was different.

Mr. Saher: No, we were not following up on that. We have done pieces that tried to explain the logic of P3s conceptually. I mean, if it would be helpful, I could refer you to those ones which are the subject that you're talking about: how can a P3 make sense if the private sector is borrowing at a rate greater than the government borrows at? How can that make sense? I think we've dealt with that.

The Chair: In what report was that dealt with?

Mr. Bilous: Okay. Can you send that to me?

Mr. Saher: This was, I think, in April. Have you got it?

Mr. Ireland: It was in our April 2010 report, where we looked at the schools specifically. Also, in our October 2003-2004 report we did a bit of an educational piece on P3s. So there's some background information in there that might be useful.

Mr. Bilous: Okay. Thank you.

The Chair: All right. Boy, it's a good thing we weren't sitting today. We would all be late.

Thank you very much, Mr. Saher. That was very informative. We really appreciate you taking the time and staying up late with us to go over this. You and your colleagues, by all means, please feel free to leave. You don't have to stay for the remainder. Thanks very much for coming.

Mr. Dorward: Thanks for coming.

Mr. Saher: Well, you're saying thank you, but I want to assure you that, you know, it's really great for us to be asked to do this. I mean, we do our work, and to have a Public Accounts Committee that wants to engage with us, wants to have us talk about the pieces is just fantastic. We don't feel that we're here under some sort of – I don't know – obligation or something. This is great. Thank you very much.

The Chair: Thank you, Mr. Auditor General. I appreciate that. You've been invaluable to this committee. We can't thank you enough.

Let's go to other business. This morning, of course, we began a discussion surrounding the Canadian Council of Public Accounts Committees conferences. The conference is being held this year in St. John's, Newfoundland, from August 9 to 12. Mrs. Sarich suggested that we should be sending more members. There were some other comments around the effectiveness of this conference and it being just a fantastic learning experience. I've got to say that many of the changes that you've seen, frankly, virtually all of the changes that you've seen coming out over the last two years in the Public Accounts Committee, have in one way or another stemmed from the training that is provided at these conferences and, certainly, the training that we've received here by the same people that put on that conference. I think that very small investment has already saved us a lot of money as a government and will save us even more going forward.

I think that there is a way that we could – I do think it is important that we realize, obviously, the financial climate that we're in. Obviously, not just travel but expenses in general right now are a pretty touchy subject. I asked our committee clerk to look into how we can possibly make this happen. There is some money in the overall committee budget, the larger envelope of committee budgets, to add two more individuals and allow them to come to the conference this year. However, that would necessitate, obviously, two more people, and that's two more people's worth of expenses.

7:35

A way we could do it in order to keep our spending generally the same . . . [interjections] Mr. Sandhu and Mr. Donovan, are you okay? You kind of look like the two off *The Muppet Show* there sitting in the balcony.

Mr. Bilous: I made a joke and said to take the government plane.

The Chair: Okay. All right. We're going to try to bring the rodeo back here.

We could do it in a way that we spend the same amount of money. We could add two more people but spend the same amount of money if we change one thing. Usually when the four members fly to the conference, they're budgeted tickets for full fare economy as it's called. Essentially, I believe that allows you to cancel without penalty and some other things. Anyway, the point is that it's about one-third, or 33 per cent, more expensive than just a regular economy ticket.

Now, I think the deputy chair's practice has been the same as mine in that in the past I've only flown economy class. If all six of the people going all committed to flying economy class straight up, then we could have two more members go to the conference and essentially spend the exact same amount of money. So that's one possible solution to it.

Mr. Dorward: Well, the PC caucus isn't in favour of spending any more money. In a way that kind of makes sense, but in a way it doesn't. You know, we've budgeted so far to send four people, and I think we should send the four people as cheaply as we can possibly get them there. Sending six people is going to cost more money.

The thing I'd like to examine, with all due respect to our support staff that are the room, is that we send two support staff and two members. I'm wondering if it's an option to send one support staff and three members and alternate the support staff between the researcher and the clerk on alternate years. What I'd like to do, if I could, is request their input into this to let them tell us how they feel about going and what kind of value it is in terms of their role.

Would that be appropriate, Mr. Chair?

The Chair: Well, it would, except that I want to clarify with the clerk that one of the two members we send is the Auditor General, right?

Mr. Dorward: No, that's separate.

The Chair: When we say support staff here for this chart's purposes, who do we usually send?

Mr. Tyrell: In the chart, that you all should have copies of, the support staff doesn't refer to the Auditor General. The Auditor General actually attends the CCOLA part, so that comes out of their budget. We don't pay for them to go.

The Chair: That's entirely separate. Okay. So who are these two people here?

Mr. Tyrell: That is myself and an LAO researcher.

The Chair: Oh, right. I'm losing my mind. Okay.

Mr. Dorward: So is that an appropriate question to ask them to give us some feedback?

The Chair: Yeah. I guess we could get some feedback on that.

Do you get what you want out of the conference by going every – what is your feedback?

Mr. Tyrell: Yes. Much like yourself and the members that go, there are certain sessions that are specifically designed for support staff. I can only speak for myself, but we do get a lot out of it.

I just wanted to comment as well that I heard Mr. Bilous mention that Saskatchewan actually had nine members there. It's because they were the host jurisdiction, so it didn't cost them anything extra to attend.

Mr. Bilous: Thank you. That makes sense.

The Chair: They need a lot of help in Saskatchewan.

Mrs. Sarich: Well, I'm like Bobby Flay. I want to throw down another option because we have some new members on the Public Accounts Committee, Mr. Chair, and I think there could be some other combination to consider. If we were to stretch a bit and look at those budget dollars to have a refresher and some training by having the representatives, which we initially had, come in to provide some initial training, I'm wondering about the proposal by the deputy chair of maybe stretching with one more person in combination with doing some training for the committee as a whole. I'm wondering if you could take these options and have a further discussion with the deputy chair and kind of sort out some sort of combination so that we could do some training, and then we could stretch, maybe, by sending one more delegate.

You know, I think everyone is very sensitive to the fiscal situation and restraint and all of that, but whatever would allow us some flexibility given that we have some new members here, because I think everyone is trying to have a training opportunity. I know that to go to the next conference takes you to the eastern corridor of Canada. It's very expensive, so we have to observe that as well for our committee. What forms of training are actually of greater value for the committee as a whole? Also, having some appropriate representation and some of the other breakout sessions or the sessions designed for the clerk and the researchers is just as important as for the elected representatives.

The Chair: Sure. Well, I have every intention from my end of continuing our regular training that we've been doing. I don't think that that should affect in any way what we do with regard to the conference. That training has been absolutely invaluable to this committee. The quality of the committee speaks for itself in that regard.

Mr. Dorward: Could we hear from Dr. Massolin as well regarding the value?

The Chair: Did you want to speak?

Dr. Massolin: If you want to hear from me, I will speak.

The Chair: No, no. You didn't indicate. I didn't want to presume. Go ahead.

Dr. Massolin: All I'll say is just, you know, in addition to what Mr. Tyrell said. I haven't gone to the conference since 2011. Before that, I think I've attended every year prior to that since 2007. We hosted in 2009, I believe. What I do is I send one of the researchers who does work for this committee, because they're relatively new to this process, so that they can gain the experience that I have gained.

The Chair: Thank you for that.

Well, I mean, I guess we could discuss this further. I do think that there is certainly room in the budget. If everyone will go economy class, there's certainly room in the budget to send one more individual from the committee. It is a good experience. Mrs. Sarich had the opportunity in Saskatchewan. She was a huge contributor to it, and I presume she has said many times that it was a very good learning experience. I think it's a very good investment of money, especially if we all fly economy class, thus saving money from what we were spending possibly before.

Ms Fenske: Until we have to cancel the first flight.

The Chair: Well, then don't cancel your flight. Make sure you can come.

Mr. Bilous: I don't know if you're planning this, Mr. Chair, but should we just take the next week to think about this and come back, or are you hoping to make a decision and vote tonight?

The Chair: Well, we could. Sure. We can do this next week, I guess, and you can talk with the deputy chair, and I'll talk with my caucus, and then I guess you can talk with me.

Mr. Bilous: I can talk to myself.

The Chair: You can talk to yourself.

Mr. Donovan: Then there's no arguing.

Mr. Bilous: That sometimes happens.

My only two cents is that if we can stretch the dollars, then I do see a value in more people getting more training to do our job more effectively. The flip side of that is asking where it is next year. Is it in a place that we could send more delegates if it's a lot closer to Alberta? I mean, Newfoundland being the most expensive province to fly to – well, I shouldn't say the most, but one of the more expensive ones.

The Chair: It's in Manitoba.

Mr. Bilous: Anyway, I agree with your assessment, Chair, and I think it's valuable, like Dr. Massolin said, for the newer researchers, for our clerk. I mean, I would be open to cost savings but finding a way to send a third member.

The Chair: All right. We'll look into that. We'll come back with a recommendation after we hear input from everybody. We're having a working group meeting next week, okay? We'll make, hopefully, a final recommendation so that we can pass a motion on this.

Thank you very much for bringing this up, Mrs. Sarich.

Look at all the motions we don't have to move now. That's good.

Our next meeting will be next Wednesday, March 12, with Alberta Tourism, Parks and Recreation.

Do we have a motion to adjourn? Mr. Donovan.

[The committee adjourned at 7:45 p.m.]

Published under the Authority of the Speaker
of the Legislative Assembly of Alberta