

1:05 p.m.

Monday, November 25, 1991

[Chairman: Mr. Bogle]

MR. CHAIRMAN: I officially declare the meeting open. The first thing on the agenda: item 2, Approval of Agenda. You'll note that one other meeting's minutes in addition to the minutes of October 28 are not included because Louise has been quite busy with constitutional committee activities, but we will deal with the October 28 committee minutes today. At 1:15 Don Salmon will join us, when we will review the office of the Auditor General budget estimates for 1992-93. At about 2:30 we expect Harley Johnson will be here to review the budget estimates for the office of the Ombudsman. If we either run over with Don's or finish a bit earlier, there's some flexibility there, Louise, would you call it?

MRS. KAMUCHIK: Yes.

MR. CHAIRMAN: Then tomorrow we begin at 1 o'clock and go right into the budget estimates of Pat Ledgerwood, office of the Chief Electoral Officer. That will be followed by our own committee estimates for the upcoming fiscal year.

Under Other Business, we'd ask for a report by Derek and Louise on the most recent conference in Montreal. Then we'll do some work both looking forward to our next meeting, December 10, and on a little bit of planning on the activities that need to occur over the next few months for the selection process for the Ethics Commissioner and for the senior administrator's position and other budget matters that need to be dealt with.

Are there any additions or alterations to the proposed agenda, either for today or for tomorrow? Alan.

MR. HYLAND: I move we accept the agenda.

MR. CHAIRMAN: So moved. Any further discussion? All in favour? Carried unanimously.

Okay, if we can move on to item 3, the minutes of October 28, page 1, page 2, page 3, page 4, and page 5. A motion, Don.

MR. TANNAS: I'd move that we adopt the minutes as circulated.

MR. CHAIRMAN: Thank you. Further discussion? Question. All in favour? Carried unanimously. Thank you.

We'll just break momentarily. We still have Yolande ... We're expecting Yolande today, are we not?

MRS. KAMUCHIK: I didn't hear from her last time that she wasn't coming, so I do expect her.

MR. CHAIRMAN: We'll reconvene either when Don Salmon arrives or at 1:15.

[The committee adjourned from 1:08 p.m. to 1:15 p.m.]

MR. CHAIRMAN: The meeting will reconvene. I'd like to officially welcome Don Salmon and Andrew Wingate, joining with us to review the estimates for the office of the Auditor General. The process today will be to look ahead to the 1992-93 fiscal year estimates. Committee members are encouraged to ask questions for information, to make comments they feel appropriate to glean information necessary, so that when we come back to finalize the budget - and that will take place in the months ahead - we will have answers to the questions posed today and will be able to go from there.

I believe you have some information you wish to share with us.

MR. SALMON: Yes.

MR. CHAIRMAN: All right. Do you have a handout for us?

MR. SALMON: No. If I may, I would like to make some opening comments first.

MR. CHAIRMAN: Yes. All right. We'll wait for your opening comments.

MR. SALMON: I'm looking for your undivided attention.

MR. CHAIRMAN: We'll listen carefully to your comments, and then we will distribute a news release issued by the Premier. I'm sure you have a copy, but we'll reissue that as well.

Over to you, Don.

MR. SALMON: Yes, I will bring that up.

Thank you, Mr. Chairman. I'm pleased to meet with you today, along with Andrew, regarding our budget. It's always interesting to meet with the committee. I have always felt - and this is the sixth time we've come - that you show interest in what we do in the office, and that's important to us. I also would like to acknowledge that as we work through this budget process, many times we have to reflect on the aspect of what kind of staff we have, and we feel we have strong and dedicated staff who help us do our job and are most willing to meet the challenges we face each year.

I also believe that we are trying as best we can with the senior management and staff we have to manage our resources effectively. We described in the meeting on October 28 that we felt we were going to attain our budget and we would come within the forecast figure as being a reasonable figure. I also feel that it's always a challenge to come up with a budget figure at this time of the year. We're four months away or so, I guess, before the end of the year, but all those things are moving targets, and it's not always easy. I've tried, though, to recall and take into account anything that we felt would affect our budget for '92-93, and I am familiar with a letter that was issued on November 20 to all deputy ministers regarding government restraint. I have tried to take into my budget the salary and staffing restraints that were mentioned there.

I've got a handout and will give you that in just a moment, but before I do, it would be good if I could explain the effect of government restraint on departments and agencies and this office, as I see it, just to give you a basis from which we can discuss what we have. As I see it, departments and agencies in government can make wise decisions on cost cutting if they thoroughly understand the value of the programs they're delivering. The concern I have as the Auditor General, based on experience I have had over the years, is that departments and agencies do not have systems in place to really assess the relative merits of their programs in all cases. I believe staff reductions and reassignments that are made in government will result in compromising the control systems to some extent, because in times of restraint some controls have to lapse. That's understandable, because program activity is reduced and therefore some can change. However, other controls cannot change and must be taken into account and continued, otherwise a mix-up over risk levels would be the result.

I believe also that in slow economic times management has to focus more carefully on protecting the value of such things as investments and loans, and this isn't often recognized by management,

particularly when they're into it. Also, in slow economic growth times and when government funding reductions are imminent, you have to reallocate the available funds there. However, if you take rapid expansion and contraction programs within a government, often it can occur before the systems changes can be modified. We have seen that in the past. Sometimes extended delays may occur, and this, of course, can be dangerous to the overall controls in the systems. Without that kind of information, management can actually make mistakes and has made mistakes. So we have to be careful of that.

In my office, as we look at this area and try to weigh this in relationship to what we do, we have considered how it is that we can take into account the fact that we have given advice and many times, through motivating through our reporting process, have been able to help them establish cost-effective information systems. However, we also recognize that the staff as they've gone out on some of these situations are able to distinguish quite clearly what's acceptable and what's unacceptable in levels of reductions in management control. Many times, with the cross-government experience we have had within the office, we have been able to identify where they are giving insufficient attention to eliminating the losses area particularly. Many times we've had to give advice regarding increasing their loss provisions - or even other provisions on receivables and so forth - and helping them bring back to management the required attention they need in the matter of eliminating their losses.

I believe the office encourages and has encouraged management of departments to make significant improvements, and these improvements many times have helped them limit their losses and reduce their overpayments or even increase revenues and recoveries. There are a number of examples we could give if the committee is really interested.

I believe you recognize that I describe what we do in our office in our annual reports. Therefore, I won't need to go into that at all. As a CA, you might say I probably understand or believe there's a need for restraint, particularly in these times. I feel our office can willingly volunteer to comply with the spirit of the government's restraint program. I do believe, though, that the work of the office does provide a cost-effective way for members of the Assembly to reduce risk and loss. I find it difficult to have a significant reduction in resources, especially at a time when those risks and those potential losses are increasing within government, so you sort of weigh that as you consider them all.

Regarding the government's hiring freeze, we've contemplated that, and I believe we can support the freeze by not hiring management staff if that is necessary. However, I feel that extending the hiring freeze to students would harm the office. We have some 60 students in either the CA or the CMA program at various levels. The turnover of the category is high. A number of students each year do not pass either the qualifying courses or the final exams. But the majority do; they are successful. Also, when some qualify, they naturally decide to move on to other things, so the number who leave may actually even increase following the management salary freeze. But a hiring freeze on students would give us only two choices, as we see it, in dealing with the students who fail their courses: either we would retain them - in other words, you're retaining someone who has not succeeded - or if they are let go without being replaced, we would have difficulty completing the audit work and would be forced to use overqualified people to do some of the work. Now, that doesn't make a lot of sense, because both actions are inefficient and it would cause dissatisfaction amongst the remaining staff because of that. If we're going to be an office that promotes

efficiency, we can't really be inefficient if we expect to retain our staff.

1:25

In summary, to give you the background, I guess the best way to express my view is to say that I am willing to contribute to the restraint. I would like to do it by controlling my expenditures though. To this end the budget presented does not include any increase for management staff, no economic increases for nonmanagement staff, and I really believe that to be effective, the office must be allowed to manage its resources. This will require that we replace the students if they fail or move on, because otherwise we've got a total hole. I believe that basically summarizes my thoughts, and I'd be happy to give you the handout and let you ask any questions.

MR. CHAIRMAN: Good. Thanks for those opening comments.

Alan, you have a question?

MR. HYLAND: In your comments you talked about the students and the need to hire new students, but you're not talking about any increase. You're talking about replacing what exists.

MR. SALMON: Right.

MR. HYLAND: Okay. So we're not talking ...

MR. SALMON: Not increases in numbers of people.

MR. WINGATE: What Mr. Salmon was saying is that in the student category, because they are students, you have a very high turnaround, between 15 and 20 percent. Mr. Salmon was pointing out that if we weren't allowed to replace those people, we'd rapidly get into a pickle.

MR. SALMON: All the students are on contract with us.

MR. HYLAND: So they're contract positions.

MR. SALMON: Well, we keep them on contract so that if there is a failure, we have the choice of letting them go or letting them come to repeat. It's an arrangement with them which we can change at any time. We're peculiar in that sense, you know; we control the contract with each one of them. It's a contract between me and them. They can be released on two weeks' notice or we decide "Let's just go." So it's a training ground. It's a basis on which we're educating them as well as providing an opportunity to be utilized within our work itself.

MR. CHAIRMAN: Derek, and then Jack.

MR. FOX: Thank you, Mr. Chairman. It might be useful for you or somebody else to explain what the exact parameters of the Premier's announcement are. It seems to me from reading it that the hiring freeze extends to salaried employees' permanent positions. You know, if someone leaves your office, even if they're a salaried person, replacing that person is not something subject to this freeze. That's the way I would interpret it, and maybe there's another interpretation. Temporary contract employees are not considered permanent salaried employees, and I just don't see it applying to your office. But again, I'm not the one to interpret the Premier's comments. Maybe someone else would.

MR. CHAIRMAN: Do you want to comment on that first, Don?

MR. SALMON: I have received nothing that explains it further than what the letters say, and this, of course, is a news release which ended up in the paper.

MR. CHAIRMAN: Well, one of the reasons we're having today's meeting is to identify questions members have, and we'll ensure there's further clarification on that specific point.

MR. FOX: Could I read some of it into the record, then, just from the press release, Mr. Chairman?

MR. CHAIRMAN: Go ahead.

MR. FOX:

Also starting today, a 12-month hiring freeze takes effect on all provincial government permanent positions. Exemptions will be considered in exceptional circumstances, and will be reviewed by Treasury Board.

Then in the backgrounder it says:

An immediate freeze will be instituted on all salaried employee hiring of the provincial government and provincial agencies.

Again, unless I misunderstood the term "salaried" or "permanent," I just don't see it applying to the student employees the Auditor General is referring to here.

MR. CHAIRMAN: Well, it's important to get an answer to your question, but there should be no misunderstanding of the mandate of this committee. We'll make the final decision. I think the Auditor General has brought a very pertinent point to our attention. There's a unique situation where he has a large turnover of students who are working with him, and that's a matter the committee can certainly weigh out. When we get further clarification, if for any reason we as a committee find we need to go to some other body for ratification of our decision, we'll weigh that out at the time.

Jack, and then Stan.

MR. ADY: Don, could you just clarify for me: in your overview you talked about there being no economic increases for management staff, I believe you said. What does the term "economic increase" mean? Does that mean merit and cost-of-living increases, both, or only one? What does that mean?

MR. SALMON: To clarify, there are no increases in the budget for management. There are no increases of an economic nature for nonmanagement.

MR. ADY: Okay.

MR. SALMON: You'll notice that the released information has discussed those that are either union or opted out as something to be treated along the lines of regulations as they exist or bargaining is going to take place. My staff is not in the union at all, but lots of them that have opted out are not at management level. As you'll recall, the PAO system allows for automatic increases each year that are built into that system as you have your appraisals on those types of individuals. All I'm saying is that it's there, but I don't know what's going to happen. I don't even think anybody around the table knows yet what's going to happen in relation to nonmanagement.

MR. ADY: The voluntary reductions you spoke of that you would like to sort of have the latitude to do - I gather that's what you're indicating. As opposed to having restrictions or reductions

imposed on you, you'd like the latitude to be able to do it within your department.

MR. SALMON: To manage within the department.

MR. ADY: Yes, to manage within the department. Since this budget was just passed out to us, does this reflect the voluntary reductions you're speaking of, or is that something that would follow?

MR. SALMON: No. That reflects the fact that there are no increases for management - and I accepted the fact that that's probably the way it ought to be - and no economic increases for nonmanagement because there is no bargaining process which automatically fits into the opted-out groups, and therefore it's not something we have ever had control over as long as we have followed the government personnel guidelines as far as anything that goes to clerical or nonmanagement levels.

MR. ADY: Okay for now.

MR. CHAIRMAN: Stan.

MR. NELSON: Thank you, Mr. Chairman. Just a couple of questions. The NovAtel Communications, \$350,000, is a revenue generator, is it not?

MR. SALMON: Yes. We recover the full amount but not against our budget.

MR. CHAIRMAN: It flows back to general revenues.

MR. SALMON: Right.

MR. NELSON: So in essence that would balance against your forecast when you talk about \$150,000.

MR. SALMON: Well, you understand the \$200,000. I think we explained that on October 28.

MR. NELSON: Yeah.

Two other questions, I guess. Your travel expenses ...

MR. CHAIRMAN: I was hoping we'd go through it line by line, but could we use the discussion now for more general, principal matters?

MR. FOX: Sure.

MR. CHAIRMAN: If that's all right with you, Stan.

MR. NELSON: The Travel Expenses area. If we were to reduce that 25 percent, how would that affect or impact your operation?

MR. SALMON: Well, the majority of that figure is for travels to audit. So if we do an audit, it's not discretionary; it's the actual cost.

MR. NELSON: There's no room in there?

MR. SALMON: Well, out of the \$215,000, there's \$166,000 that's straight travel audit.

MR. WINGATE: Which is 77 percent of the total.

MRS. GAGNON: So the alternative would be to hire somebody local, but you'd still have the agent fee.

MR. SALMON: Well, are you going to give us the dollars then?

I mean, the thing offsets.

MR. NELSON: Okay. So 77 percent is direct audit then.

MR. SALMON: Yeah.

MR. NELSON: Where's the other 23 percent?

MR. SALMON: Relocation, potential of a person going to the Calgary office this year, and professional development and conference travel.

MR. NELSON: Okay.

MR. CHAIRMAN: Are there any other general questions?

1:35

MR. NELSON: I have one other specifically on your computer service area. That's ...

MR. CHAIRMAN: Stan, let's wait, please. I want to go through them line by line.

MR. SALMON: How are we going to do this?

MR. CHAIRMAN: Well, I want to do it so we can follow our record.

MR. SALMON: Okay.

MR. CHAIRMAN: Anyone else on the general? Okay. Could we go back to the top then, please, and deal with Manpower.

When we come back for our final review of the budget, Don, I would like to see the breakdown of your positions, as we did last year, so we're looking at the managerial, the nonmanagerial, the students. Break that out for us as you've done in the past, and then we'll be able to look at that in some detail.

MR. SALMON: Do you notice that we have a few graphs.

MR. CHAIRMAN: Yeah, I know, but I'd like it here in hard numbers so that when we're looking at the dollars we're looking at the numbers. The graphs are great, but that doesn't give me the detail I want on this page.

MR. SALMON: Okay.

MR. CHAIRMAN: I believe we did it last year, did we not?

MR. SALMON: We can talk about it some more. That's fine with me. Maybe we could show it a little different. Fine.

MRS. GAGNON: Bob, excuse me. Just before we get to that, could I just clarify one thing? Don, you said that departments have to know what they're doing before they start making cuts so the cuts are truly cost-effective and so on and that your department is one that helps that happen. So in a sense are you pleading the case - just in general terms here; I'm not talking about your salaries or anything like that, but overall - that in a situation like this the Auditor General maybe needs more scope to better audit

the provincial budget than is usual? Is that what you're trying to tell us?

MR. SALMON: No, I'm not pleading. I'm trying to lay out a clear understanding for the committee as to what we are doing with respect to this budget and that we can hold the line in a sense. At the same time, if there was, say, some idea that we could reduce ourselves, I expect it would harm the whole operation and what we are trying to achieve or what is expected of us under the mandate.

MRS. GAGNON: Because your office can help other departments in many ways.

MR. SALMON: I think we are helping the rest of them. I would hate to see that reduced so that check is not even there.

MR. CHAIRMAN: I want to make sure we're not missing a point here, because we had this discussion in your office a year ago. Yolande, I think you posed the question. It was whether or not you felt we should broaden the scope of the Auditor General, Don, to do more than audit the books, whether we should look at the value of services being provided, and there's a technical term for that.

MR. SALMON: Value for money.

MR. CHAIRMAN: Value for money. That's not part of the mandate.

MR. SALMON: No.

MR. CHAIRMAN: It is in some jurisdictions.

MR. SALMON: It's not part of the mandate, and that has nothing to do with what we're presenting here.

MR. CHAIRMAN: No, it's not what's being proposed, if I'm reading you correctly or based on our discussion of about a year ago.

MR. SALMON: No. We're not talking about changing anything.

MR. CHAIRMAN: Okay. Before we leave, is there anyone else on the general?

All right. Back, then, to Manpower. Any other questions on Manpower for clarification? Yes, Derek.

MR. FOX: It might help clear things up for us a bit, Don. You've got a staff list, November 1991, 162 positions.

MR. SALMON: That's actually the way it is right now.

MR. FOX: Yeah. The actual people in the office.

MR. SALMON: That varies all year.

MR. FOX: Yeah. I understand that's just a snapshot. But there was some discussion last year, if I remember correctly, about the number of positions assigned to the office. What was that number eventually?

MR. SALMON: Well, we had a complement of 181. We dropped the complement to 171. We were averaging around the 160 mark.

It varies. That's what we've been able to maintain: around 159, 160, 161, 162. It flips around. And in order to manage, you'll find that it will flow that way anyway, because some will leave and it takes time to fill, and then you get another person and it keeps going.

MR. FOX: Sure.

MR. SALMON: So it's been around the figure we're showing in that one chart; about 160 at March 31, 1991, on the staff mix. Really, the discussion in the final meeting we had was more on the staff mix, I believe. It was our desire to swing that staff mix a bit, and that's what this chart's trying to show.

MR. FOX: Right. So the '91-92 budget was based on 171 positions?

MR. SALMON: Well, we're not filling that many. We're really saying that's the complement that sort of is left there, and we're trying to maintain the same level as we had last year.

MR. FOX: Yeah. That would be the best case scenario: if everyone was there at day one and stayed through.

MR. SALMON: Yeah. It goes 155, 165.

MR. CHAIRMAN: Okay. Anyone else? All right. If there are no other questions on Manpower, moving then to Supplies and Services, Agent Fees. We do have a list of agents at the end of your budget. That adds NovAtel to it. That's why we have a figure of \$2,550,000.

MR. SALMON: That's to describe it, because we kept NovAtel out of the top figures.

MR. CHAIRMAN: Right.

MR. NELSON: Can I ask a question on that?

MR. CHAIRMAN: Go ahead.

MR. NELSON: Do you not get an agent fee from the University of Calgary?

MR. SALMON: The University of Calgary was being done by an agent. It was one of those rotations about two years ago. The firms are doing SAIT - what are the others?

MR. NELSON: Mount Royal?

MR. SALMON: No. Mount Royal is back in the office too. They're doing the Children's hospital now, and we took back Banff too. We put out about the same amount, the same size.

MR. NELSON: So you're going to do the U of C yourself.

MR. SALMON: We've been doing it the last year or so, yeah.

MR. WINGATE: Mr. Chairman, on the Agent Budget, in the total it goes up to \$2.2 million. You see at the bottom that we've got Special Projects at \$28,400. This year we originally budgeted for Special Projects at \$54,000. We've got some encroachment on that, to the extent of about \$12,000. I just wanted to point out that this Special Projects is the buffer. It's for anything coming up that

we weren't originally budgeting. We've reduced this buffer from \$54,000 to \$28,000 in staying with the budget.

MR. SALMON: The pressure is constantly there for increases in the average rate to the firms. We can probably make it this year if we don't have anything unusual in the special projects area without increasing the agency budget. We're gradually getting to the point where there won't be that much there, but you have to have a little bit in Special Projects because you just don't know. We picked up one not too long ago that has to be done. We didn't even know about it. In fact, it isn't something that's been around; it's something that the government entered into just recently. We have to have an audit done, so it'll cost us \$12,000 to \$15,000. That's the kind of thing that we have to be prepared for; otherwise, we'd be coming back for money.

MR. CHAIRMAN: All right. Anything else under Agent Fees before we move on to Other?

MRS. GAGNON: If I might, could I have just a little expansion of what the Education Revolving Fund is?

MR. SALMON: It used to be called the school book branch, which is all the school texts and so forth that are issued to all of the school divisions throughout the province. That's the simplest way I can describe it.

MR. CHAIRMAN: Yes, Alan.

MR. HYLAND: I have one on Agent Fees. The total budget shows a 1.6 percent increase. If it wasn't for NovAtel that was added late last year, you wouldn't have an increase. You'd be exactly the same or less?

MR. SALMON: Yeah. The agents are exactly the same as last year.

MR. HYLAND: Well, your whole budget even. The budget would become 1.5 percent.

MR. SALMON: The change is in Manpower, and there are certain factors that cause you to go up. You could talk about CPP and UIC and a few others that you're going to have to pay. Whether there are changes in salary or not, they have to get paid more this year. That's what's new.

MRS. GAGNON: I have a question. If your department were to do more of these yourselves and use fewer agents, would that be cost-effective? Is it impossible? Can you expand on that a little bit?

MR. SALMON: We don't have the manpower. That's why that agent rate is sitting there.
1:45

MR. CHAIRMAN: And we review that.

MRS. GAGNON: Yes, we did, but in light of the new economic situation, I just wanted to ask it again.

MR. SIGURDSON: That really didn't answer the question. If you add the manpower, would it be more cost-effective to have an in-house audit for a number of audits that are currently done through agents?

MR. SALMON: We've talked about this philosophy before.

MR. SIGURDSON: I know we have; I know we've talked about it.

MR. SALMON: We have to realize that our office could do all the audits if you wanted to have the staff and the dollars to do them.

MR. CHAIRMAN: And travel.

MR. SALMON: And travel, et cetera. You just would do it. But it has been since 1978 decided that it would be better both for the office to not grow too large as well as to utilize the firms through the office as we do to assist us to actually operate that way rather than to expand our complement and also to increase our costs. If you want to take one on one, basically if an audit in Edmonton that was strictly from opinion that was done by us versus done by an agent, it's going to cost you more with the agent, but in the long haul I think the relationship with this office and the firms takes some pressure off others in relationship to doing this kind of work. I think of a certain amount of private-sector involvement and association with our office as being a good thing. Certainly I think it would be a retrogression, you might say, if we were to do away with it completely. The balance has to be maintained, and we've tried to maintain a reasonable balance between what we do and what we have the firms do for us.

I believe we could talk to the philosophy that's going on in B.C. and Saskatchewan, which I'm very familiar with, and other problems as well. Without expanding, they have a lot more problems because they don't do what we do with respect to agents. There are a lot more difficulties in the province because of relationships with offices of auditors general and the private sector and government and all the rest of it because they don't actually handle it that way. So it's a good thing. Maybe if you want to go down dollar for dollar, it might cost a little bit more I think, but there's a benefit that's sometimes hard to measure.

MR. WINGATE: We benefit considerably from seeing that this practice follows the major CA practice. It ensures that we use the best practice as well, that our approach is the most effective and efficient, and I think it's beneficial for the private sector to gain an understanding of the work of our office.

MR. SALMON: Yeah, it's a two-way street. It's not just one way. We're not the only ones that are gaining. They're gaining from their involvement in the government with us, I believe.

MR. WINGATE: Definitely by employing agents in places like Medicine Hat and Lethbridge, that is cost-effective.

MR. SIGURDSON: I don't dispute that. I guess when I look down the list and see a quarter million dollars going off to the agent that looks after the University of Alberta ...

MR. SALMON: That would really be a big chunk out of our office to do that.

MR. SIGURDSON: Oh, I'm well aware of that.

... I wonder how many person-hours are involved in conducting that kind of an audit. Is there ever a value-for-money audit done through the agents on any of these corporations?

MR. SALMON: Andrew could comment later, but we do do a certain amount of systems work through the agencies, which we've

been able to control and ensure that we're getting the maximum for the dollars they're spending, but we have to be careful because we don't have a lot of dollars to do that. We have to be very careful how much we actually let the agents do in that regard because we've got so many opinion audits that have to be done as well. So there's always that balance we're trying to go for.

MR. WINGATE: Agents are better at doing straight attest audits. That's their bread and butter. They understand that process very well, and that's what they're best at. To move it into a new area such as the systems auditing: we've had some success using agents. I'm not saying that it's been a poor experience by any manner of means, but we're just better at it than they are. So we tend to use our own staff, unless we're in a jam and have to use their staff.

MR. SIGURDSON: Does this list ever change so that your office is able to go in?

MR. SALMON: Yeah. The changes in our rotation, you mean?

MR. SIGURDSON: In the rotation, yes.

MR. SALMON: Sure. Yes. If you've seen one around for a few years, well, that's truly - they'll go five, six, seven years before we rotate them. We have to get the maximum dollar benefit out of it.

MR. FOX: I'm just wondering, just for clarification. Is the mandate of the Auditor General's office or the application of their work different in other provinces? Like, some have more outside audits, some have less? Are there some that do all of it themselves? I wasn't clear on what you meant by Saskatchewan and British Columbia. Have their offices been traditionally different from ours?

MR. SALMON: The Alberta office of the Auditor General is different than all in the sense that our mandate has allowed for my office to have complete control and responsibility for all of the auditing of the province of Alberta: all of the organizations, all of the provincial departments, agencies, and Crown corporations. In other provinces that is not so; only part is given to the Auditor, and the other part is handed out by the government to certain firms to audit, and those Crown corporations change. We haven't had that problem since 1978, because it's all been under our responsibility.

MRS. GAGNON: Just another question. I've either forgotten or I never did know the answer to this. Do the agents bid in an open tender process for these jobs? Let's say that in Medicine Hat you have three CA firms that want to do the hospital or whatever. Do they have an open bidding process, or what happens? Is that sort of a recycled kind of thing?

MR. SALMON: We don't go to tender. Personally, I think that's dangerous, in relationship to firms going to tender, because you'll get people underbidding what the actual job will cost. What we've done is gone to the firms that we feel can do the job asking them to submit a proposal to us. If we feel it's satisfactory and within the realms of the way we would have planned the job and they're willing to follow our direction and guidance in relationship to completing that job, we will give them that work to do. Now, what happened in Medicine Hat - you used that, and maybe you already know what happened.

MRS. GAGNON: No; it was just an example. I don't know anybody in Medicine Hat.

MR. SALMON: We have a firm down there which we have used. They did a good job for us for a number of years, but we felt there was a need for a rotation back. Because we didn't have other work there, we took it back for a couple of years, and then we went back to the firm. So they have it again. It's partly the size of the firm and whether or not they can handle it.

MRS. GAGNON: And some couldn't cope with the job. Yeah.

MR. SALMON: We aren't getting any complaints about the processes that we follow, but we don't tender.

MR. CHAIRMAN: I think this is very healthy discussion.
Don.

MR. TANNAS: I'd just like to ask a question. As I would understand it, then, when you do the rotation, whichever way that rotation goes, it provides a check on your own work as well, doesn't it?

MR. SALMON: That's right.

MR. TANNAS: Also, you're checking the firms that have been doing some.

MR. SALMON: That's exactly right.

MR. TANNAS: So there's an audit within an audit.

MR. CHAIRMAN: Okay. Moving on under Other, then, to Travel Expenses. Stan, is there anything else you wanted to ask on travel?

MR. NELSON: No.

MR. CHAIRMAN: Anyone else? Don.

MR. TANNAS: Right. Going back to the Premier's news release. The last paragraph in the Premier's news release, they're wanting to cut...

MR. SALMON: Discretionary travel.

MR. TANNAS: Yeah, cut by 25 percent for the balance of the year. Your budget was \$242,000, and you're forecasting that you're coming in at \$215,177. This is your reflection of that correction?

MR. SALMON: No. We didn't change the forecast that we gave you on October 28, because we didn't want to confuse with another forecast. We've left it basically the same because we feel it's still fairly reasonable. We recognize that this is discretionary.

MR. TANNAS: Right.

MR. SALMON: Certainly I think that's not a problem for our application to that.

MR. CHAIRMAN: On Don's point, what would be helpful when we deal with it in detail is if we have a breakdown of the travel

expenses in Alberta directly associated with auditing. I think Andrew gave a percentage figure a moment ago.

MR. SALMON: It's nondiscretionary. It's 77 percent.

MR. CHAIRMAN: Give us a breakdown of the actual costs where you're doing your work in Alberta, and we also will want to take a look at travel outside of Alberta in more detail than we have in the past.

MR. SALMON: Yes; in other words, the conferences.

MR. CHAIRMAN: Yes.

1:55

MR. SALMON: Okay. Sure. For our '92-93?

MR. CHAIRMAN: Yes, '92 -93: any conferences, workshops, or educational activities that you're participating in outside of the province.

MR. SALMON: Fine.

MR. WINGATE: Mr. Chairman, in an attempt to be a bit helpful here, I think you could call an element of our travel at \$40,000 a discretionary element because that's attributable to professional development and conferences, and I think it's that section that you want to look at

MR. CHAIRMAN: Well, I'll let you bring back the numbers.

MR. SALMON: We'll bring some numbers back.

MR. CHAIRMAN: Yeah. All we're doing today is going over questions members have so that when we do come back and go through it that final time, we're not stumped with more questions.

MR. SALMON: That'll be fine.

MR. CHAIRMAN: Okay. Other Professional Services. Anyone else? Yes, Don.

MR. TANNAS: I was just going to say that there's a substantive increase in the forecast over what was budgeted. I'm sorry; I've forgotten the circumstances that led to that, if I ever knew. Is that the computer?

MR. SALMON: The \$144,000?

MR. CHAIRMAN: Other Professional Services.

MR. TANNAS: Yeah. It was budgeted at \$129,500. You're now forecasting \$162,975.

MR. SALMON: No; that's basically legal. The forecast included the counseling services for those that were released in the current year, where you release somebody under that voluntary release program that came out that closes as of the end of December. We had a downsizing of one individual and three others who also left under that. It requires that you also provide counseling costs, and those counseling costs amount to about \$20,000. That's the reason for the forecast being as high as it is. We talked about that at the meeting on October 28.

MR. WINGATE: The other reason is that we had a practice review.

MR. SALMON: And we had practice review for another \$11,000 for the institute. That's why the forecast is so high.

MR. TANNAS: Okay.

MR. CHAIRMAN: Again, that will come back in some detail. Anyone else? Okay.

Materials and Supplies is projected as slightly lower than both the forecast and budgeted-for figures for this year. Repairs and Maintenance, lower.

Yes, Don.

MR. TANNAS: I'd like to back up to Materials and Supplies. That seems to be in many departments, whether it's a school or an office, one that you can really — I mean, it's not a substantive amount in the total budget, but it is one you can play around with. Is there an element of that in here? Your forecast is dead on here. That's marvelous when your forecast is dead on your budget on that, given that things like paper go up in price and that kind of thing.

MR. SALMON: Well, actually it's a shift in things rather than that it comes out the same figure.

MR. CHAIRMAN: Didn't you buy some supplies towards the end of last year, Don, that helped out?

MR. SALMON: Yes, I think that's true, because our general supplies and paper and so forth are down in the current year. Our printing on the annual report was up slightly this year because of a few changes in the size. What we're faced with in the current year is that we think we can control the books and magazines and Acts and other things of that nature that we buy that certainly vary. That's usually where the variation is.

MR. TANNAS: Okay.

MR. CHAIRMAN: Okay. Anyone else?

All right. Repairs and Maintenance, down. Rental of Equipment was almost the same, a thousand dollars more.

Stan, you wanted to get on to Computer Services.

MR. NELSON: I just want to know why it jumped 40 percent.

MR. SALMON: PWSS charges for computer services that go through the main computer area are up by about \$5,000, and that's just a charge that they will incur on us through the revolving fund. The other basic areas are the annual software subscriptions, and there's a slight increase in those. Those we pay each year.

MR. WINGATE: Who can explain that?

MR. SALMON: Yeah, who can explain that? But it goes up every year. All I know is that's what happens every time.

MR. WINGATE: We were talking earlier about the counseling services that we provided following the termination. One of the people we terminated was the data processing manager. As a result of terminating him, we felt that our expertise in the software area needed some assistance, and we upgraded the software subscription we have for software on the MV20000, which is our mainframe, so that we got quicker support. So we saved over

\$60,000 for this small penalty here. It's gone from \$13,400 to \$21,000, and that's just one of the costs of getting additional support in the area.

MR. SALMON: Do you understand that?

MR. NELSON: I understand that we're just talking \$7,400 in that area.

MR. WINGATE: Right.

MR. NELSON: You've got a \$5,000 additional charge because of subscriptions or something.

MR. WINGATE: Right

MR. NELSON: That's \$12,000 out of \$40,000.

MR. WINGATE: Okay. We've had a supply of tapes now for three or four years. We haven't replaced any for three or four years. They're getting old, and we clearly have to replace them. We're projecting an expenditure of some \$15,000 on tapes in this budget period.

MR. NELSON: Where goes the rest?

MR. SALMON: Miscellaneous, little changes.

MR. NELSON: Well, we've got \$14,000 yet.

MR. WINGATE: Six and a half thousand for an upgrade to DOS for our microfilm.

MR. NELSON: Upgrade to what?

MR. SALMON: DOS.

MR. HYLAND: Disk operating system?

MR. WINGATE: Yes.

MR. HYLAND: That much I know. Our computer's got one. I don't know how the hell it works.

MR. NELSON: Hey, listen; I'm computer illiterate.

MR. CHAIRMAN: Okay, Stan.

MR. NELSON: At least I'm man enough to admit it, not like some of you clowns.

MRS. GAGNON: I have a question, please, Mr. Chairman.

MR. NELSON: Well, just a minute.

MRS. GAGNON: Oh, I'm sorry. He's not finished.

MR. NELSON: I've still got \$8,000 to come: \$7,400, \$5,000, \$15,000 and \$6,500.

MR. WINGATE: Okay. We have a maintenance contract on the production micro. This is a new expenditure. Under the Capital Assets expenditure we're buying a new production micro to have on-site service 9 to 5 each day. That's 2 and a half thousand.

We've got a software subscription for UNIX at \$1,500, and that should account for the bulk of it.

MR. NELSON: Well, I'm getting nit-picky here, but let's see what we've got. Five, 10, 25, 37 . . .

MR. ADY: You need a computer there, Stan.

MR. NELSON: Well, we're within three grand. Three grand; that's not bad.

MR. SALMON: It's changes in annual subscription charges, some LAN changes.

MR. NELSON: I'm fine, thank you.

MR. CHAIRMAN: Okay. Alan, and then Yolande.

MR. HYLAND: A question on computer services. One of the costs, tape replacement \$15,000 - as it gets towards the year-end and if you have funds left in your budget, had you given any thought to using that instead, like you did last year, on some stuff?

MR. SALMON: We always have that thought.

MR. HYLAND: To replace it rather than in the budget.

MR. SALMON: That's right. We keep that in mind.

MR. CHAIRMAN: Okay.
Yolande.

2:05

MRS. GAGNON: You used the word "terminated." I hate that word. You terminated someone and replaced that person with a software program. I mean, that's what it sounded like, so I'd like you to explain.

MR. WINGATE: Following the departure of this individual - he had a great deal of expertise in the software area ...

MRS. GAGNON: Excuse me. Did he choose to depart, or was that a management decision?

MR. WINGATE: That was a management decision.

MRS. GAGNON: Okay. Because what I'm getting at is: are you going towards more use of technology and less of human beings?

MR. WINGATE: Well, yes. This fellow had a great deal of expertise, and what we've done is got the supplier of the software to supply the expertise. Rather than have it in-house, we came to the conclusion that the best way to go was to get the supplier of the software to support it. Now, in order to get that support, you need to pay a higher subscription, and that's what we've done. So I made something very simple sound rather complicated.

MRS. GAGNON: Right, and terribly bloodthirsty.

MR. CHAIRMAN: We'll go on, then, to Miscellaneous, which is slightly down from last year's, both forecast and budget. Anything else on the total for Supplies and Services? Okay. Capital Assets.

MR. SALMON: Aren't you going to ask the question?

MR. NELSON: Yeah, I sure am.

MR. SALMON: Okay.

MR. NELSON: What are we purchasing? With the austerity program that's being presently developed by government, are there items in this area, the capital, that we could do without in this upcoming year? Every year it seems the government or somebody has a fixation that you've got to have X number of assets in your corporate entity, and I'm just wondering whether that's a correct way to do things or whether we can just suggest that next year you don't need any of these assets or special furnishings or other things of that nature. Now, you may talk about computerized stuff, which I expect you will.

MR. SALMON: I'm going to let Andrew give the details on the listing here, but we took a very conscious decision last year to do something this year with respect to our MV10000. Now, we had two microminicomputers, an MV10000 and an MV20000, and we chose to let the MV10000 go because the maintenance was getting very high and the opportunity to maximize the use of the thing without having additional costs was just not there. So we made a conscious decision to lay it aside and to re-examine our approach. We transferred a lot of the operations we had on the 10000 over to the 20000 and did some other peripheral changes, which included some purchasing, in order to solve that problem and thereby reduce the maintenance on our overall computer area. Now, on top of that we have to do a few other things, and that's what this is, which Andrew can explain and give a little bit more detail as to the specifics.

MR. WINGATE: If we'd retained the MV10000 that Don was talking about, it would have cost \$44,000 this year to maintain.

MR. SALMON: It was too much.

MR. WINGATE: Yes, and maintenance would have gone up sharply.

MR. SALMON: It's not in here. This is just capital assets.

MR. WINGATE: I think in comparison with our traditional level of purchasing of capital assets, \$132,000 is really quite small.

MR. NELSON: And that's where I have a real problem: with the word "traditional."

MR. SALMON: We've done that lots in the past.

MR. NELSON: I'm not sure that the traditional way of doing business is a term that we should use any longer, considering the constraints. I'm not only suggesting it here; I'm suggesting that all through government - the traditional way of this asset thing. If I hear a bureaucrat out there in the hallway saying, "Well, I've got X number of dollars in my budget, and I've got to spend it so I can get it replaced again tomorrow" ...

MR. WINGATE: One of the things that needs to be understood is that since we're auditing government - and there are an awful lot of records in government to audit, most of which are computerized - we also need computers in order to audit them. We've had computers going back to 1978, which is unusual for an audit office, but it brought with it deficiencies. Going back a few years, in order to replace that equipment we were talking about expenditures

of half a million dollars a year. Now, by moving down to microcomputers ...

MR. SALMON: Which we did in the last few years.

MR. WINGATE: ... which we've been doing over the last few years, we can get the same level of performance at considerably less cost. That's reflected here.

MR. NELSON: Who makes the decisions relevant to your computer? Do outside computer experts assist you in designing, developing, and how you might handle computers?

MR. WINGATE: Going back to '78, we started developing our own software, which is called PROBE. That was released in its final form in 1985, and we've been using that version of PROBE ever since. We had a considerable amount of expertise in the office to deal with data processing, and that was because it's necessary in the audit of many government departments. You have to know what you're talking about when you're providing advice on systems design and development. So we had that expertise in the office, and it was used in the audit area. I think what we found is that with the more capable microcomputers we could migrate from a minimal mainframe type computer to a microcomputer at considerably reduced cost and get the same degree of efficiency. That's what we're doing here. If we need additional advice, then we can go to the government data centre. They've always been very helpful in the past in providing expertise.

MR. NELSON: So can you give me some breakdown as to some of the larger items, I guess, as to how this inventory of capital assets is to be purchased?

MR. WINGATE: Yes, I can.

MR. NELSON: Because you look like you've got a heck of a list there.

MR. SALMON: Well, not huge.

MR. WINGATE: We're anticipating the purchase of some nine microcomputers for auditors. These are of the laptop variety. That's \$27,000. They need associated software, and that is \$7,000. We're anticipating the purchase of a page scanner, because we feel that electronic filing of a lot of our mail would be much more efficient than manual filing at the moment.

MR. NELSON: So that means you need one less person. Is that it?

MR. WINGATE: Yes, we have been reducing staff as a result of these changes.

That's \$4,000. Fifteen thousand dollars is for the acquisition of a human resource management system. We feel that some of the off-the-shelf software for human resource management is now getting very good, and we think that would be a sensible purchase. We're anticipating the purchase of an additional cartridge tape drive. We bought one this year, and we're very satisfied with it. It's very cheap in relation to its capacity. That's \$5,500. A number of our auditees are switching now to square tapes rather than the round tapes, the cartridge type tape. In the old days they had the big round tapes. Nowadays the data centre is using ...

MR. SALMON: The data centre has moved to square tape.

MR. WINGATE: ... the square tape. I think we've finally found a supplier who produces a square tape drive which is capable of being fitted onto our minicomputer, the MV20000; that's \$15,000.

Ten thousand dollars for the record management software. So together with the page scanner, we're proposing the investment of \$14,000. We've got to find in due course a replacement for CEO, which is our electronic mailing system, which we've had for a very long time in the office. We've come to depend on it. One of its principal features is that it enables you to schedule very easily. Auditors have a lot of meetings, so we use it a lot. But eventually we'll want to get rid of the MV20000, so we're anticipating an expenditure of \$10,000 for a CEO replacement.

We feel that there's a big need coming for advisory systems; in other words, computer-based advisory systems for our auditors. This is for doing such things as setting the materiality for an audit, evaluating errors located in an audit, anything where you've got to guide the auditor through a whole series of decisions. We feel that we could make a significant contribution in that area with the expenditure of some \$15,000, but at the moment that hasn't taken shape as to exactly what we'll be spending that money on.

2:15

MR. CHAIRMAN: All right?

MR. NELSON: I've got just one real bottom-line, nut-cruncher question. If you were in the private sector and found your business in such a position that... Now, I appreciate that you're the auditors and you have certain requirements under legislation. However, notwithstanding that, if you had to do these audits basically in the private sector and you had some restraints because of dollars that you had as income, revenue generation from the private sector, how would you deal with that? As a private firm, because of the situation that may be out there in the real world, you could not maintain your level of revenue. How would you justify the expenditure of those to your shareholders or to you, as your corporate operating officer, trying to make a profit for your shareholders or what have you? How would you justify those?

MR. WINGATE: Specifically capital assets?

MR. NELSON: Yes.

MR. WINGATE: I think for an office of our size in comparison with other offices in Edmonton, that expenditure would look quite humble. I'm quite serious about that.

MR. FOX: It's just something over 1 percent of the budget.

MR. SALMON: The firms would try to keep up on this kind of thing and keep going. Now, the question, of course, involves whether or not the work, as you say, has to be done on this; I guess that's the question. An organization has to make a profit; you have to decide how you're going to make that profit. At the same time, as a public company you have to have an audit, and you want the best audit you can get. Otherwise, you're not really getting a true picture of what's going on in the organization from an outside point of view.

MR. NELSON: Well, usually big companies have internal audits anyway.

MR. SALMON: But you still require statutory audits.

MR. NELSON: Oh, yes; I appreciate that.

MR. SALMON: And the internal auditor and the statutory auditor should work together.

MR. NELSON: Usually they do.

MR. SALMON: But in the government you don't have a lot of internal audit, and that's a concern which I'd like to see changed, which would cost money.

MR. CHAIRMAN: Anyone else on capital assets?

Okay, moving on then. Anything further on NovAtel Communications, or was an explanation given at our meeting in October? Anything further? So we see a bottom line, then, a proposal of \$11,847,117, or a 1.6 percent increase over the 1991-92 budget.

MR. SALMON: Mr. Chairman, that increase is, as you know, related to things that are not controllable in a sense that increases count, because you've got your manpower changes that happened, and not just because of last year's salaries, and you've got your employment contributions that come through irrespective. So that's really what the increase is.

MR. CHAIRMAN: I was going to ask you if you had any summation.

MR. SALMON: You beat me to the draw. There's my summation.

MR. CHAIRMAN: Okay. Anything else, Don or Andy?

MR. SALMON: Not today, no.

MR. CHAIRMAN: Other members of the committee?

Well, a special thank you. Most of the questions, as you noted, related to Manpower. When we come back to look at the budget in its final form, we would want to - and I'll work with you, through Louise, on the kind of spreadsheet we used, I believe, last year, where we were able to look at the Manpower numbers in the various categories. Then when we come down under Supplies and Services, the areas of interest were primarily in Travel Expenses, Other Professional Services, and Computer Services.

Yes, Derek.

MR. FOX: Mr. Chairman, will someone undertake between now and then to determine just how the Premier's guidelines apply specifically to the position?

MR. CHAIRMAN: Yes. That question was noted.

Okay. Thank you very much.

MR. SALMON: Thank you.

[The committee adjourned from 2:20 p.m. to 2:24 p.m.]

MR. CHAIRMAN: All right, we'll reconvene. I'd like to begin with a special welcome to the Ombudsman, Harley Johnson, and to Dixie Watson from the office, with us today. As you know, we're going to look at the proposed 1992-93 budget estimates. The purpose of today's meeting is to identify questions members of the committee have, areas where they'd like more detail. We're not finalizing the budget today, as you can appreciate. This is our first run at '92-93. We want to pay particular attention, as well, to the Premier's statement of November 20 as it relates to travel.

MR. NELSON: Have you got one?

MR. JOHNSON: I think we have a copy.

MR. CHAIRMAN: I'm sure you do.

As was the case with the Auditor General, members of the committee are asking questions in a forthright way. We don't expect all the answers today. What we do want to ensure is that when we come back for our final visit to the budget, we have identified areas of concern and we can indeed wrap it up, if at all possible, without waiting for more information to come back.

So with that, welcome, Harley, and I'll turn it over to you for some opening comments.

MR. JOHNSON: Thank you, Mr. Chairman, ladies and gentlemen. On the first handout that we've given you, you'll notice the first column of figures on the left-hand side. That was the budget estimates that we in fact explained during our previous meeting, line by line. What I would like to do, if it's fine with you, is go into areas that were identified where we can in fact spend moneys out of the '91-92 funds for purchases that in fact will reduce our overall request for our '92-93 budget. That will be the second column. The third column is changes where we have identified specific areas that we can cut.

As I mentioned to this committee during my last presentation, the first blush, if you will, the left-hand column, was in fact those requests which I thought had merit, that had not been cut beyond the merit stages. Now we've prioritized and we've changed a very significant amount, ending up from a 15 percent request for our budget increase to a 4 percent budget increase, taking in as well the Thursday statement made by the Premier last week and the financial constraint that we should be looking at. So we're quite pleased to go from, in total, bottom line, 15 percent to 4 percent.

Then the right-hand column is our revised budget. This right-hand column is dependent on an enabling motion for us to take moneys from group 1 and pay for expenditures, groups 2 and 3, and to pay for some of those items identified for next year's budget out of this year's budget.

If I may just go directly to column 2 and have you run down to Repairs and Maintenance, we have found through our specific Repairs and Maintenance component that we can in fact recover the Calgary office chairs out of this year's funds if in fact we get an enabling motion. The same on 712L, Data Processing Services. We can move that ahead. The only thing I would caution this committee on in terms of data processing: if we move it ahead, I would like to have that motion today, if at all possible, to allow us to get the data processing feasibility study and the system development done for the custom-built complaint system so that we can mesh that custom-built complaint system with the computer programs we now have in place. Again, I did talk about that briefly in our original discussions a few weeks ago, if in fact that can be moved forward.

Also in Materials and Supplies, the dictamites, transcribers, and camera for \$2,500. We are requiring \$19,200 in group 2 to cover these particular items. In fact, we will be asking for the enabling motion in a few minutes.

Control group 3, Purchase of Data Processing Equipment. I did indicate that we are going to be forced into on-line payroll hardware and software, which will be \$3,000. That can be purchased this year out of extra funding or funding that has not already been used by the budget. Accessing user files: well, in Calgary and Edmonton we need some hardware and software so that access to the different files can be made. There's a workstation that is required under 724C, and that is the Best computer

with a Quicklaw that we now have in place which is requiring replacement. We again discussed that earlier.

Item 724F, Purchase of Office Equipment. We are able to buy this year shredders, the audio recorders and telephone recorders: \$2,500 and \$800 respectively. Group 3 is \$10,100, for a total of \$29,300 that is required.

Now, there is a second portion in terms of the document itself, and that is under the second column. The bottom line is what we're requiring transfer to pay from this year's leftover funds to in fact reduce the funds next year. We're also going to be showing a deficit under Contract Services of approximately \$19,000, and that is based on the fact that Mary Marshall, the solicitor, was outside and we went to her for some contracting in investigating and getting legal opinions. So the remainder of the budget would in fact depend on an enabling motion to allow us to move moneys from group 1 into groups 2 and 3.

MR. CHAIRMAN: Well, Harley, I'm concerned. The purpose of the meeting today was to review in general terms the proposed budget for the next fiscal year. We as a committee normally do not consider approving or allowing any transfer of funds from one element to another until we're near the end of a fiscal year, and we're now about halfway through. I'm uneasy about this matter coming to the table today with no advance warning, and therefore I would respectfully suggest to the committee that it be held today. We may wish to reconsider it tomorrow. We are meeting tomorrow with the Chief Electoral Officer, and then we're going on to our own budget. There is an item under Other Business, but I think members need time to think about this. This should not in any way ... I appreciate what you're saying relative to your estimates, but I think you have to proceed without an answer to the question you've sought today, unless I'm overruled by the committee.

Okay. Let's proceed.

MR. JOHNSON: With one comment, Mr. Chairman. I would really appreciate serious consideration being given to the data processing transfer from group 1 to group 2. We can in fact hold off on the remainder of it. If in fact we do not get that at this particular time or very close to this particular time, then we are going to be unable to keep that \$15,000 out of next year's budget estimates. I'm just asking for consideration, certainly not...

MR. CHAIRMAN: The committee may wish to readdress it tomorrow.

MR. JOHNSON: Fair enough.

MR. CHAIRMAN: All right. Let's go ahead.

MR. JOHNSON: Based on the remainder of this particular budget the second column from the right, Changes, these are reductions that we have in fact been able to identify. We've moved some moneys around to in fact show a reduction of \$111,200 in our original estimate for next year. That includes all the Premier's comments. Now, I realize the Premier's comments do not affect my committee or my group directly in a lot of ways. Because of the way they're written, our office is basically precluded, but in the spirit of what that is intending to do, I plan to hold my office directly to what that announcement is. That includes all the salaries for my managers, which I think is within that particular document that went out, but my own salary is not, and I would not be seeking an increase to my own salary at the time in the spirit of what's going on. Plus, if my managers don't get one, I don't think I should be in a position to take one.

So all the decreases that we have in fact taken into account on the right-hand side include the reduction of the staff member that I originally told this committee that I would be going for. We are no longer going for it. A number of the deductions include the student for next year. I said last year on the student - and this would be under Wages, 711C - that I would be coming back to this committee re instituting a summer law student. But in looking at the priorities and attempts to keep the budget at the lowest possible figure, I could use a law student, but it is certainly not one of the priorities of my particular office.

I don't know, Mr. Chairman, how you want me to proceed at this time. Line by line, as we did last time?

2:34

MR. CHAIRMAN: That's correct. I want to stop and see first if committee members have any general comments or questions, and then we'll go through it line by line.

Questions, comments? No?

MR. JOHNSON: I might ask that the second document be put out, if I could, Dixie.

Budget document B is coming around, showing where we're standing and in fact incorporating those items that I believe can be paid for this year and incorporating the decisions which I've just explained in terms of reducing the manpower - the two positions - and the Premier's austerity statement that was made.

MR. NELSON: Well, can I just ask one general question?

MR. CHAIRMAN: Yes.

MR. NELSON: In essence, the '92-93 estimate that you now have on budget document B, which is basically a carryover for your revised '92-93 off your budget document A, would not, then, include those five items that you wish to remove from or have adjustments made from the '91-92 budget.

MR. JOHNSON: That's correct, sir.

MR. CHAIRMAN: This is here on the assumption that. . .

MR. NELSON: ... the others take place.

MR. CHAIRMAN: Yes.

MR. NELSON: Okay. So subject to that taking place, this may be correct: if they do not take place, then this would have to be adjusted according to your other requests.

MR. JOHNSON: That's correct, sir.

Salaries and Permanent Positions, 711A. There will be some merit and adjustment within that, mostly to union positions, as we know, and to the excluded and opted out positions. The remainder of management staff are frozen till December 1 of next year, and that particular figure includes that.

Item 711C, as I pointed out, is the student, and that has been withdrawn in terms of setting priorities for my office.

In terms of Payments to Contract Employees, remembering that I am a contract employee, it includes the nonpayment of an increase in salary for me till December 1, plus my other personnel within the office itself who are managers or above, but does include opted out and excluded at a 4.7 percent increase. There will be a transfer of one position from salary to contract, and that's why this figure is shown as it is, but it's really no change. It's

just a movement of a salaried position to a contract position.

Employer Contributions, the next line, 711E. Again it includes all the UIC and WCB benefits that will have to be there. There are two people that it will affect within the office in terms of payments on purchase of prior service, employer share. That will be done within that.

MR. CHAIRMAN: Tom, is your question on 711E, or would you like to wait till he finishes?

MR. SIGURDSON: I can wait until we're finished group 1.

MR. CHAIRMAN: All right. We'll finish the Manpower group and then come back.

Go ahead.

MR. JOHNSON: Allowances and Benefits, 711F. There are, of course, conference workshops, workshop costs, and memberships: the Canadian Bar Association with our lawyer, the Law Society of Alberta, and legal memberships in terms of sections. It's \$10,000. Courses are becoming more expensive. An allowance of \$250 per employee - I had originally suggested to this committee that I would be increasing it to \$500, trying again to look at the priority I established with this committee, and that's increasing the competence within the office. But in looking at it, we are quite confident that we can maintain it at \$250 as opposed to the \$500.

Our total Manpower budget is \$1,051,600, which represents a 3.6 percent increase, which in actual dollars is \$37,100.

MR. CHAIRMAN: Thank you.
Okay. Tom, and then Alan.

MR. SIGURDSON: Can you tell me a little more about the position that's moving from permanent to contract, please?

MR. JOHNSON: It was a permanent position in our Calgary office. She left to take up a law practice outside our office, and I am having it moved into the contract position rather than a permanent employee position. Now, that, Mr. Sigurdson, will possibly change. If in fact the person we hire is a former employee or is an employee of the provincial government and already on staff, we would have those moneys put back in, but my ideal is to have that person on contract as opposed to a salaried position.

MR. SIGURDSON: Okay.

Just a question with respect, then, to 711E. Does the increase in employer contributions take into account the unemployment insurance premium increase?

MR. JOHNSON: Yes. UIC and WCB, as I mentioned.

MR. SIGURDSON: Okay; thank you.

MR. HYLAND: I'm not sure if it's a salaried position or a contract position, but the lawyer that was out in the private sector: this year she's back in the office, or was it a two-year secondment?

MR. JOHNSON: It was a one-year secondment. As it turns out, she has made a decision to remain in private practice, which means I'm going to have to come back to this committee for authorization to hire another one. It was unfortunate; we really had the belief that she was coming back. She went out to get

specific skills and experience, but she was offered a position at much more than we can offer within government scales.

MR. NELSON: Well, that's lawyers for you.

MR. CHAIRMAN: Anything else, Alan?

MR. HYLAND: Well, I guess the fee to the Law Society, then, obviously stays there. If you employ another lawyer, you're going to have it.

MR. JOHNSON: Exactly.

MR. ADY: A little more clarification on 711E. A 14 or 15 percent increase: is that all made up of increases in the actual cost of UIC and WCB?

MR. JOHNSON: Yes.

MR. ADY: So they've had an increase of 15 percent in their premiums?

MR. JOHNSON: Yes, a fairly significant amount there. Also, we've got two prior pensionable services that we in fact will have to pay off. We've got a portion of that. Those were applications made through the personnel administration office, and really it's almost compulsory for us. We had no choice but to show it within our budget.

MR. SIGURDSON: Just to go back, you're comfortable with leaving the permanent position and going to the contract position in Calgary. How much of that individual's time is your office going to be able to have once they move from your office to a law firm?

MR. JOHNSON: We will still have access to that. In fact, I think in the long run we're going to be better off, because we are now going to have three lawyers in the Edmonton area that we can go to if in fact we get into a lawsuit situation as opposed to before, when our office only had one who had the full experience.

MR. SIGURDSON: So counsel's going to be retained then, but are you going to be using counsel on a regular basis, as you would if you had that person full-time in your office, or are you going to use counsel only in the event you find a lawsuit?

MR. JOHNSON: No. What I would like to do is . . . I'm still going to hire a replacement for that. If in fact we went to lawsuit situations, we'd be going outside the Ombudsman's office anyway. But now we've got a person that we can contract to who has experience from within the office, so I think we're going to be better off in terms of utilization of our services. I'm still coming back to this committee based on the Premier's announcement and attempting to have authorization to fill that position starting on January 1 of next year. That's for the normal legal opinions that are required within our office.

MR. CHAIRMAN: Yes, Derek.

MR. FOX: So the budget associated with that position is not included in this proposal here.

MR. JOHNSON: It still is in here, because I am proposing to fill that position.

MR. FOX: Okay, but it's not a position that's been declared redundant or vacant within your department?

MR. JOHNSON: No, it is not.

MR. FOX: So, again, you're not increasing permanent positions. You're not hiring a new permanent position; it's an existing permanent position.

MR. JOHNSON: No. We're filling an existing position that will become vacant January 1 of this year.

2:44

MR. CHAIRMAN: Derek had raised a question earlier when we were meeting with the Auditor General on how far the Premier's statement goes relative to the three offices which report directly to the Assembly through this committee, and we're going to get more clarification on that as well. But we're pleased to hear that you're working within the spirit of the announcement.

MR. JOHNSON: We also, Mr. Chairman, have tried to get that commitment out of Treasury Board. Very difficult to get it absolutely.

MR. CHAIRMAN: Well, it's because of the gray area.

MR. JOHNSON: It's the gray area, plus everybody is almost afraid to touch one of those three committees, in one sense.

MR. CHAIRMAN: Well, that's good. That's our job.

MR. JOHNSON: That doesn't bother me either.

MRS. GAGNON: We're such hard taskmasters. Anyway, you know things are fine.

A question on the student. I know it's only \$7,500, but was this just a summer student or somebody you had part-time through the year?

MR. JOHNSON: No, somebody we'd go out and attempt to hire under competition, normally a law student, to do research within the office itself. Again, looking at the spirit of the announcement, we set priorities within the office to try and keep the budget as low as possible.

MRS. GAGNON: So it wasn't an article position or anything like that.

MR. JOHNSON: No, it was not. It was strictly summer, usually a second- or third-year student who has the administrative law class already behind him.

MRS. GAGNON: Okay.

My second question relates a little bit to the first page, I guess. You have some unexpended moneys, which you now want to use to buy ahead maybe something that will help next year's budget. Is some of that due to the fact that you have not replaced this legal person? The position still exists. You haven't had to pay a salary in the last few months.

MR. JOHNSON: No, it's as a result of not filling a position in Calgary. A lawyer was hired but as an investigator in the Calgary office. That person left the office in August, and I'm now in a position to go to final interviews on December 3. So we've had a surplus based on that time.

MRS. GAGNON: For three months or so, yeah. Okay.

MR. CHAIRMAN: Anyone else?

As well, Harley, we'll come back to you and the other two officers on things we want so that there is some commonality between the presentations of the three offices; i.e., staffing. You've got a column for 1990-91 Actual, which is helpful, and we want to ensure the other two use the same process. We'll clarify that between now and our final discussion.

Anything else on Manpower before we move on to group 2, Supplies and Services? All right, moving on then.

MR. JOHNSON: On Travel Expenses under group 2 there is an increase of \$800 for the auto lease. There is an increase of \$4,000 for the touring that I'm doing around the provinces. An awful lot of touring has come up.

MR. CHAIRMAN: Around the province?

MR. JOHNSON: Around the province. Sorry; did I say "ces"?

MR. CHAIRMAN: Yeah.

MR. FOX: You broadened your mandate there. You're going to Newfoundland, are you, to provide service?

MR. JOHNSON: Yeah. Around our "provinces" of Alberta. Also for the International Ombudsman Institute Conference next year, which is held every four years. That is why the increase in that particular portion of 712A.

MR. CHAIRMAN: Shall we stop there for a moment?

MR. JOHNSON: Certainly.

MR. CHAIRMAN: Yes, Stan.

MR. NELSON: The travel thing is one that we're going to be looking at pretty carefully, I would expect. How many people would you anticipate would go to this international meeting, and at what cost?

MR. JOHNSON: I'm only authorized to take myself and one person from my staff, according to the committee that's putting it on. So it's two persons plus spousal travel, for a total of three.

MR. NELSON: Well, you may have to make a decision on one person, like yourself and a spouse or something, and not take one because of the consideration of reducing some of these travel budgets by up to 25 percent.

MR. JOHNSON: I accept where you're coming from. The person from the office that I had selected to go to the conference was Dixie. The reason Dixie was asked is that she's been asked to chair a session at that particular conference dealing with the computerization of Ombudsmen's offices around the world. I was actually asked to supply a person to chair that particular portion of the conference. So that's where we're coming from. I do accept that there is a concern on travel budgets.

MR. NELSON: Well, there's a way around it, of course, and that's to travel excursion rather than business.

MR. JOHNSON: These are excursion, Mr. Nelson, sir.

MRS. GAGNON: I have a hundred thousand points you can have. I've got so many points.

MR. NELSON: Well, the other question. Over the last two years there's been considerable increase in the travel expenses at the office. If we were to examine a reduction of 25 percent in that overall travel, and you work it out from there, how would that impact the office of the Ombudsman?

MR. JOHNSON: What it will probably do is impact my touring capability, not the investigative side because that still is the priority of the office. There is a priority that we established, both with the selection and this particular standing committee, that I would go out into the province and make public presentations. So that's where the impact would be: on that priority that we've established.

MR. NELSON: Well, sometimes some priorities have to change based on economic circumstances.

MR. JOHNSON: I do accept that. If in fact the wishes of this standing committee are to reduce it, that's where I would recommend that it be reduced, not in the travel of my investigators.

MR. NELSON: I appreciate that, because that's kind of non-discretionary.

Thanks, Mr. Chairman.

MR. TANNAS: It was on the same vein that we've been talking about that I was going to look at it. If we look at '90-91, we had \$60,000, and then we jumped to \$84,000 in '91-92, and then go to \$102,000 in '92-93. That's a pretty big increase: 66 percent in two years type of thing. I'm looking at, again, the '91-92 estimate of \$1,250,000, and now we're at \$1,305,000. To make it zero, that's one area that could be changed so that it doesn't cut into your investigations. We can't do that.

MR. JOHNSON: I do understand where you're coming from. Remember that this particular year the Canadian conference was in Winnipeg; quite a bit cheaper than going to Vienna. On that particular one I did use travel points for my spouse at no cost. It will come down the following year, because of course there will be no international Ombudsman's conference in '93-94. This is a one-time expense. That one international conference is once every four years.

MR. ADY: Harley, could you give us some idea of what kind of a percent increase the \$4,000 is that you list in your touring of the province as the Ombudsman? You indicated that the increase was \$4,000 and that was in your costs for touring the province. I'm just trying to find out what kind of a percentage of increase that is in that narrow category.

MR. JOHNSON: Okay. Just half a second and we'll have it for you, sir.

MR. ADY: I guess as a follow-up on that, is that due to what you anticipate as an increase of costs, or is that due to an increase of actual travel?

MR. JOHNSON: Increase in actual travel and costs. Even the auto lease is increased for next year, the cost of the cars.

MR. NELSON: That comes from Public Works, so it's not something you have control over.

MR. JOHNSON: That's correct.

On the Ombudsman touring the increase is 22 percent in terms of the overall.

MR. NELSON: Okay.

MR. ADY: You didn't put the \$800 in. I was just interested in what percentage the \$4,000 was. Is that what it is, Dixie?

MS WATSON: Yes.

MR. ADY: Okay. Thank you.

There's a follow-up on that. Could you give us some idea of how many days you spent or planned to spend in this fiscal year touring the province?

MR. JOHNSON: In the remainder of this fiscal year, until March 31, I've got four more tours. I plan next year to have one week per month out doing tours. That was my plan.

MR. ADY: Okay. So you will have done something less than that in this fiscal year?

MR. JOHNSON: In this particular fiscal year I did do less than that on average. However, in September, October, November it's been very excessive. We're trying to reach as many areas as possible.

MR. HYLAND: When there's an international Ombudsman's conference, there's no Canadian one. Is that right?
2:54

MR. JOHNSON: That's correct.

MR. HYLAND: Okay. So what we're dealing with is really the difference between the cost of a Canadian one and the international one, because normally there is one in there.

MR. JOHNSON: That's right, but it's quite a bit reduced of course.

MR. CHAIRMAN: Yes, Yolande.

MRS. GAGNON: My question concerns the touring as well. As part of your mandate you were to go out and tell people about the Ombudsman's office: the services that are available and so on. Do you think that in addition to that it serves an educational purpose not just about your office but overall, about justice to citizens and so on?

MR. JOHNSON: Justice, accountability of government, government structure, especially when I end up in a classroom setting. I made 18 classroom presentations Wednesday, Thursday, and Friday of last week. In those sessions I put on the blackboard a structure, an organizational chart of government, showing how the Ombudsman, the Auditor General, and the Chief Electoral Officer report through a standing committee off to the side. So it's very educational in terms of departments of government and the political side of government as well.

MRS. GAGNON: In order to keep costs down, have you ever thought of maybe asking the consumer of this information to share the cost, or is it seen as a government service totally?

MR. JOHNSON: They are sharing the cost in advertising. One of the ways we were able to reduce it, leading up to this point, is that if the Chamber of Commerce in Stony Plain asks for a presentation, I will say: "I'm more than willing to come out. Could you also put on a public presentation at night, advertising at your cost?" They have done so. Lakeland College did it throughout the St. Paul-Bonnyville-Fort Kent-Vermilion-Wainwright area. They did all the advertising for us at no cost to our office.

MRS. GAGNON: Thank you.

MR. CHAIRMAN: Anyone else? All right. Then moving on. Let's see; we haven't dealt with Advertising yet, have we, 712C?

MR. JOHNSON: No, we haven't.

MR. CHAIRMAN: All right; let's do that now.

MR. JOHNSON: Advertising, 712C, shows a decrease from our '91-92 estimate, from \$13,000 to \$11,000. Part of that is based on what I just explained to Mrs. Gagnon in terms of attempting to get groups to pay for the advertising when we do go to public meetings. There is some advertising involved when I have to go to competition, and I think this committee is very well aware of the concern if you don't go to competition to hire people. So I have to be very cautious, especially in my office, probably more so in my office than in the majority, that we do compete and allow all Albertans to at least have access to the mechanisms. So that's Advertising, 712C.

MR. CHAIRMAN: Questions on Advertising? Yes, Jack, Don.

MR. ADY: Harley, what can we assume happened in 1990-91: \$2,348 for an advertising budget, and then we move to \$12,245 in the next year?

MR. JOHNSON: To go for a competitive position, which my predecessors did not always do - and I don't mean that in a negative sense. I'm just saying that in terms of my own priority, in terms of showing the office to be absolutely neutral, we don't hire without a competition. That has increased it. So the advertising costs us about \$4,000 every time we have a competition. This particular year we've had one to date. There will be a possibility of a second one.

MR. NELSON: Use *The Bulletin*.

MR. ADY: That was going to be my question, whether you do use *The Bulletin* in addition to advertising and if it would be possible to just restrict it to *The Bulletin*.

MR. JOHNSON: I could restrict it to *The Bulletin*. *The Bulletin* does not reach all areas of the province. *The Bulletin* does not reach into a lot of the native communities. *The Bulletin* does not reach into the ethnic communities. So I guess where I'm coming from here is that I was advertising as widely as I could within the province itself. Yes, I could stay with *The Bulletin*, realizing the impact of not reaching everybody.

MR. CHAIRMAN: On Jack's point, then, to reach the native community and the ethnic community, how do you use the \$4,000?

MR. JOHNSON: Advertising in native newspapers, advertising in every Alberta daily, in the Alberta weeklies. There is some radio advertising on occasion, but the radio advertising is primarily dealing with my touring, where we cannot get somebody to take it forward.

MR. CHAIRMAN: You don't get into all the dailies and all the weeklies for \$4,000.

MR. JOHNSON: We get into pretty close to all the major dailies.

MR. CHAIRMAN: What kind of ad?

MR. ADY: Bob, where did you pick up the \$4,000 you're talking about? That reflects back on his touring and his cost of touring, not advertising.

MR. CHAIRMAN: Did I make a mistake? I thought the figure \$4,000 was used to advertise a position. I was using the example of \$4,000 to advertise one position.

MR. ADY: Oh, I'm sorry; you're correct. Yes, you're right.

MR. CHAIRMAN: Dixie, did I hear you correctly? Was that right, \$4,000 to advertise a position?

MR. JOHNSON: That's correct.

MR. CHAIRMAN: All right. So what I'm trying to understand: we've gone through this in this very committee on the Ethics Commissioner, and the cost of placing an ad in all the dailies and all the weeklies is considerably higher.

MR. JOHNSON: May I indicate that I made a mistake? In terms of the advertising for positions: two in Calgary, two in Edmonton, Lethbridge, Medicine Hat, Red Deer, Grande Prairie, Fort McMurray, and a native newspaper.

MR. CHAIRMAN: Well, this isn't the time to get into it in detail. I guess I would say that if your audience is the native community and the ethnic community, I'm not sure you're using the right vehicle, but we'll come back to that.

Alan, on this point, and then we'll go back to our speakers list.

MR. HYLAND: Yeah, that was my question too. There's a lot of this province that the dailies don't hit. That begs the question of no advertisement in the weeklies. If you advertised in one daily in each major city, that would leave you lots for the weeklies, and you could alternate between the two newspapers too.

MR. JOHNSON: That's a possibility, yes.

MR. HYLAND: Then you'd be covering the whole province versus part of it

MRS. GAGNON: Everybody gets a daily.

MR. HYLAND: Everybody doesn't get a daily. I don't get them.

MRS. GAGNON: At least on Saturday, don't you? Once a week you don't get the ...

MR. HYLAND: Between the Medicine Hat and Lethbridge papers I'll bet you there aren't 150 papers, if that. There aren't that many that come into Bow Island.

MRS. GAGNON: Is that right?

MR. CHAIRMAN: Not very good coverage by the weeklies.

MR. JOHNSON: The only comment I could make in response to that, sir, is that we had 603 applicants at closing time for the one competition in Calgary, and they're from all over the province, in every little nook and cranny.

MR. CHAIRMAN: We'll come back to that in detail.
Yolande, are you on this list?

MRS. GAGNON: No.

MR. CHAIRMAN: Is there anyone else on the list for advertising?

MR. TANNAS: Yeah, I was too.

MR. ADY: At the next cut we'll be dealing in more detail with these kinds of things.

MR. CHAIRMAN: Yes, we will. The purpose of today is to alert as to where there's interest and where we want more information.
Don.

MR. TANNAS: It's basically been said. I was going to ask about *The Bulletin* and about the employment offices in the federal government.

MR. CHAIRMAN: All right. We'll go on then to insurance and so on.

MR. JOHNSON: Insurance is \$1,000. It includes payment for the deductible portion of insurance losses and repairs and replacement on the Ombudsman's vehicle and damage to goods incurred through employee transfer. No change from last year.

Freight and Postage, 712E, there's an increase of \$500. There will be an increased number of annual report mailings. Inclusion of the municipalities in the annual report mailings, at the request of the Urban Municipalities Association, increased it this year by 25 percent. What I did, though, is not make a commitment to send them all one next year. What I did was indicate in a letter to them that if they requested one specifically, they would get one, but if they did not request it, it wouldn't come out automatically.

MR. CHAIRMAN: Good for you.

MR. JOHNSON: I have done the same thing with the courts and the judges and a few of the other areas. In other words, if they want it specifically and they request it, they get it, but if they don't say anything, they're not getting it. There will be an increase in postage again, anticipated January 1 of '92. So our estimate is \$6,000 on that, only up \$500 in total.

Rentals, 712G. We do have rental machines, the xerox machine. There is a rental for a parking stall for myself in the Calgary office. Again, realizing that it's not directly saved for me, whenever any of my investigators are now traveling to Calgary, they take my parking pass if I'm not going to be using that stall and thereby save us cost and expenses when it comes back. That's still in place. There's also an increase in the parking stall from what it was to \$25 a month. I think it was only \$4 a month; it's now \$25 a month. It's quite an increase, and I was tempted very seriously to cancel the parking stall itself and go by expenses, but if we are going to in fact have everybody using it, it is cheaper for

us to go this way than have everybody claim expenses for parking when they're in Calgary. So our estimate there is \$8,000.
3:04

Telephone and Communications: there is no change. Again, we're ensuring as best we can that all our telephone calls - long distance, after hours - are absolutely required.

Number 712J, Repairs and Maintenance, is actually a decrease but a decrease of only \$100 from last year. Some of our machines are getting to the point where they need more cleaning and servicing - typewriters. We've cleaned the Calgary machinery less than has been done in the past. We believe we can get by with that, and typewriters are used so seldom now that we're decreasing the amount of servicing from every year to every second year. Again, it's only \$100, but it is a reduction.

Number 712K, Contract Services. We estimated last year \$30,000; we are decreasing that to \$28,600. One of the reasons, again, that we're decreasing is that we are decreasing the use of our Quicklaw. While we have to replace the computer so we do have access, we're decreasing its actual amount of usage because we pay by the minute as those particular bills come in.

In terms of 712L, Data Processing Services, we are asking for an increase. There is going to be some new program development in here. There's an increased cost of maintenance - again, everybody is increasing their costs in these particular areas - and there is a software purchase. The LAN, local area network, administration has increased by \$1,000. As well, PWSS charges are remaining the same, at \$100.

MR. NELSON: Can I ask a question?

MR. CHAIRMAN: Go ahead.

MR. NELSON: Every time we turn around and I read about these budgets - yours and the Auditor General's and other government departments' - everybody always seems to be suggesting that there's going to be development in new computer programs. My understanding years ago when computers started becoming the norm was that they were going to save governments and business and everybody tons of money. From what I've seen, and when I go back to my municipal government days in particular - I'm asking the question: have they saved money? How have they saved money? We keep getting more people to run them, we keep having to develop new programs, and so on and so forth, and the costs keep escalating. Every year there's always a large cost for new program development, new software, new hardware, new this and new that. Do you foresee any reason for this, first of all? Secondly, when is it going to stop? Somewhere along the line somebody's going to say, "Whoa; no more."

MR. JOHNSON: In terms of myself, I think you're never going to see a decrease in computer costs, if you want it honest and straight out.

MR. NELSON: Well, yeah.

MR. JOHNSON: Secondly, the file maintenance would in fact be more expensive in the long run had we had to hire people to look after all these file areas, and thirdly, the space to look after all hand files would be phenomenal.

MR. CHAIRMAN: On Stan's point - and I believe it goes back beyond your time to Aleck's, but Dixie might recall. I think Stan's on a key point. I believe one of the reasons we bought into

this system was because in the long run it was going to save us money. So when we come back to our more detailed budget, would you please go back and do some research in your own files on the proposal? Because we talked about that long and hard around this table, the substantive cost of going to the new system, and I believe it was on the basis that after the initial start-up costs it would save us money. So I think Stan's on a key point. We'll come back.

Okay, Harley, go ahead.

MR. JOHNSON: Hosting, 712M. Again, the only increase here is \$500 over the \$3,000 from last year, to \$3,500. Next year is the 25th anniversary of the Ombudsman's office in Alberta. There will be a function of some form, or at least I would like to propose a function, and that \$500 increase under Hosting would go towards that particular cost.

MR. NELSON: I'd like to get in on that.

MR. CHAIRMAN: Go ahead.

MR. NELSON: AADAC had their 40th anniversary this year, and we didn't do sweet tweet because we didn't have any money, and a direction from the government is that hosting budgets not may but will be cut 25 percent.

MR. JOHNSON: I understood that 25 percent was to the remainder of this year, which we are intending to live by.

MRS. GAGNON: That's for the balance of the year.

MR. NELSON: But I think it will ultimately be carried through next year, and that's my own personal opinion, based on information I've been putting together.

MR. CHAIRMAN: Well, why don't we leave it that it's been flagged, and when we come back for our detailed discussion, recognize that Hosting will be discussed.

Go ahead. Other Purchased Services.

MR. JOHNSON: Okay, 712N. It's a \$100 increase. This includes International Ombudsman Institute fees, registration fees not for conferences, licence permits: that type of area is fitted within this particular area. The only change is one more additional area within my office for one more membership, a \$100 membership.

MR. TANNAS: I presume the '90-91 cost there of \$20,000 is related to a decimal misplaced, or is it related to a conference or something that was held here?

MR. JOHNSON: No, that's in relation to a move. We moved Ed Chetner from the Edmonton office to the Calgary office, and there's a leftover expense relating to my move and one other move from Grande Prairie to Edmonton of one of our investigators.

MR. CHAIRMAN: When we come back, we'll talk a little more about some of the fees: the international Ombudsman's fee, and you mentioned another \$100 fee that's new this year. Not to deal with them at this time, but when we go through the budget in more detail.

MR. JOHNSON: You want it very, very specific. Fair enough, sir.

Materials and Supplies, 712P. We are showing a decrease in our particular area here. Do you want to go over the specifics, or do you want to wait until we get into it?

MR. CHAIRMAN: No; I think we'll wait.

MR. JOHNSON: Because that does show a decrease.

The total of group 2 is still an increase in total of 7.7 percent, or \$17,700.

MR. CHAIRMAN: Just to sum up this section, there was obviously a lot of interest in the Travel Expenses area because of the increase in costs. One thing that would be helpful is if you review for us when we have our next meeting, as you did a year ago, a list of the communities you visited during the 1991-92 year. Also I heard Stan very clearly indicate - and I think he reflects the view of the committee - that we don't in any way want to inhibit your investigators from doing their work. On the other hand, now that you've introduced yourself to the province, there may be an opportunity to pare back the visits by yourself just on an introductory basis. We'll need to look carefully at where we are with that, because travel expenses have gone from \$60,000 in 1990-91 to an estimated \$102,000 today. Over two years that's a big jump.

MR. JOHNSON: Remembering also there was no Ombudsman for part of that period, when the \$60,000 took quite a significant chunk of time.

MR. CHAIRMAN: Then let's go from the actual '91-92 of \$83,000 to \$102,000. It's still big.

MR. JOHNSON: Accepted.

MR. CHAIRMAN: On the advertising I'm still a little bit concerned, if the objective is to get to native and ethnic communities, how you do that through the dailies, but we'll spend more time on that. Then there were questions on Hosting, of course, and Other Purchased Services, which we'll deal with.

Jack, do you have your hand up?

MR. ADY: Yes; 712P, going back to '90-91. Is that an anomaly that year, or are we in danger of something like that jumping at us again? What's the \$63,524 there?

MR. JOHNSON: Okay. That was part of the Principal inquiry, Dixie just informed me.

MR. ADY: So we have an anomaly.

MR. JOHNSON: There was an anomaly.

3:14

MR. CHAIRMAN: Remember, part of that was covered by special warrants.

MR. FOX: So the question was: is there a possibility that something else like that will jump out at us again?

MR. ADY: No, there's not.

AN HON. MEMBER: Not a chance.

MRS. GAGNON: Sure hope so.

MR. CHAIRMAN: What did you say, Yolande, for the record?

MRS. GAGNON: Bite my tongue.

I have a question, please. On 712K your forecast as compared to your actual is down about 26. What was that, fewer contract services, more permanent staff?

MR. JOHNSON: One of the reasons why it was so much this particular year and part of my request for transfer of funds that will be done at a later time involved Mary Marshall being outside our office.

MRS. GAGNON: I'm sorry. That's the same issue then. Okay, I get it.

MR. JOHNSON: That's right.

MR. CHAIRMAN: Okay, thank you.
All right, we're on to group 3, Fixed Assets.

MR. JOHNSON: Purchase of Data Processing Equipment, 724C, shows \$7,000, the same as last year. I have mentioned to this committee the specifics that we are going to have to look at. We are going to need a new computer in our Quicklaw area. There's going to be on-line payroll processing accessibility, and the access- to-user files in both Calgary and Edmonton would have to be looked at in that particular area.

Purchase of Office Equipment, 724F. The only things that will be left over are dictaphones, calculators, typewriters, and adding machines, as in fact they do break down from time to time and we have to replace. There are some unforeseen costs that always crop up every year. The nonproject furniture funding we understand will be cut by 80 percent by PWSS in '92-93.

MR. CHAIRMAN: Okay. Questions? Yes, Stan, and then Alan.

MR. NELSON: I just want to ask if the purchase of data processing equipment could in fact be deferred without any major hardship within your office. I go back to the purchase of services, and now we've got equipment.

MR. JOHNSON: The problem I see in this particular area: if we have a breakdown of a hard drive or anything else, that gives us no funding whatsoever and we have to come back to this committee for what I consider to be fairly minor items, although they're fairly expensive in one sense. It's \$600 to \$800 for a hard drive. If one breaks down, we need them. Those are just items that will always come up. There's always some software tampering that has to be done within the system itself. There are always bugs that crop up. To ensure that they're properly dealt with, we have to handle them in this particular area.

MR. CHAIRMAN: Anything else? Okay. We then have the total at the bottom proposed for 1992-93 of \$1,305,600.

MR. HYLAND: Do you have the percentage on that, Harley?

MR. JOHNSON: It's 4.4 percent, sir, which represents in actual dollars \$54,800 in total.

MR. CHAIRMAN: Good. Thanks for the presentation.

MR. JOHNSON: Thank you, sir.

MR. ADY: Actual dollars again, Harley?

MR. JOHNSON: It's \$54,800.

MR. CHAIRMAN: Okay. That concludes the agenda for today. Ready for a motion to adjourn? Jack.

MR. JOHNSON: Mr. Chairman, I have one very minor point.

MR. CHAIRMAN: On the budget?

MR. JOHNSON: It's not budget; it's dealing with the replacement of positions. Because of the Premier's statement, does that...

MR. CHAIRMAN: Well, why don't we conclude our meeting, and then you can brief the committee?

MR. JOHNSON: Okay. Thank you, sir.

MR. CHAIRMAN: All in favour? Opposed? Carried.

[The committee adjourned at 3:19 p.m.]

