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The 27th Legislature
Second Session

Standing Committee
on
Community Services

Bill 202, Municipal Government (Municipal Auditor General)
Amendment Act, 2009

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Second Session**

Standing Committee on Community Services

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Standing Committee on Community Services

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7:00 p.m.

Wednesday, October 28, 2009

[Mr. Doerksen in the chair]

The Chair: Good evening, ladies and gentlemen. I'm pleased to welcome you this evening to this meeting of the Standing Committee on Community Services. We're meeting this evening to hear public presentations with regard to Bill 202, which proposes the establishment of a municipal auditor general.

To begin, I'd ask us to introduce ourselves. I'm Arno Doerksen, the MLA for Strathmore-Brooks and chair of the committee.

Mr. Hehr: My name is Kent Hehr. I am the deputy chair, and I am the MLA for Calgary-Buffalo.

Mr. Benito: Carl Benito, Edmonton-Mill Woods.

Mr. Bhardwaj: Hi. Good evening. Naresh Bhardwaj, MLA, Edmonton-Ellerslie.

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

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

Mrs. Kamuchik: Good evening. Louise Kamuchik, Clerk Assistant, director of House services.

Ms Notley: Rachel Notley, MLA, Edmonton-Strathcona.

Mrs. Sarich: Good evening. Janice Sarich, MLA for Edmonton-Decore and parliamentary assistant to the Minister of Education.

Mr. Lukaszuk: Thomas Lukaszuk, Edmonton-Castle Downs.

Ms Rempel: Jody Rempel, committee clerk, Legislative Assembly.

The Chair: Okay. Thank you. Just some reminders that I guess are standard to those of us sitting at the table. *Hansard* will be controlling the microphones, so we don't have to concern ourselves with regard to them coming on. As well, if you have a cellphone or a BlackBerry, please don't set it on the table. It tends to run interference with the microphone system.

I think the committee has had an agenda precirculated. I would look for a motion to approve the agenda. Mr. Hehr. All in favour? It's carried. Thank you.

Secondly, we have five presenters this evening, and our first presenter is the Institute for Public Sector Accountability. I understand that Mr. Marcel Latouche is on the phone line. Are you on the line, Mr. Latouche?

Mr. Latouche: Yes, Mr. Chairman.

The Chair: Thank you. You're president and CEO of the Institute for Public Sector Accountability?

Mr. Latouche: That's correct, sir.

The Chair: I think what we'd like to do this evening, as per the pattern that we've followed the last several days, is ask for about a five-minute presentation then offer up to about 10 minutes for questions and answers in an exchange in that way. If you're comfortable with that, we'd ask you to go ahead. We're really pleased that you're here to present to us this evening.

Institute for Public Sector Accountability

Mr. Latouche: Yes, Mr. Chairman. Good evening, Mr. Chairman and members of the committee. The Institute for Public Sector Accountability, IPSA, is a not-for-profit advocacy group concerned mainly but not singularly with transparency and accountability in the public sector. In the past we have released reports on matters affecting all three levels of government. On the municipal front we have issued reports on municipal electoral reform in 2005 and in 2006 City-state Agenda: Concealed Empire Building. The latter explains why problems exist in the management of municipalities and suggests a number of solutions.

The question is: why are we here tonight? While I do not want to second-guess the hon. Member for Calgary-Hays, in our opinion the reason for the proposed municipal auditor came as a result, among possibly others, of three incidents: Calgarians' outrage at Calgary's latest three-year budget, the expenditure of \$25 million on a footbridge, and because the province allocated funds without strings attached.

Why is IPSA not supporting Bill 202 in its present form? The proposal states that the new auditor will perform random audits. Several cases have shown that despite an audit there have been numerous financial problems both in the public and private sectors: missing gold at the Royal Mint, problems with parking meter upgrades in Toronto, and nondisclosure of pension contracts at the University of Calgary, to name but a few. Audits do not necessarily prevent fraud or problems. They only find them after the fact.

The proposal will affect 359 local authorities, and a new auditor is more likely to increase costs at the provincial level and not necessarily provide more oversight. The sins of one municipality should not be an increased cost to taxpayers of the province. While we believe that there must be stronger oversight and control, we also seek more transparency from municipalities.

IPSA will support a different system as long as we establish a structure which provides conditions and, more importantly, consequences for noncompliance. What we propose instead is that, first and foremost, the province promote and encourage municipalities to adopt a new public-sector management concept which will use accrual accounting and budgeting to manage and report their finances; that the minister and the MGA should demand that all large municipalities who do not have a municipal auditor general, or MAG, appoint one immediately; that the role of the MAG be completely and truly independent of council or any committee of council and that the MAG not report to an audit committee, as is often the case, but to the public through council; that the MAG be given powers to start a review of proposed expenditures and programs prior to implementation, during, and after implementation; that the MAG of a municipality be given enough latitude in the performance of his or her duties to be a bloodhound rather than a watchdog and include the complete audit for fraud and mismanagement by any municipality; that the office of the Auditor General of Alberta but I just want to double-check he province appoint an auditor as a liaison to work with large municipalities on random audits as required by the minister for special purposes; that the act be changed to add to section 275 to include penalties if any infractions have been found by the MAG with regard to noncompliance.

Instead of allocating funds without strings attached, as was the case in the past, all funds will be granted for specific purposes and be used only for the purpose as stated in a specific agreement between the municipalities and the province. We would also like to see each large municipality continuing to have an internal auditor reporting to an audit committee and an external auditor to ensure that

the financial statements and standards of accounting are observed. Finally, we would like the establishment by law under the minister, as required, of a city-by-city municipal auditor general with additional powers to be a bloodhound looking for infringements and fraud with total independence and reporting to the general public.

This, Mr. Chairman, is a summary of our report and recommendations. Thank you.

The Chair: Thank you, Mr. Latouche. I will at this point invite two additional committee members to introduce themselves who have stepped into the meeting since you began your presentation. Go ahead, Mr. Johnston, please.

Mr. Johnston: Art Johnston, Calgary-Hays.

Mr. Rodney: Marcel, we didn't want to interrupt you. It's your MLA, Dave Rodney, here. Nice to have you here.

Mr. Latouche: Good evening.

The Chair: Thank you.

We do have some questions this evening. I'll call first on Mr. Bhardwaj to ask some questions.

Mr. Latouche: Of course.

Mr. Bhardwaj: Thank you very much, Mr. Latouche. Very interesting read. Quite an impressive document called Municipal Auditor General. In your presentation you mentioned words like, you know, "a bloodhound rather than a watchdog." In your submission you make about 12 recommendations. I find one of them extremely interesting, where you suggest that the office of the Auditor General take on the role that has been outlined in Bill 202. Marcel, can you provide a bit more detail on that, please?

Mr. Latouche: Which recommendation are you referring to?

Mr. Bhardwaj: Well, it says here that the Auditor General take on a role that has been outlined in Bill 202.

Mr. Latouche: Right. So, what I would like to see is, first, the establishment of a municipal auditor general at the municipal level, not at the provincial level, but then you give them the power to investigate every single piece of financial information at the municipal level, at the beginning, during, and after implementation of any expenditure, and be totally independent of council.

7:10

Mr. Bhardwaj: Okay. I think I'll leave that one for now. I've got a couple more questions, but I can come back to you a little bit later on.

Mr. Latouche: Of course, sir.

The Chair: Thank you.

Mr. Chase: Bonsoir, Marcel. You expressed concern that the cities aren't being straightforward, accountable, transparent in their accounting procedures, and you've suggested that the municipal auditor be able to go through with a fine-tooth comb looking for problems and assessing fines. I'm just wondering: how many individuals do you think would be required to carry out this process

given the depths of each of the municipality's contracts, and then who do you think should be paying for this extra service?

Mr. Latouche: Mr. Chairman, what I said was not a municipal auditor at the provincial level. I believe that a municipal auditor should be implemented at the municipal level. Therefore, you will reduce costs, and only the big municipalities will be required to have a totally independent municipal auditor. The only way that they would liaise with the Auditor General at the provincial level is through one person who would then show that when monies are given from the province to the municipality, the rules and regulations that are put in place are observed.

In effect, I am not saying that we should just have one auditor at the provincial level but for all large municipalities. For example, just like Edmonton has one, we should implement it for Calgary, Lethbridge, Red Deer, and Medicine Hat. The large centres should have an additional auditor that represents the people and reports to the people, not to council, in the same vein as the province has an Auditor General or at the federal level an Auditor General that reports to the Legislature. By reporting at the Legislature level, you are reporting to the people. So that will not increase costs at the provincial level; it will increase costs at the municipal level.

Therefore, looking at the huge expenditures that are somewhat being questioned by taxpayers at the municipal level, I believe that municipalities will not incur the wrath of taxpayers when a municipal auditor can do the job to prevent any excesses of expenditure. In fact, it will be a situation where it will prevent those things from happening.

The Chair: Okay, thank you.

One quick further question. Very quickly, Mr. Chase, please.

Mr. Chase: Yes. Thank you. I very much appreciate the part of your argument that calls for transparency and accountability to local taxpayers. I'm not sure, however, that having an external auditor – the city already has a set of books which are available and open to the public to review on expenditures, and for items such as the example of the pedestrian bridge that you have concerns about, every three years the citizens by nature of a vote have an opportunity to express their concerns, and they can also present their concerns at council meetings. So it seems to me that the job the Auditor General provincially already does in terms of auditing how the cities have utilized the grants supplied by the province carries out that particular task.

Mr. Latouche: But I beg to differ. I am not asking for an external auditor. I am asking for an internal auditor with different powers for large municipalities. They will not answer to council but answer to the taxpayer. As far as three years, three years is sometimes too long. The taxes have been incurred, the people have paid for it, and we are no better. The fact is that the reason for this happening is because of excessive expenditure. In fact, when the province allocated infrastructure money to the city of Calgary, for instance, it was never allocated to build a pedestrian bridge.

What I am saying is that by giving money without strings attached instead of using proper accounting standards called external restrictions or internal restrictions and an auditor ensuring that these standards are being applied, we can't have better safeguards, transparency, and therefore more accountability.

The Chair: Thank you, Mr. Latouche.

Ms Notley, please.

Ms Notley: Thank you. I appreciate your submission. I think you may have answered my question when you were speaking to Mr. Chase, but I just want to double-check. How would you define a large municipality when you are talking about appointment of municipal auditors general for each municipality?

Mr. Latouche: Well, for example, size of population and the size of expenditure on their budget. I mean, that's to be determined. For instance, they have said a large municipality would be something like Edmonton, Calgary, Medicine Hat, Lethbridge, Red Deer, with a sizable population, and in fact, perhaps, Fort McMurray, as it is growing. I'm asking that the government determine the size of a large municipality.

The problem that I have is that this particular bill will affect 359 local governments, and most of them don't have the problems that we are looking at, which are excessive spending or transfer of funds to be doing something else. Small local authorities can use the existing auditor system that you have at the provincial level, that monitors what they do on a yearly basis by their returns and the forms they have to fill in. It's the big municipalities who, contrary to some people, think that they should have more autonomy. I believe that they should not have more autonomy. In fact, we should have more scrutiny of what they are doing. In fact, the size of a city would be determined by legislation and by your committee, perhaps, Mr. Chairman.

Ms Notley: Right. So just to clarify, you think that the scrutiny should actually not come from the provincial government, that the scrutiny should come from the ratepayer, essentially, through the municipal auditor general being appointed through your different process that you're proposing.

Mr. Latouche: Absolutely. They will be closer to the issue. They will be there on a daily basis. They will be looking at the finances on a regular basis, as opposed to waiting. One of the submissions I made, Mr. Chairman, was that an auditor always finds things after the fact, as in some of the examples I've given, whereas an auditor in place and reporting on a continuous basis can then stop things from happening.

Most audits happen after the fact. They tell us, for instance, at the mint: we've lost millions of dollars in gold. We still don't know where it is, but we've spent millions of dollars on internal and external auditors who are acting as a watchdog as opposed to, what I determine, a bloodhound.

The Chair: Thank you.

Some quick questions, Mrs. Sarich. We're running a little short on time here this evening.

Mrs. Sarich: Sure. Thank you very much, Mr. Chair. I just would like to take you back to your example on the municipal auditor general reporting to the public instead of the municipal councils, which are elected individuals who comprise that council. In that example I'm just wondering who would be responsible for the oversight and ensure the quality of audit activities and the setting of the work plan, which could include investigations.

Mr. Latouche: The auditor himself. Just like the Auditor General at the federal level has got a mandate by law, we would set the same kind of parameters for that auditor. As opposed to having them reporting to council, they will report to the public through council, and as opposed to a committee made up of council members and other people in there, which sometimes just take things as fact, what

we need is an independent auditor at that municipal level to make it happen. This is what is missing these days. We need a separate type of auditor which has the permission and the mandate to do the investigation that is required as opposed to just standards set up by general accounting standards or general auditing standards, for that matter.

This is where the MGA comes in. You already have many sections in the MGA that set rules for auditors. Enforce them; make those sections work for the system. We don't need to reinvent the wheel because of one bad apple, Mr. Chairman.

7:20

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

Mr. Hehr: I think your last explanation really helped me. Essentially, what you're looking for is some change in the Municipal Government Act; cities and municipalities should have an independent auditor that reports directly to the public, not to city council. This is to ensure their independence. And they report on a yearly or monthly basis, whatever that would be. Am I right there?

Mr. Latouche: I couldn't hear you very well, but let me try and answer you. I propose that the newly appointed auditor for big municipalities on a city-by-city basis report to the public through council, not to council or to an audit committee. Therefore, they would be totally independent in their audit, their assessment of the issues, and totally devoid of any strings with the politicians or an audit committee.

Mr. Hehr: Thank you.

The Chair: Thank you, Mr. Latouche. We appreciate your presentation this evening and your exchange with the committee. We very much appreciate your coming on.

Mr. Latouche: Thank you very much, Mr. Chairman. The institute is always at the disposal of this government if you need us to help in any other way.

The Chair: Thank you very much.

Mr. Latouche: Thank you, and good evening to all members of the committee.

The Chair: Good evening to you as well. Thank you.

At this point I'd like to invite Mayor Lloyd Bertschi and Mr. John McGowan to take a seat at the end of the table, representing the Alberta Urban Municipalities Association.

We have had one more member join us this evening. Mr. Johnson, if you would introduce yourself for the record.

Mr. Johnson: Good evening. Jeff Johnson, Athabasca-Redwater.

The Chair: Thank you.

Mayor Bertschi, we appreciate your coming in to present to the committee this evening. The floor is yours, please.

Alberta Urban Municipalities Association

Mr. Bertschi: Okay. Thank you, Chairman Doerksen and members of the committee. We certainly appreciate the opportunity to appear before you to make our presentation. We represent nearly 300 urban municipalities across the province, so we're particularly concerned about the implications of this proposed legislation.

Bill 202 is absolutely unnecessary, and it will increase costs. Our association has been concerned about the implications of this bill since its introduction. Quite simply, our concern is that the introduction of a municipal auditor general will create unnecessary bureaucracy and increase costs, which is especially unfortunate during these fiscally challenging times.

During a committee meeting on June 22, 2009, the author of the bill, Mr. Johnston, expressed concern that current audits are superficial. Mr. Johnston stated: "My concern is that these audits rarely go into further depth." However, this comment dismisses all the current reporting requirements of municipalities under the Municipal Government Act and all other provincial programs. There is already ample authority under the MGA for auditing municipalities. For example, the minister has the ability to require an audit whenever the minister considers the audit to be needed, section 281(1), and to launch an inquiry into the affairs of the municipality under section 572 if requested by either council or a petition of electors. As well, numerous municipalities already use consultants and their own auditors to conduct value-for-money audits.

The AUMA has already suggested to the province that we enter into a formal new relationship which includes setting up performance measures and outcomes with an accountability framework regarding municipalities. All that Bill 202 appears to do is transfer the current ministerial authority to a new roving auditor, so it is difficult to see any pressing need for this bill. More importantly, the bill does not outline which order of government, provincial or municipal, would be responsible for the funding of the office of the municipal auditor general. Further, if the municipal auditor general were to come to our communities, the time and effort required by our staff would certainly be borne by ourselves. The bill is also unclear as to whether the cost of the municipal audit could be passed along to municipalities even though paid for initially by the province.

There are additional checks in each community itself, including the election process, whereby citizens rate the performance of their council in a very concrete way by letting them keep their jobs or not. Further, council and individual councillors have the ability to question the annual budget in a public forum, and there's also a free and usually very inquisitive media which provides additional scrutiny. Municipalities are actually the most transparent level of government. Very little can be done in camera, whereas federal and provincial governments can hold cabinet and caucus meetings. Municipalities are therefore subject to much more oversight by the public and by the media.

Considering the economic climate, it is understandable and rational that our association does not want to see increased costs shifted to municipalities, especially when the proposed municipal auditor general is redundant. As I'm sure you're aware, these concerns have been echoed by our sister organization, the Alberta Association of Municipal Districts and Counties, as well as by many individual municipalities, including the cities of Edmonton and Calgary, which do have their own internal auditors who perform value-for-money audits.

Bill 202 also undermines the authority of municipalities and is not conducive to building robust provincial-municipal relationships. Bill 202 is patronizing because it implies that municipalities are not capable of conducting proper financial or value-for-money audits. As the city of Calgary has pointed out, the bill limits local autonomy by potentially reducing council's ability to effectively govern and carry out its responsibilities. Our association also fears that Bill 202 moves away from the current philosophy of government where municipal councils are trusted to maintain transparency through

legislation and local elections. Our association is interested in fostering a strong relationship between all orders of government and feels it is important that municipalities are consulted in a meaningful way.

In conclusion, municipalities need to understand why it is necessary to duplicate already existing powers, processes, and procedures. If there are problems that need to be addressed, perhaps there's another way the province and municipalities can work together to find a solution to the problem without creating more bureaucracy and without spending additional tax dollars, particularly in this time of fiscal restraint. Bill 202 invalidates the electoral system by underestimating the power of the citizen and media oversight of financial issues.

I thank you very much for allowing us to make our presentation. We're prepared for any questions.

The Chair: Thank you, Mayor Bertschi.

Questions this evening. Mr. Chase, please.

Mr. Chase: Thank you. I'm very pleased to have you here because, as you mentioned, between AAMD and C and yourselves as AUMA you represent millions of Albertans based on the location of the urban and rural centres. My first question is: are any of those 300 municipalities within your membership currently running a deficit?

Mr. Bertschi: We're not allowed to by the Municipal Government Act.

Mr. Chase: That's one of the points that I'm making.

The second point I have has to do with the various oversight steps. No. Sorry; it's a fractional question. What fraction of your municipal budgets is based on provincial grants? In other words, based on discussions last night with Mayor Mandel, for example, my understanding was that the majority of taxes collected that run the municipalities are locally generated, topped up to a degree by the province. The province would be asking to audit all of your books as opposed to the portion that they sent to you through grants.

Mr. Bertschi: The amount of grants that are available to municipalities and the access by all municipalities in various degrees is literally all over the map. As just one example, municipalities under 5,000 people do not pay for policing, those over 5,000 do, but then those over 5,000 get another contribution from the province. Then those with RCMP contracts are different from the municipalities that have their own policing. That's just one example. The dollar values between capital contributions from the province to municipalities versus operating costs are, again, all over the place. I know that in my own municipality of Morinville our operating grants from the province contribute about 10 per cent to our operating budget, and that's based on the policing and other initiatives. But on the capital side, again, it's all over the place. It's virtually an impossible question.

Mr. Chase: Thank you.

7:30

The Chair: Mr. Rodney, please.

Mr. Rodney: Thank you very much, Chair. Thanks, both of you gentlemen, for being here. I don't know if you feel it or know it, but there's a great deal of respect for the work that you and your colleagues do every day, so your words are not falling on deaf ears, especially when you use words like "patronizing," and we all know

that there's been some reasonably strong language for reasons that you think are very valid.

It's a little confusing for some folks because provincial and federal governments follow somewhat similar accountability procedures, as is suggested by this bill. So I suppose it's an open-ended question: if not something like this, what steps can municipalities take so that they are at similar levels of standards as provincial and federal governments? What else could be done instead? We're talking about the same taxpayer. We want to make sure that they're protected. That's the intention of the bill if I'm not mistaken.

Mr. Bertschi: Absolutely. I would suggest, sir, that we are considerably more accountable with the funding that we receive for our dollars than either the provincial or federal government will ever be. When you get a hundred dollar raise, the province of Alberta automatically gets \$10 of that. When we need a hundred dollars in municipalities, we have to go each and every year and ask for those dollars every time right out in front of the faces of people, not get it through stealth through the back door through an income tax collection process. That's just one example.

Each and every one of us files our audited financial statements with the Department of Municipal Affairs today. We have auditors already in place. We see our electorate every day when we're in the grocery stores and they hit us up for: "We need more policing. We need more water. We need more sewer." So I would argue that we are as transparent and accountable as anybody.

Mr. Rodney: The only follow-up to that, then: it's pretty well publicized that certain areas are making certain decisions that a lot of people are very unhappy with in the jurisdictions in which they reside. I think you know a few examples of what I'm talking about.

Mr. Bertschi: Absolutely, sir.

Mr. Rodney: I guess my question is: is there nothing that municipalities can be doing to make it better than it is today so that people don't call your offices and mine complaining about decisions at certain levels? Is there nothing than can be done?

Mr. Bertschi: We are all well aware of this, of some of the specific individual decisions that have been made by local councils for their municipalities, and their electorate will hold them accountable. I'll use the example of the previous presenter of a footbridge. They will be held accountable when the time comes in October of 2010.

Mr. Rodney: Thank you for the chance to ask, and thanks for answering a question.

The Chair: Mr. Hehr, please.

Mr. Hehr: Thank you very much for coming in, gentlemen. Your presentation was excellent. A couple of questions I have. Is there any way you see value in maybe having an independent auditor that doesn't necessarily report to the minister or one that assists municipalities in value-for-money audits? Is there any win-win that you could see coming out of an audit role that is not a carrot nor a stick but more of a trying to do better role that the province could set up through a bill similar to this?

Mr. Bertschi: As we've mentioned in our presentation on a new relationship with the province that we wish to establish, what we're looking to perform is funding based on objectives rather than having

funding based on specific projects. I'll give you an example of the outcome. The province would say, "Municipalities, here are some dollars because we want you and all Albertans to have safe, secure drinking water," not giving money for water treatment plants, not giving money for pipelines that are rusting out, not giving money for all of the individual pieces of infrastructure. "We want to ensure that each and every Albertan has safe and secure drinking water." How I provide that in Morinville or how Mayor Mandel provides it in Edmonton is the choice of that municipality. We would then be held accountable in reporting back saying: here was the outcome of the money that was provided to us by the provincial government.

Mr. Hehr: Okay. Thank you.

The Chair: Thank you.
Mrs. Sarich, please.

Mrs. Sarich: Thank you very much, and I would like to say thank you for your presentation. I think you may have answered the question, but I'd like to provide you another opportunity. You weren't here for the presentation by your other colleague organization, which would be the AAMD and C. You did speak about strengthening the relationship of all that you do with the Department of Municipal Affairs, and you did give an example about funding, for example, based on the objectives or outcomes. That would be one change. Is there anything else that you think would be important for us to know about the next steps and measures that you'd be taking in the near future or immediate future that would help strengthen that relationship? I'm talking more about concerns over the oversight, the monitoring, you know, and assurances in the area of this auditing.

Mr. Bertschi: Sure. Currently there are 77 grants available to municipalities. I think it crosses 13 ministries, and streamlining that particular process and reducing the number of grants, not the dollar value – let's make that perfectly clear – that are available to municipalities would certainly provide a much clearer and simpler method for our smaller municipalities, never mind the larger ones, all municipalities, to either apply for grants or report back once they've been approved for grants and have accountability as well. So there are kind of two pieces that go very well together, in our view.

Mrs. Sarich: Very good. One other short question. Also in the presentation from the AAMD and C they mentioned about the AUMA having a training program for the elected officials and the importance of that. I think it was an accolade to your organization, so I was wondering if you could just spend a short time to shed some light on that and how effective it is and the importance of having elected officials trained in financial literacy.

Mr. Bertschi: Sure. That is a joint corporation that's been set up between the two municipal organizations. For specifics on that, though, I'm going to have to turn to John to give those, please.

Mr. McGowan: Yeah, both organizations set up a corporation. There are over 20 courses now for elected officials to take. There are some core ones. One of the cores is financial. Another core is governance. Another core is ethics. There are a number of courses that elected officials can take. The program was established a year and a half ago. We have, actually, our first graduates coming at this convention. There are five elected officials that have now successfully – there are nearly 400 elected officials in the program now for

the whole issue of training and education, from communication to all kinds of different matters.

Mrs. Sarich: Thank you very much.

The Chair: Ms Notley, please.

Ms Notley: Thank you. Thank you very much for your presentation. I have a question and a comment. The question first. I agree in part with what Mr. Rodney said before, but only in part. I don't actually think that the auditing that we have provincially or that exists federally is exactly what's being proposed for you in Bill 202 because, of course, Bill 202 would not have you with your own auditor general reporting to you. It would have that auditor general being accountable ultimately to the provincial government, so it is a fundamentally different model than what the provincial and federal governments have in play right now.

What we do have, though, is that within the limited scope of the budget that the majority of the Assembly ultimately agrees to with respect to our Auditor General, he has some capacity to do these performance audits. You mentioned that in your presentation, and you said that municipalities already do performance audits. I asked this last night of the AAMDC, and they weren't really able to give us a lot of detail with respect to the number of municipalities that typically engage in them. I understand that right now that's not standard. It's not required. We know Calgary and Edmonton do them. Is it possible for you to give me a sense of what percentage of your municipalities now do those types of audits?

Mr. McGowan: Actually, you'll find that probably most of the cities, which is – what? – 16, 17 cities, do value-for-money audits. Most of the cities are already into that process.

7:40

Ms Notley: Okay. Then my only comment would be that I find your argument quite compelling about the increased transparency of municipal government and the way in which the public and the media oversee your budget discussions. It might be helpful if you have a chance – and maybe you don't. One of the things that we talked about the other day was the fact that here we may well actually discuss, you know, \$2 billion in an hour in the Assembly, and that will be the extent of our discussion of our budget decisions because of the way our estimates are structured. It would be helpful, I think, for there to be an outline of the different mechanisms through municipal government now where actually there are public hearings, opportunities for public input and for public oversight in terms of your legislative process. I suspect we might actually find that if we get that kind of concrete stuff, it does actually paint a very different picture.

Mr. Bertschi: I would be happy to provide the chair a copy of the town of Morinville's budget calendar, that has just been provided to us about a month ago, and show you where the public consultation pieces are, where the administration pieces are, and where the council motions are. I'd be more than happy to show them and provide that calendar to you.

Ms Notley: Thank you.

The Chair: Thank you, Mr. Bertschi. A quick question from Mr. Johnson.

Mr. Johnson: Thank you, Chair, and thank you, gentlemen, for

coming here this evening. I just want to clarify that this bill is Mr. Art Johnston's bill and not Mr. Johnson's bill.

Mr. Bertschi: I can be honest: it doesn't matter.

Mr. Johnson: I think I already have a bill that the AUMA is very fond of, so I don't want to have two.

I would just, Mr. Bertschi, follow up on one thing you mentioned, and it was that you said that you had a suggested new agreement or proposal on some items that may pertain to this or be with respect to this. You know, a lot of the stuff we've heard in the last few days from other delegates really, from my perspective, focused around the scope of the audits, the independence of the auditor, and the reporting of the audits. I'm just wondering if you could comment on those in terms of the scope – the financial audits, of course, you do, but the compliance audits and the value-for-money audits aren't typically done by municipalities; that is what we've been hearing from other delegates – and then the independence or the perspective of the independence of the auditor, the reporting going to the public as opposed to council, and if your suggested new agreements cover off strengthening any of those pieces.

Mr. Bertschi: You've stuck six questions in there.

Mr. Johnson: I guess just comment on your suggested new agreement and whether it would cover off any of those concerns.

Mr. Bertschi: Sure. I think it would to a large degree. This is an agreement that we've been lobbying for or advocating for for about the last three years now. The intention, as I mentioned, was to provide municipalities with more block funding as opposed to envelope funding, but with that would come an accountability framework, an outcomes-based funding as opposed to specifics. Also included with that would be performance measures. This was identified very clearly at our president's summit in April that we had in Red Deer, where we would hold up that we need to have some performance measures identified as well for this funding. So the short answer is yes, it would. The details have yet to be worked out because we keep getting turned around and having to restrengthen and retrench and build our position. No just means try harder. We're certainly doing that and are retrenching at this point as well, but performance measures are certainly an element of our proposal.

The Chair: Thank you. Just for the benefit of or as a reminder to committee members AUMA did provide us an outline of the accountability framework document and the work that you've done, I think. We appreciate that, and we do have it on record for reference. We appreciate that very much.

Just one last quick question from Mr. Benito, please.

Mr. Benito: Thank you very much, Mr. Chairman. I'll make it quick. Well, anyway, thank you very much, gentlemen, for coming tonight. Your position on Bill 202, based on the communication you sent to the chairman, is "totally unnecessary," "creates more unnecessary bureaucracy," and "ill-founded at the outset." I'm just curious if by any chance you could tell us how your organization was able to arrive at this position. Were there any phone calls made to the members, meetings specifically to respond to the bill, or was it through the executive decision concept? Just a clarification I'd like to hear.

Mr. Bertschi: Certainly. One of the benefits of being the president of an organization with 284 people: when something like this comes

through, we are very accessible. My phone lines lit up. I've got a tremendous number of e-mails. Our staff received a number of e-mails. We did not actively solicit our membership to send letters not only to this committee but to the MLAs. They did that all on their own. A lot of them started CCing us, and all we asked them was: if you are doing this, please CC us with your information. Then, of course, at the board level each one of our representative municipalities, which are 15 across the province – from Edmonton, Calgary, right down to summer villages – all discussed this and talked with their area representatives to come up with a board position on this as well. So it was a combination of everybody letting us know as well as a board decision.

Mr. Benito: Thank you very much, Mr. Chair.

The Chair: Thank you very much for coming this evening and for your presentation, Mr. Bertschi. We appreciate your input. Thank you again.

Mr. Bertschi: Thank you very much, Chair, and to the committee for taking the time.

The Chair: At this point I'd like to ask the St. Albert Taxpayers Association to take their place at the end of the table there. Ms Lynda Flannery is the president. If you would introduce your group to us, Ms Flannery, and then I ask you to go ahead with the presentation to committee members.

I'm going to suggest that we take a five-minute break after we've completed the exchange with the St. Albert Taxpayers Association.

St. Albert Taxpayers Association

Ms Flannery: My name is Lynda Flannery, and I'm the president of the St. Albert Taxpayers Association. We're a small grassroots group that was formed last year, and we are a registered nonprofit society. Here with me tonight is Pat Collins, who is the secretary of the group; Rob Hartley, who is our treasurer; and George Valan, who is our vice-president.

I was going to start out by saying: well, you've heard; the lion has spoken. I guess now you're going to hear from the mouse. We were formed out of concern for what has been happening in St. Albert with our taxes. Our approach so far has been to provide taxpayers with information, and we're here today to support changes that we think will improve municipal effectiveness. We are going to be getting involved in a municipal election from the perspective of monitoring candidates and supporting candidates who support our views.

We've been busy monitoring council, council budgets, council decisions. We have been communicating to the taxpayer of St. Albert with respect to trying to get better decisions from our council. We've made several presentations to council on everything from the budget to their new proposal to change the off-site levies for development of our annexed land in the north. We really want to encourage better spending decisions to be made by our council, and we want to see more accountability of our city managers in creating value for the money that they spend. We also want to be holding council accountable.

Our third major strategic direction is communications, providing both tools and information, particularly in increasing the public's knowledge. We in our community have seen a whole – there've been a lot of people come to us and just throw up their hands and say: "Why are you bothering doing anything? We've tried. It's useless; nobody is going to listen." The other group that we see are

those that are so busy running seven ways from Sunday to just have the business of their life keep going that they don't have time to become involved. But there are a number of us who have become involved, and we have created this society and are moving forward.

7:50

With respect to Bill 202 and the proposed change to the Municipal Government Act, we view this as a strong positive. We think that conducting performance audits for municipalities is a function that is not performed now in most municipalities, you know, other than in the two major municipalities in Alberta, and we actually think that they should welcome it. I know that when I worked in the oil and gas business, we had auditors come into our departments. They would conduct audits in terms of the way we were conducting our business, and we viewed that as very positive. We think that it can ensure accountability and improve economy and the effectiveness and efficiency of their operations.

Right now the only third-party view, as we see it, of the workings of municipality is through the financial audits. What you're talking about here is not financial audits; it's performance audits. There's no external monitor on the ways that the municipality delivers its programs and services or makes its decisions. The facts and issues that confront the taxpayer, we think, could be clarified through performance audits. It's very difficult to get information from the municipality as a taxpayer and from the council meetings that I've monitored. I think it's also very difficult for the council to get the information that they need. Right now we think that their reluctance has to do with whether city managers want council and the taxpayer to have a view of their internal workings.

In St. Albert we're confronted with a municipal record that has had huge impacts on the taxpayer. That's what I said was the genesis for the creation of this group. We've asked for better budget processes; for example, a zero-based budget. There are public bodies and government bodies in the States that in fact do have zero-based budget processes. They initially were opposed, and they now view them quite positively. We've asked why our costs have grown exponentially while our population has grown marginally. We suggest possible improvements, and we get little or no response.

We've given you some of the details with respect to what we've seen, what the record of our municipal government has been. We've used the base of 2002, and we basically have drawn this from the city's own financial reports. We've seen our taxes go up, and I've given you some of the figures. I won't go over them, but our residential property tax has gone up 13 per cent a year in the last six years. Our utility fees are up 84 per cent in 2009 from 2002. The staffing at the city has gone up by 9 per cent a year, and that doesn't include casuals. But population went up 1.7 per cent a year, and the dwellings that were created, the new dwellings in St. Albert, went up less than half a per cent a year over the same period. We just don't understand this, and we don't seem to be getting any answers as to why this is happening.

I've given you some examples of other things that concern us at the city of St. Albert. We make presentations to them. As a matter of fact, we had a protest meeting last night in front of city hall before we made a presentation at a public hearing. Sadly, we don't see much improvement to this record in the future. For example, even though, you know, we're finally seeing a budget that is reasonable, yes, for 2010 – the same low increase happened before the last municipal budget – at the same time our utilities are going up 9 and a half per cent next year. We view that a tax is a tax is a tax no matter what bin you put it in, but everybody is focusing on the low operating costs.

To conclude, we realize that a municipal auditor general will not address all the issues that we've identified, but at least it can look for operating efficiencies that may mean resources can be reallocated, our services maintained, and our tax bills moderated. We ask that the provincial government support this proposal to establish a municipal auditor general, and we thank you for the opportunity to share our views.

The Chair: Thank you, Ms Flannery.

A question. Mr. Chase, please.

Mr. Chase: Thank you. I fully understand the idea of grassroots local autonomy and responsibility, but part of what you're arguing for is that local autonomy be superseded by an outside auditor. The first line of accountability is the electorate, and you've been working very hard through forums and so on to establish that accountability. I really praise you for having done that.

With regard to our provincial Auditor General, he has the power to make recommendations. He has the power to point out areas where value for money has not been met. But he doesn't have any ability to actually say to the province: you have to change your practices; this is unacceptable. He has no power to do that. Do you believe that a municipal auditor general would have the power to actually implement recommendations as opposed to observe inefficiencies?

Ms Flannery: That's a good question. Not necessarily. I think the key thing is that there is an external view that can take a look at the internal workings of our municipalities and say, "You know, this type of process does not fit with best practice" and make that information public. I believe that at that point in time the onus then shifts and that there is, then, some responsibility on the part of both the elected council and the administration who work for them to address that because the public is aware of it.

Right now it's a big bloody – pardon my language – black hole. We do not know what's going on. We think that zero-based budgeting would give council far better information, for example, on what actually is happening on that big elephant. You know, our budget processes are quite transparent from the perspective that there's lots of public disclosure of what's going on, except that it's only done with respect to the extra that's asked for in any given year. There's no delving into the huge amount that is the current base budget. So over the years, other than that we see the services that are provided, we have no way of gauging. Is our money being spent well? Is it being spent poorly? We have no way of accessing that information.

You mentioned the voting. I think that, yes, in our system voting is a check and balance. But, at the same time, when I look at the difficulty that we have convincing qualified people to run for these positions, which are, after all, part-time and require a great deal of work and input from them for very little return, you don't see too many people who are willing to stand up to the plate and take that on. So even when we have our elections, is there going to be any alternative for us to vote on? I see that as a limited check and balance, and I think our association does as well.

The Chair: Thank you.

Mr. Chase: May I ask my supplemental?

The Chair: Very quickly, please.

Mr. Chase: Thank you. At the heart of the matter are transparency and accountability. That's what you're trying to achieve. You've found that you have been unable to achieve that transparency and accountability locally, and therefore you're hoping that an external auditor would provide that transparency and accountability.

Ms Flannery: That's correct.

Mr. Chase: Thank you.

The Chair: Mr. Lukaszuk, please.

Mr. Lukaszuk: Thank you kindly, Mr. Chairman. Your frustration is obvious. St. Albert has the peculiar predicament of being what we can say is a residential community adjacent to a much larger municipality, having to deal with large-city expenditures based on a small-city, virtually-no-business-tax tax base. Would you find that the recent developments of regionalization on the planning level – and I'm referring to the Capital Region Board. Do you see that as addressing some of the issues that you're raising?

Ms Flannery: I think the answer to that is yes and no. I think that there are certainly some areas such as transportation where there may be some economies that can be achieved by the communities within the region working together. But on a day-to-day basis, the way in which St. Albert works – and the other municipalities in the region I can't speak for; I don't live there – I don't think it will have a great deal of impact on the issues that we believe we're facing.

8:00

Mr. Collins: If I could, I'm not really familiar with the regionalization plan, and I probably should be. However, in my estimation, looking at the property taxes and utility costs in St. Albert now, if Edmonton did want to make a play to annex St. Albert at least, I think now would be a good time.

Ms Flannery: Just a supplemental to that. That's Pat's opinion. That's not necessarily the position that this association is taking. Frankly, I'm not sure they'd want us anymore. Our debt and our taxes are so high.

With respect to broader regionalization I'm not sure that that is the answer either. I think that the Capital Region Board is a step that makes sense from the perspective of bringing some sense to the growth that happens within the capital region and some of the services that transcend the borders of each one of the municipalities.

The Chair: Thank you. I think that concludes our questions this evening. I appreciate you coming in to speak to us this evening, Ms Flannery. Thank you very much for your presentation.

Ms Flannery: You're welcome. My pleasure.

The Chair: I'm going to suggest we take a five-minute break and then reconvene to hear from the Alberta School Boards Association.

[The committee adjourned from 8:02 p.m. to 8:08 p.m.]

The Chair: Let's reconvene our committee if we could, please.

Mrs. Heather Welwood, president of the Alberta School Boards Association, and Mr. David Anderson, welcome to the meeting this evening. We appreciate you coming in to present to us. Please go ahead.

Alberta School Boards Association

Mrs. Welwood: Thank you very much, Mr. Doerksen. I'm very pleased to be here tonight. I'm president of the Alberta School Boards Association, and I'm a trustee in Northern Lights school division, which covers the Cold Lake, Bonnyville, Lac La Biche area. Jeff Johnson is one of our MLAs. Wandering River school is in his area, a tiny, little school that varies between 40 and 50 students.

Mr. Johnson: And Caslan.

Mrs. Welwood: Oh, and Caslan. That's right, too.

First of all, I'd like to just give a little bit of an overview of what the Alberta School Boards Association is so you know who's making a presentation to you tonight. ASBA is an organization created by an act of the Alberta Legislature, the Alberta School Boards Association Act. Membership is voluntary. However, every single one of the province's 62 school boards – public, francophone, and Catholic – are members. We are fortunate to have Lloydminster's two boards and the Northwest Territories as members, too.

ASBA has three purposes. We're finding that we're being drawn into many other things these days. First of all, we represent the collective voice of school boards to the government and others, and we determine what that collective voice is through policy at our annual general meetings. We provide shared services to school boards that are cheaper to do collectively than individually. Some of the things that we provide to school boards are legal services, labour relations, employee benefit plans, and we operate insurance plans for school boards collectively also. We educate and inform school trustees. Approximately a year and a half ago 90 per cent of trustees took financial accountability training designed by ASBA in conjunction with Alberta Education. ASBA is member driven and governed by a board of directors who are elected by schools boards across the province.

We're not entirely clear why we were asked to present on Bill 202 because our reading is that Bill 202 is a bill for municipalities. However, based on the principles often reiterated by school boards at our annual general meeting, while Bill 202 does not apply to school boards, we agree with AUMA and AAMD and C in their opposition to Bill 202 on the basis that we believe in local autonomy and local governance, and this is an intrusion into local governance.

ASBA believes the creation of a municipal auditor general is an unnecessary duplication. It could also be said that it blurs the accountability because currently school boards' accountability is very clearly to their electorate, and more reporting to the provincial government could actually shift the responsibility from school boards to the provincial government. ASBA would oppose the extension of the authority of any municipal auditor general to include school boards. Like I said, we're not sure if that should be part of our presentation or not, but we needed to make that statement up front.

We are not saying that financial accountability is not valued. Very much we value financial accountability, and we have mechanisms in place. However, this would be a duplication and could perhaps not even be as extensive as what school boards are currently asked to do. School boards directly engage external auditors according to the School Act. Financial reports are public, and these reports and management letters are provided to Alberta Education for their review. Many boards also have independent audit committees, where only the school board trustees sit on the audit committees, not administration.

We also have accountability for our results. I've noticed in the presentations I listened to tonight that there's considerable discussion about value management or accountability for outcomes. School boards work closely with the Department of Education to establish program outcomes and meaningful ways to measure results from these outcomes. I understand that the department provided examples of the measures yesterday. Reporting on these outcomes is a key way that locally elected school boards are accountable to their electorate. Communication with our communities, both listening and reporting back to our communities, is very important to school boards.

Jurisdiction reporting on outcomes is also a key link in our accountability to the provincial government to ensure that they are getting value for their money. Our money flows from the taxpayer to the provincial government and back out to school boards. For new construction that is being considered, there is also a process called a value management process that is required to take place, where some of the questions that are being asked, whether there's value for money in the way things are being done, are looked at. Jurisdiction reporting is also a key building block in the province's own accountability mechanism. The minister presents a provincial report card annually in the fall to all Albertans.

School trustees are elected by their communities and, like you, have a responsibility to their electorate. Trustees should and do take this financial responsibility very seriously. New regulations should not be needed to do this. We should be and are doing it already.

In summary, why do we have some issues or questions with Bill 202? First of all, we are unclear as to the problem the bill is intended to resolve. You heard yesterday from the deputy minister, Keray Henke, so you already know that school boards operate in a heavily centralized and regulated environment, and there needs to be a balance between that and local autonomy. Some would argue that the education system is already too regulated. Another level of audit would duplicate current efforts and add administrative costs in a time of restraint.

School boards work very well with our provincial government to address any financial concerns or issues, and boards also have in place processes to connect with their communities. Are we perfect? Absolutely not. However, we are pleased to say that under the leadership of Janice Sarich, who is on this committee, ASBA and the professional bodies representing our senior employees are currently examining ways we can enhance our financial accountability. ASBA would be pleased to continue to provide training to further enhance trustees' ability and understanding of their fiduciary responsibilities.

Thank you.

8:15

The Chair: Thank you very much, Mrs. Welwood.

We do have some questions, I think. Mr. Chase.

Mr. Chase: Thank you. More along the line of comments. I fully support the notion of local autonomy. I was around in 1994 when the education portion of the property tax was taken away. At that point school boards became entirely dependent on grants from the province, and the province very carefully envelopes those grants. So the upfront as well as the accountability in your accounting is already there. My concern is that further moves towards centralization, as has happened with our health superboard, could be placed with local school boards. I'm also concerned . . .

The Chair: Do you have a question, Mr. Chase?

Mr. Chase: Yes. Are you at all concerned that a number of mayors have proposed that the school board budget be taken out of the larger city budget? In other words, you change one taskmaster, which is the province, for a second taskmaster, the cities. Given your grant circumstance, is this your preference, to have the direct relationship with the province rather than through the filter of the municipality?

Mrs. Welwood: The message that we have been giving at Alberta School Boards Association is that regardless of how we receive our funds, we are accountable to the community, and we need to have some kind of reporting in connection with the community that we're elected by. David and I gave a presentation to the Saskatchewan school boards, who have just lost their right to tax, and we made it very clear that regardless of where we receive our money, that connection and reporting to the community of how we spend their money and how we reflect their values and their views is the important part of the equation. Having said that, we also feel that we would like to see, if it could be worked to be equitable, which is a key word, some measure of taxing authority, so we could then reflect those views of our local taxpayers. However, again, with that comes the responsibility to make sure that we report and reflect their views and their wishes.

The Chair: Okay, thank you. I think that for the record and as was indicated by your presentation, Bill 202 is focused on municipal auditor general, and in that way, as you've pointed out as well, doesn't have a direct application to the Alberta School Boards Association. I think it was of interest to the committee to hear your presentation and your view on this at any rate.

Any other questions from committee members? Mr. Johnson, please.

Mr. Johnson: Thank you, Chair. Maybe I'll just piggyback on questions that we've had for previous folks. Can I ask what the scope of audits is for your school boards? I know that we've heard from the Auditor General about the importance of financial audits as well as compliance audits as well as value-for-money audits. My understanding from Keray Henke yesterday was that school boards really focus on the financial audits, and there's not the value-for-money or the compliance or the IT system auditing, all those kinds of audits that go on. Can you comment on that?

Mrs. Welwood: Yes. Our financial audits are financial audits. However, there are a number of other reporting mechanisms that are required to the minister and the Department of Education that would cover the other areas. I know that there are times when a board has requested those other kinds of audits in addition to their financial audit regardless of whether it's required or not under legislation.

Mr. Johnson: Your external auditors are under contract to your school boards, I assume.

Mrs. Welwood: Yes, they are.

Mr. Johnson: Are they on kind of an annual renewed contract typically? Are they on a five-year contract? How do those contracts typically work?

Mrs. Welwood: That is up to the local school board on what they do. But as we've learned in Janice's committee and through fiduciary responsibility training to school boards, it's of utmost importance to put those out for tender on a regular basis. I would be surprised to hear that there would be any school board that would

keep an auditor without putting it out to tender for longer than five years and more likely every three years.

Mr. Johnson: Do you have many school divisions that would just cycle that every year, a one-year contract to be renewed potentially?

Mr. Anderson: Many school districts make the decision every year. I would say that the vast majority of school districts make the decision every year to engage their auditor. That is a requirement of their own board policies to make that decision annually. There would be very few that would keep the same auditor and just cycle them every year.

Mr. Johnson: I guess that's one of the comments that's come up, just the independence or the perceived independence of an auditor if he's only on a one-year contract. The argument might be that he doesn't have a heck of a lot of autonomy if he's not sure that he has a job next year.

Mrs. Welwood: I know that the boards weigh that very carefully, about the time that it would take to become intimately familiar with the processes in a board. So you weigh that, whether you can get an in-depth audit or not if somebody is coming and going every year. We know that there's a learning curve in the first year when there's an audit being done. So you weigh the independence, that you don't get too familiar of a relationship with an auditor, with the value of having somebody new and learning that every year.

You know, just some things as: does the auditor make the presentation to the board alone? Does the auditor make the presentation with administration there? What are the kinds of things in a management letter that you require? We look at all of those things and have been trying to stress to school boards that they have, in essence, a responsibility to the electorate to make sure that those dollars are spent appropriately, as much or more so than responsibility to the administration in the school board.

Mr. Johnson: May I have one more?

The Chair: One more quick question.

Mr. Johnson: Of course, most of our school divisions in the province would be outside the major centres. The external auditors that typically school divisions would use, would they be coming from large firms out of the city, or are they accountants that might be out in the rural areas with smaller firms?

Mrs. Welwood: It totally depends on who you can have that replies to request for tender.

Mr. Johnson: I'm just wondering about the skill set that might be involved with the core competency from a small auditing firm or a small accounting firm versus a large firm out of a larger centre.

Mrs. Welwood: That's very much a question that we ask at the boards, and we have to make sure that we put in the requirements and stick to those so that we don't settle, that we do have the requirements we need, whether it's from a city perspective from somebody who has that experience or a local person. As school boards have grown over the years, the area that they have to put out this request for tender has grown, too. In some small areas there are not the people that have the abilities to do the kind of audit we're talking about, millions of dollars of budgets in a very small area in some instances, and there are people that are not familiar with doing those kinds of audits.

Mr. Johnson: Thank you, and thank you for taking the time to come in tonight. I appreciate that.

Mrs. Welwood: You're welcome.

The Chair: Yes. I would also like to thank you, Mrs. Welwood and Mr. Anderson, for accepting our invitation to come present to the committee this evening. We appreciate your input and thank you again.

Mrs. Welwood: Thank you very much, Mr. Doerksen, and thank you to Janice for keeping us on task with our fiduciary responsibilities.

The Chair: At this point we'll invite Mr. Todd Horbasenko to take the seat at the end of the table, representing the Institute of Internal Auditors and the Canadian council of the Institute of Internal Auditors. Please, Mr. Horbasenko.

Institute of Internal Auditors

Mr. Horbasenko: Thank you, Mr. Chairman, committee members. Good evening. My name is Todd Horbasenko. I'm the chairman of the Institute of Internal Auditors, Canadian council. On behalf of the Institute of Internal Auditors I thank you for the opportunity to present to the committee as part of your consultations regarding Bill 202. For your reference I've provided a frequently asked questions document about internal audit, and tonight I'll quickly highlight some of the areas to assist with your consideration of the bill.

I would like to start with an overview of what internal auditing is, followed with some information about staffing and resourcing, and then conclude on the standards that exist for the professional practice of internal auditing.

The globally accepted definition of internal auditing is as follows. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The internal auditor evaluates risk exposures relating to the organization's governance, operations, and information systems in relation to effectiveness and efficiency of operations, the reliability and integrity of financial and operational information, the safeguarding of assets, and compliance with laws, regulations, and contracts.

8:25

There are some fundamental requirements for an internal audit function to be effective. First, the chief audit executive must be independent. It is critical that the internal audit function be structurally independent and free from coercion by management. To achieve the necessary independence, the chief audit executive should report directly to the audit committee or its equivalent.

Secondly, the audit staff must be objective. They must have no personal or professional involvement with or allegiance to the area being audited, and they should maintain an unbiased and impartial mindset in regard to all engagements. The responsibility to ensure audit staff are objective lies with the chief audit executive and his or her oversight of the quality of the audit work conducted.

Given the potential size of the audit universe and the related scope, the need for efficient use of limited internal audit resources, it is critical that the chief audit executive prioritize and carefully

plan audit engagements based on an annual risk assessment. The risk assessment is viewed from the perspective of organizational goals and objectives. To prioritize their audit work, the chief audit executive will take into consideration factors such as financial impact, asset liquidity, management competence, quality of internal controls, degree of change or stability, time of last audit engagement, complexity, and strategic risks. For the audit function to be most effective, its scarce resources should be assigned to areas that face the highest levels of risk. The identification of these areas must be determined independently and objectively by the chief audit executive.

It is important to note that internal auditing is different from external auditing. Internal auditors are part of the organization and serve it by helping to improve operations, risk management, internal control, and governance processes. Their primary clients are management and the board. The external auditors are not part of the organization but are engaged by it primarily to provide an independent opinion on the organization's financial statements.

Now a few words about staffing. A broad range of skills and expertise as well as ongoing professional development are critical to the formation and maintenance of an effective internal audit function. Essential elements include in-depth knowledge of the industry and internal audit standards and best practices, technical understanding and expertise, knowledge and skills for implementing and improving processes in both financial and operational areas, strong communication and presentation skills, and professional certification, specifically the certified internal auditor designation.

The certified internal auditor designation is the globally accepted certification for internal auditors and remains the standard by which individuals demonstrate their competence and professionalism in the internal audit field. To demonstrate competency to lead an internal audit function, the chief audit executive should hold a CIA professional designation, indicating that they abide by the standards for the professional practice of internal auditing and the code of conduct as established by the Institute of Internal Auditors.

The Institute of Internal Auditors is the internal audit profession's acknowledged leader, recognized authority, and principal educator. Although the practice of internal auditing is not regulated, the standards require that all audit functions have a quality assurance and improvement program that includes an external assessment every five years. The external assessment answers the question "who audits the auditors?" and provides assurance to the governing body that the audit function is meeting its professional obligations.

To close, I would like to convey that the Institute of Internal Auditors would be happy to support this committee with the provision of additional material and guidance on the professional practice of internal auditing. Guidance to the profession is provided through the international professional practices framework. This framework comprises the official definition of internal auditing, the international standards for the professional practice of internal auditing, the code of ethics, practice advisories, position papers, and practice guides.

I thank you again for the opportunity to present today, and I would be happy to answer any questions you may have.

I kept it to five minutes.

The Chair: Thank you for that presentation.

There are some questions. Mr. Chase, please.

Mr. Chase: Thank you. I appreciate the definition and the professional certification, the five-year renewals aspects. In terms of where you stand on having an external auditor, I'm not completely certain that I know where you're coming from with Bill 202. My

interpretation is that you feel, based on the professional standards of internal auditors, that those standards are of sufficient high quality and professionalism that having an external auditor is not therefore necessary to audit the auditor. Or am I misinterpreting?

Mr. Horbasenko: An external auditor primarily audits financial statements. Another auditor, an independent auditor, can provide quality assurance on your internal auditor, and it's based on the criteria established by these international standards such as independence, such as the ability to plan, do you do a risk-based audit plan, those types of basic fundamentals of performing internal audit work.

Mr. Chase: My supplemental: are you suggesting that an external municipal auditor appointed by the province is necessary or unnecessary, or do you have a particular opinion on Bill 202 as to the direction, or are you simply providing background definitions?

Mr. Horbasenko: Simply providing what internal audit is for your consideration, neutral on Bill 202.

Mr. Chase: Thank you.

The Chair: Okay. Any other questions? Mr. Johnson, please.

Mr. Johnson: Thank you, Chair. Thanks for being here. Could you just maybe give us your thoughts on what the difference is between an auditor general and an internal auditor? What would be the differences that they would deliver?

Mr. Horbasenko: Just to think about the province's Auditor General, that office is responsible for external audits and also does what they call system audits, which are primarily the internal audits, value-for-money audits. They have a mix of both responsibilities. So it can reside in that office. It's a matter of carving it out and how they scope it. I'm not sure how Mr. Dunn plans and risk-assesses which areas get value-for-money audits as opposed to others. There would be a regulatory requirement to complete the financial audits, the external audits.

Mr. Johnson: Just for my own clarity, sir, are you saying that what an auditor general could theoretically deliver could easily be delivered by an internal auditor, providing the proper structure was in place?

Mr. Horbasenko: Yeah, sure. There are municipal auditors general. I believe Toronto does their external audit as well as their internal auditing.

Mr. Johnson: Thank you, Chair. Thank you.

Mr. Horbasenko: You're welcome.

The Chair: Seeing no other questions, I thank you for your presentation this evening. I appreciate you coming in, Mr. Horbasenko, and also your offer to supply additional information if that's required by the committee. We'll take note of that, and we appreciate your presentation.

Mr. Horbasenko: You're welcome. Just let me know. Thanks.

The Chair: Thank you very much.

Well, just a few quick minutes with the committee. We have now received presentations from all of the groups that we invited to come and present to us, and I guess my question to the committee at this point is: are there other presentations that are required? What do we consider to be next steps with regard to our review of the bill and subsequent preparation of a report to the Legislature?

Mr. Johnson: I think the last couple of days were really informative, actually, for myself anyway. I would appreciate very much the opportunity to hear from our Minister of Municipal Affairs on this, I think, at this point in time. I might suggest that we actually make a motion that we invite him to come and give his comments to the committee, and I might suggest we get it done as soon as possible, maybe next week. I know that many of my colleagues are available November 3, Tuesday, at 8:30 a.m., and maybe we could invite him to present or give his comments on Bill 202 at that time.

The Chair: Okay.

Mr. Johnson: Can I make that motion, then?

The Chair: If you would like to, I would accept it, but then we'll have discussion.

Mr. Johnson: Sure. So moved that on Tuesday, November 3, at 8:30 a.m. we invite Minister Danyluk to give his comments on Bill 202.

The Chair: Okay. So your motion includes a time when we will reconvene the meeting, then?

Mr. Johnson: You bet.

The Chair: Okay.

Ms Notley: Well, I'm probably going to make the same comment as Mr. Chase. Morning meetings really don't work. They just can't work. You know, we just have stuff that we have to do in session. I appreciate that not everybody in here has to get up in session every time, but we do, and it doesn't work. Sorry. It can't. We've said that over and over again, and it has been the practice in the past to respect that concern by the opposition members. It's not going to work.

8:35

The Chair: Okay. I have some comments with regard to that. I'll hear Mr. Chase first, and then I want to make some comments.

Mr. Chase: Just to echo Ms Notley's concerns. As the Liberal Party whip I am also the chair of our caucus and chair the meetings set forward, the agenda. I have brought to this committee's attention that we would very much like to participate, but if it's held in the morning, it effectively takes out the all-party participation. I would be very pleased to have Mr. Danyluk address this, but in order for us to participate, it would have to be in the evening.

The Chair: I think the one consideration that I would suggest – what is the thought of your motion? Are you suggesting a full meeting or just to hear from the minister?

Mr. Johnson: My thought is that this would be a short meeting. We just need to hear from the minister in terms of the 20-minute presentation, just like we've gone through. I would not agree that

we need to have evening meetings. As a matter of fact, it takes up a lot of staff; it takes up their evening. I very much doubt we're going to get the minister in an evening because every one of these evenings for these guys is tied up with speaking engagements and events. To say that we want to take up a whole evening for a 20-minute meeting – many of my colleagues are rural, and if we can't have an evening, we can't get back to see our families or do anything in our constituency or get to events there either. You know, we get paid decent money to be on these committees, and if we can't afford 20 minutes at 8:30 in the morning, I have a hard time understanding that.

Ms Notley: Well, I have to say that I'm a bit insulted that we're putting the at this point completely unspecified schedule of the minister ahead of the members of this committee who have clearly stated that Monday to Thursday our mornings are booked during session. That's the reality of it, people. It's just the way it is. Mondays to Thursdays our mornings are booked.

The Chair: Just in response to my own consideration, as the chair of the committee I generally have tried to respect that. We did have a meeting this week one morning in order to compact our presentations and also in the interest of the groups that wanted to present and the interest of some of them preferring to come in the morning. The other consideration – I mean, I don't have any problem basically respecting that in general terms. I think this is a little different situation because we're not suggesting a long meeting. This is a very compacted situation.

Ms Notley: It could be right after session, then, at 6 o'clock. Why not 6 o'clock to 6:30?

The Chair: Well, there are a number of other comments.

Mr. Lukaszuk: I appreciate your sentiments, Ms Notley, but I can assure you that the minister's schedule is booked solid. I work out of his office, and any day, the moment session ends, he is on the road in municipalities and meeting with associations. Any day after 6 o'clock, 7 o'clock he's gone, and any day he's not on duty in the House, he's gone in meetings with municipalities, fire departments' chiefs, ambulance authorities, you name it. So catching him in the evening between now and God knows when would be next to impossible.

The Chair: Mrs. Sarich.

Mrs. Sarich: Thank you, Mr. Chair. I'm just wondering. I think that in the motion it said 8:30. With all due consideration, if what you're asking is a 20-minute window, what if the meeting were to start at 8 o'clock? Does that make a difference for the members? I'm not aware of what time you start in the morning. If we're looking at a 20-minute window to have the minister here, is it better if this committee started at 8 o'clock? We would go to 8:20 or something like that. Would that be easier for you? You could roll into your other meetings that you hold for your various caucuses.

Mr. Chase: I appreciate your attempting to come to a compromise position. It's very much appreciated. I personally don't see the difference between the minister's availability between 8 and 8:30 and 6 and 6:30. If the minister is so busy that the whole nature of the committee is destroyed because of the meeting time, then I have concerns about – just call it a caucus meeting as opposed to a Community Services meeting.

Mr. Lukaszuk: Maybe I can explain it to you, Mr. Chase. What the minister does is that the minister arrives in the city either very early in the morning or very late at night. He is available in the morning before our caucus meetings and meetings with the deputy minister and the department. He will rearrange his meetings to be available here, but the moment we leave the House in the afternoon, he either drives out or flies out to municipalities and/or agencies throughout the province. He's on the road virtually every evening. Trying to spot him where he has an available evening will be really difficult. We may end up with one or two over the next month or so. But in the morning he's much easier to be made available because he has control over his schedule in the morning.

The Chair: Mrs. Sarich, then Mr. Chase, please.

Mrs. Sarich: Well, thank you. With that consideration of information, that potentially the Minister of Municipal Affairs may have a bit more flexibility in accommodating a morning time frame, I guess I just go back to, you know, not knowing when you start your caucus meetings. Would it be helpful if there would be an amendment to the motion, being sensitive to when you start that, going back to 8 o'clock? Then the chair could explore with the minister's office whether or not that would be possible.

Again, I think the emphasis was not to have the minister here for any lengthy period of time, reflecting the presentations that we've already heard. It's 20 minutes. I'm not hearing feedback from the other members here to see if that would work, an 8 o'clock. That would be on the premise that the chair would check with the minister's office to see if there is flexibility for the minister to come at 8 o'clock in the morning.

The Chair: Okay. Good comments.

Mr. Chase: I'm just wondering. Thomas, you mentioned that you work out of the minister's office. Would you be able to act as his designate and bring the information that the minister would have to us? I would have faith in your interpretation of the minister's desires based on your intimate connection with the minister. Would that result in a reasonable compromise? It appears that you're willing to be here in the evening, and I'm sure that you have the details and knowledge and confidence of the minister. Could you potentially share that?

The Chair: Address the chair, please, Mr. Chase.

Mr. Chase: Okay. Sorry. I get cross-eyed looking at both of you.

The Chair: I had noticed that.
Ms Notley, please.

Ms Notley: Well, it's an interesting question. But at the end of the day here's the thing: you know, I appreciate that the minister is busy, but – I hate to break it to you, folks – we all are. I am, and I suspect that the other opposition caucus members are, too. Eight o'clock doesn't help. The morning doesn't help. I have already made one allowance, broken out of a precedent already once on these hearings because we had so many people coming. I appreciate that the minister is busy, but this committee is the one that sets the time. Frankly, I'll put my schedule up against his any time, quite honestly.

Should you want to go ahead with it, I'm telling you that we will not be there. We cannot be there. Maybe the Liberals will be there. I don't know. But we cannot be there Monday through Thursday, while the session is in, in the morning. If you want to have it Friday, that's fine, or in the evening at 6. This is what we're dealing with.

Mr. Rodney: Folks, we've spent – is it 20 minutes already? Fifteen? We might have had the minister done by now. But he's out doing his job. I appreciate what you've said. We're doing our job. That's right. We're supposed to try to work together. I'll ask through the chair for the two opposition members to tell us the times in the morning that don't work. We're trying to make it work with you. Evenings don't work for the minister. I'll tell you, if I had an 8 o'clock till 12 o'clock meeting or set of meetings and I was you, I'd say: okay, 7:30 works. Just tell us what time we can start the half-hour in the morning, and let's get on with our lives.

Through the chair could they tell us what time their meetings start, and let's meet a half-hour before that. That's my suggestion.

8:45

The Chair: I think we need to bring a focus to this.

Mr. Johnson: I don't know what else to add. I'd maybe just ask that we call the question. It's unfortunate if what I'm hearing is that we can't hold committee meetings during the day, that the NDP will only attend if the meetings are in the evenings. I mean, we've got Public Accounts meetings during the day. We met during the day yesterday. We're Members of the Legislative Assembly. Part of our job is to be at these committee meetings, and everyone who can be here will be here, I guess.

The Chair: Ultimately that is how we have to deal with this. I guess with regard to flexibility I'm going to ask if you want to alter the motion with regard to the time frame at all. I think there are two pieces to your motion. One question: do we want to hear from the minister? Second is finding a time that can work for us.

Mr. Johnson: I would be happy to alter the time. Any time that morning that might work for the minister that would be more agreeable to the opposition. Absolutely. We could leave that with you.

The Chair: Okay. So are you suggesting that you'll withdraw the time frame from the motion?

Mr. Johnson: Yes, I will.

The Chair: Okay. All in favour of the motion that we invite the minister to present to the committee, please indicate.

Mr. Chase: Can I just rehear the motion? It's now how many of us would like to hear from the minister? That's the simple nature of the motion?

The Chair: Yes.

Mr. Chase: Okay.

The Chair: Okay. That's carried. Thank you.

Mr. Johnson: Are we not talking about meeting Tuesday morning still?

The Chair: That's the secondary part of this.

I think your indication was that we wanted to hear from the minister soon on this, and I think that's reasonable. I'm willing to go back to the minister and look for some flexibility with regard to a morning meeting time, realizing that not everyone feels that it's

most convenient, but I guess I'm going to ask for the flexibility of the committee to find and make suggestions with regard to a series of times. I mean, we'll poll the committee within the time frame of the minister's availability. I'm prepared to go back to the minister and discuss what his availability is if that's acceptable to the committee, and then we'll simply go forward on that basis.

Mr. Chase: Just based on an earlier experience I had with Public Accounts, where I got caught up in traffic and arrived 10 minutes late and was chastised for my late arrival, I want it on the record right now that we have made it very clear, both the Liberal caucus and the NDP caucus, that mornings do not fit into our schedule; therefore, if the meeting is held in the morning . . .

Mr. Rodney: Actually, I have a better idea than you. I get up at 3, 4, or 5 in the morning sometimes.

The Chair: Okay. Just a second. Let's speak through the chair.

Mr. Chase: I believe that I have the floor, and I am speaking to the chair.

We've made it perfectly clear that if the committee meeting is held in the morning, it's no longer a committee meeting. It's not an all-party standing policy committee meeting. It's a caucus meeting. Be aware of that, and let the minutes show that, please.

Mr. Lukaszuk: Let me highlight a couple of points. I've been in this Legislature since 2001, and up until 2008 the ongoing and clear request from both opposition parties has been to have all-party committees reviewing bills in the committee with public consultation, with public presentation, on *Hansard*. It has been to both to the NDP caucus's and the Liberal caucus's dismay that such was not the process and that we did not follow the parliamentary procedures as they are in Ottawa, where public consultation is allowed. At that time, when those requests were being made, I don't remember those requests being premised with: but make sure that they're only in the morning or at night or on Fridays or on Tuesdays. The request was that these committees exist and give the opposition parties an opportunity to participate in the creation of a bill in a meaningful way and give the public an ability to vet a bill in a public way.

Now, this Premier has allowed for this to occur, and the Legislature has allowed for this to occur. So we have the committees that you have been asking for for a number of years, at least since 2001. Now the issue is that the committee is not meeting at a time that is convenient to you. Let's be fair over here. The Legislative Assembly of Alberta has allowed, at least the NDP, a budget that exceeds the allotment that you ought to be receiving based on the number of elected seats that you have, allowing you greater research, allowing you greater staffing than ought to be allotted to your caucus.

Mr. Chase: That's your opinion.

Mr. Lukaszuk: This is not an opinion. This is a fact. If the standing orders were to be applied and money were to be dispensed for research and staffing, both caucuses' budgets would have been different, particularly the ND.

Now the issue is that we're meeting at the wrong time. Well, members, I consider myself to be an MLA 24/7, and the fact of the matter is that, yes, you make priorities. There are meetings – and I appreciate, Mr. Chase, you making the sign of a violin. I'm sure that contributes to this discussion a great deal.

The fact of the matter, Mr. Chair, is that we set a meeting, and you make priorities. If you happen to have a caucus meeting, move it. Ask somebody else to chair it. Miss your caucus meeting. We do that all the time. The fact is that we have a committee that's very valuable, has been put in place, and now you're jeopardizing the very existence of this committee because meetings are not convenient to your schedule. I find that very unbecoming.

The Chair: Thank you.
Mr. Hehr, please.

Mr. Hehr: Well, thank you, Mr. Chair. I realize that organizing schedules appears to mean different things, and I appreciate the comments of how we as an opposition party have wanted all-party committees. I think the Alberta people have been better served by it. Nevertheless, despite these things, we do live in a society. We put forth very clearly at the beginning of this that morning meetings did not work. Whether you're going to come across and make us look like the bad guys or you look like the bad guys, needless to say, it is what it is. We, unfortunately, have a job to do as well, the loyal opposition, the NDP caucus as well as the Alberta Liberal caucus, in holding the government to account, and that takes a substantial amount of work in the mornings. I understand that the minister is also very busy. Nevertheless, that's something we've made clear, and I don't apologize for the fact that we've made it clear to do our jobs.

You know, I understand that the minister is very busy, and he doesn't have to apologize for that. I guess that if we don't get to hear from the minister, then that's too bad. You know what I'm saying? It really is. If he can't change his schedule at night one of these days to come in for 20 minutes after 6 o'clock because he's at all these municipalities, that's fine. I understand that. But remember, that argument is the same as our argument. You know what I'm saying? And that's only one person.

The Chair: Okay. Thank you.
Mrs. Sarich.

Mrs. Sarich: Thank you very much, Mr. Chair. What I find really interesting here in this discussion is the flexibility that the chair is asking for to look for a series of times. What if the Minister of Municipal Affairs comes back and says to the chair of this committee that he's available at 7:30 on that Tuesday morning? Are you suggesting that that would somehow not be an appropriate time for you to meet because it's flying interference with your caucus meetings that start at 7:30 in the morning? Nobody has indicated, either from the Liberals or the NDs, what time the caucus meetings or whatever it is that you're doing in the morning actually begins to even help the chair determine what series of options would be plausible for the Minister of Municipal Affairs. I would even venture to say that if the minister says that at 6:45 in the morning he's available, this committee needs to be flexible enough to accommodate that presentation for that 20-minute window.

8:55

I agree with Mr. Lukaszuk in the sense that we're here on this committee to hear these presentations, and we have to be open and flexible enough to hear them when they are available. So I'm asking the chair to look for that series as well as to really understand what is the limit or the start-point time that would not work for you. The compromise for the chair is looking for a series of times prior to that inconvenience that you seem to be addressing to the committee.

The Chair: Mr. Chase, then Mr. Bhardwaj.

Ms Notley: I think I was next.

The Chair: Oh. I missed you. I'll invite you to speak after.

Mr. Chase: I don't know whether this would help. I'm not being obstinate. I believe in collaboration. I believe in compromise. As the party whip I could create a schedule in the afternoon following QP, for example, where I could free up myself and Mr. Hehr to attend a meeting at the minister's convenience from 3 to 3:30. Knowing in advance, I could allow that schedule to happen.

I don't know, Ms Notley, whether that helps out at all in terms of, you know, the amount of coverage that you and Brian have to . . .

The Chair: That, in fact, doesn't work because of the schedules of the LAO staff.

Mrs. Kamuchik: I'm trying to find the right standing order here, but if a committee wishes to meet when the Assembly is sitting, you need to have a motion moved and agreed to in the Assembly to allow the committee to meet during sitting times.

The Chair: Yeah. Thank you.
Mr. Bhardwaj.

Ms Notley: Excuse me. When do I get on the list?

The Chair: Immediately after Mr. Bhardwaj.

Mr. Bhardwaj: Thank you, Mr. Chairman. I think we're just going back and forth. Basically, I think you're asking for flexibility. Let's make a proposal and call the question, please.

Ms Notley: Well, I just have to say, first of all, that I resent the comments that some people are MLAs 24/7 and others aren't. Let me be very clear that when I am busy and not available for a meeting, I am still being an MLA, and I am still working very hard.

Secondly, I'm getting very tired of hearing the word "flexibility" bandied about when the flexibility that every government member on this committee is prepared to consider exists only in the morning, Monday to Thursday, based on a schedule that apparently we're not allowed to see but that we're being told is only Monday to Thursday in the morning. I think that the inflexibility pretty much exists around the table on this one right now.

I have already, as I said, been flexible. I have come in the morning because we were having public hearings, because we were trying to co-ordinate a bunch of different schedules. But that was against the practice that we had previously agreed was in place to try to enhance the ability of the opposition to participate. Now, if there's flexibility, if you really want to talk about flexibility, then suggest to the minister that we consider the possibility of a 6 o'clock meeting on a day when he's in the House. I'm not convinced that we know absolutely fully that his schedule will not allow that.

If that is not going to be considered or Friday is not going to be considered or Saturday or Sunday is not going to be considered, then I suggest that we not submit that we are the inflexible ones.

The Chair: I guess that as chair of the committee my goal is really not to lay blame on anyone. It's to try to convene a meeting with the Minister of Municipal Affairs to hear from him with regard to Bill 202. I'm prepared to explore with the minister when he's available. The date of November 3 has been suggested, and I happen to know

that he has some availability in the morning that day, but subject to direction from the committee I'm prepared to go back to the minister and see what his flexibility is. Then we simply go ahead on that basis.

The one positive, I think, about this whole process is that this is public record. Everything that's said at these meetings is recorded and available on the public record so that at least we all can avail ourselves of the comments that have been made by everyone at the table in our absence or in our presence.

If that's acceptable to the committee, we'll move ahead on that basis. We can maybe ask committee staff to poll the committee sometime tomorrow with regard to available time. We're very quickly then going to determine a time that works for the majority, as we did for this week's meetings, and then proceed on that basis if that's acceptable to the committee. I will pursue that tomorrow, and you'll hear from committee staff with regard to available times. We'll simply poll the committee to find the best time in that case. I'm willing to pursue evening opportunities if that's available to the minister as well. We'll take it from there.

Beyond that, I think a little further discussion with regard to next steps for this committee. I think that following hearing from the minister, we will have a report back from staff, potentially, with regard to a summary of what we've heard in the public hearings, right?

Dr. Massolin: Certainly, Mr. Chair. We can prepare a summary of the oral submissions if that's the will of the committee, including what the minister has to say.

The Chair: I think that would be useful to the committee. I would value that if you're prepared to do that and circulate that to the

committee, following the minister's presentation as well. But in the meantime, when that's prepared, if that could be circulated, I think it would be good. Then the committee will have to reconvene at another point to discuss the nature of the report that we do. Understanding the fact that there's concern about when we'll hear from the minister, I would suggest that when that meeting happens, it will be a single agenda meeting simply to hear from the minister, and then that will limit the time frame of that meeting whenever it's held.

Mr. Chase: I just want to provide a bit of qualification with regard to a meeting occurring during the Assembly. The second part of the decision says, "A motion for leave under suborder (1) is not debatable, but the mover of the motion shall explain why it is necessary for the committee to meet while the Assembly is sitting." I would be quite prepared to put forward that motion. I'm just wondering if people have a sense as to whether it would be acceptable to the majority of individuals here to pull 20 minutes out on a designated day from the Assembly for this specific meeting with the minister. I just want to know if that's a reasonable assumption. If it is, then I would go forward with it. If it's not, then I won't bother.

The Chair: As chair of this committee I'm not asking you to do that. I think that there are more convenient and less cumbersome ways to convene our meetings, and I will be looking for that. I think that would be my preference.

Okay. Thank you. With that, we'll adjourn this meeting, and you'll hear from committee staff.

Thank you very much, Ms Rempel, for your support of the committee.

[The committee adjourned at 9:04 p.m.]

