

[Chairman: Mr. Hierath]

MR. CHAIRMAN: I think we'll call the meeting to order. We're still missing a few of our members. They'll be dribbling in and out as the meeting progresses.

I would draw your attention to the agenda and ask if I could have someone approve the agenda for this morning. Don Massey. All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? Carried.

The approval of the minutes of our last meeting of November 30 under tab 3(a). If you would turn to that, I'd request approval of those.

MR. FRIEDEL: So moved.

MR. CHAIRMAN: Gary Friedel. All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Carried.

At this time on our agenda item 4, budget estimates, office of the Chief Electoral Officer, I would like to welcome Derm Whelan and have him maybe introduce his staff. We'll start from there, Derm. Good morning and welcome.

MR. WHELAN: Good morning, Mr. Chairman, and thank you for your introduction. Good morning to the ladies and gentlemen, the members of the committee and those present. To my right is Brian Fjeldheim, the Deputy Chief Electoral Officer, whom I'm sure you know, and to my left is Mr. Bill Sage, the director of financing in my office.

Should I just proceed, Mr. Chairman?

MR. CHAIRMAN: Sure.

MR. WHELAN: I think by way of introduction I maybe would like to outline the objectives or the mission or the general goals of the office of the Chief Electoral Officer. Primarily the Chief Electoral Officer is tasked with providing Albertans the opportunity and the necessary apparatus to elect members to the Legislative Assembly of this province. That, simply put, is our objective. Ancillary objectives include making sure that the Election Act and its provisions are complied with as well as the provisions of the Election Finances and Contributions Disclosure Act. Other activities involve conducting liquor plebiscites as required under the Liquor Control Act and then generally also providing assistance as may be required with the technical and administrative support of whatever electoral boundaries committees or commissions may be struck to deal with redistricting in the province of Alberta. Generally speaking, this is the goal and objective of the office.

In 1995-96 the office plans to review the various statutes that govern our activities and identify any changes that may be necessary to meet with the ongoing directions of this committee and subcommittees of this committee. Primarily we are looking at the possibility of a permanent register of electors that may devolve to a joint venture with Elections Canada and that hopefully will provide the opportunity to serve the third level of government, the municipal governments, and other groups: school boards in particular, hospital boards, whatever. Indeed, if it does not lead to a negative response

from the public, we may even be able to structure it so that jury lists may be obtained from the same product. This of course requires an enormous amount of study, and I can tell you that although we're toward the end of our mission in terms of research, we're far from it in terms of implementation. So that will be a major task and a priority and part of the major plan for the coming year.

I guess we should say also that we're trying to chart a new direction for the electoral office that will involve sharing a wide variety of activities with Elections Canada including training, information sharing during electoral periods, both federal and provincial, and a host of other activities.

One of the other activities that will be necessary during the coming year will relate to preparations for a possible enumeration or a possible election before the term of the present administration is concluded. I suppose that the main business of an election office is to be always ready for an election, and we, quite fairly, may make the remark that that readiness really has to be ongoing and current. It's not possible with any intelligence to assume that the government will continue in office for four or five years. It's strictly in the hands of the executive to decide when an election will be called. So a large part of the ongoing activities, the priorities and plans, are related to being ready for elections – having the people ready, having the materials ready, having the plans ready – and that's an enormous task, as you can well imagine.

We also will be looking at the tariff of fees that we pay with respect to elections. If the amount of work that is required to carry out the various duties that are assigned under the tariff is lessened or diminished, then I think it would be reasonable to look at reducing also, in a small way at least, the tariff of fees.

We will continue to review the existing financial systems that we have in place to improve not only our capacity but also the efficiency of the office. I might say at this point that we completed a calculation, and at the end of this particular fiscal year that we're planning for, we will have reduced the expenditures in the electoral office by 18.75 percent I believe. Brian? So we only have 1 and a quarter percent to go to achieve the 20 percent within three years. We've attempted to build into our operations a welcoming of the general fiscal policy directive of the government and of the Legislature.

In an election office where you do have discretion and discretionary spending, very often the discretion is not unfettered. I mean, it is really not in your hands. When a by-election or an election is necessary, you have to get on with it. So although most of our funding is budgeted and can be described as contingency funding, still the discretion is not unfettered, and it's very important, then, to have the funding available for these activities. That's part of that review as well. There are other things, but I won't go into that in any greater detail because I know we need to deal with the budget.

I would think members of the committee are fairly familiar with the programs and the activities that generally occur in the electoral office. Although I have some notes, I'll just perhaps skip these for the time being. I know also that you're well aware of the organizational structure.

So having made these introductory remarks, perhaps I might mention only that in addition to this meeting concerning the budget, I would like to meet – perhaps before the Legislature again sits, I think on the 13th of February or thereabouts, Mr. Chairman, if it is possible – with the committee again to discuss other matters. These include, first of all, amendments that may be quickly necessary for an early election in an effort to cut costs, and this in a way would short-circuit the implementation of the permanent register. It may not be possible if there is a decision to have an early election, meaning before the expiry of the term. The time just may not be

there to deal with the implementation, if the committee decides and the Legislature decides to go forward with that process. We may have to revert to the old policy, and if that's so, then we want to streamline it so we're not wasting money. It might also be the building block for the permanent register, so it won't be, so to speak, money going into a sinkhole or money on the dead. So I'd like to discuss that.

10:20

Secondly, Alberta was the host of a conference in 1981 for Chief Electoral Officers. As a matter of fact, it was the first Chief Electoral Officers' conference that I attended. At that time Ken Warke was the Chief Electoral Officer. Our turn has come again, and I would like to maybe discuss that with the committee, in terms of having that in perhaps the next fiscal year or certainly within the time frame in the three-year plan that we have.

The Council on Governmental Ethics Laws has only had a conference in Canada twice, once in Quebec City and once in Toronto. It has been suggested that Alberta might wish to host such a conference, perhaps in Jasper or Banff, whatever, in '97-98. That will be, by and large, self-supporting, but it would involve our time and planning, et cetera, et cetera, and it really needs to be discussed with the committee.

Finally, I hope that before the Legislature sits we might discuss with the committee the matter and the method of appointing returning officers. I think you'll agree with me that it's most important that these key persons who deal with the workaday and field operations of elections be competent for the purpose and that we have a methodology in place that respects the prerogatives of the government but at the same time maximizes the planning capabilities of the electoral office and really serves the people of Alberta in an optimum way.

So, Mr. Chairman, if it's possible before the Legislature sits – I know you cannot sit after the Legislature resumes – to arrange a meeting to discuss these things, I'd appreciate it.

MR. CHAIRMAN: We will try to get a date at the end of our meeting, Derm.

MR. WHELAN: Well, thank you, Mr. Chairman.

I'll move now, if you wish, Mr. Chairman, to the budget and present you first with a summary. I think people have copies of this. I'm beginning with the summary page. We have followed the traditional methods and the established procedures with respect to this presentation. There are three main categories in the preparation. The presentation includes administrative, elections, and enumerations estimates. The '92-93 actuals are there for you to see, the base year; the forecasts for the balance of this year; and the estimates for 1995-96.

The asterisks next to elections and enumerations amounts in the '94-95 column, the centre column, indicate that the funding last year was reduced by \$100,000, and sort of rather arbitrarily, to provide funding for the establishment of the office of the Privacy Commissioner. I think at that time there was an understanding – at least the *Hansard* reflects that there was an understanding – that these funds would be available in the following year and this would only be a onetime cut. It's very, very difficult to predict how many by-elections there will be in any given year. In 1992 there were three, at least in the calendar year. Looking at events as they occur and unfold now and looking also at the fact that there is one vacancy, I think it is reasonable to infer that perhaps prudence dictates we prepare for three possible by-elections. If that is so, perhaps the committee will agree that these funds should indeed be replaced, if I might put it that way.

The difficulty is that since the Deficit Elimination Act has precluded the use of special warrants, it really is necessary to put in place a contingency funding apparatus. Now, it is contingency funding, and I'm sure that Roy Brassard would be quick to say that these are contingency funds. Unfortunately, they're not discretionary. If these things come to be, then they are to be, and the funding must be available. I think of the scenario where let's say we've decided for budget purposes, on paper at least, only to fund one by-election and there were two or three or four. Where would we go to get the money? How difficult would it be? How much would it interfere with other operations of other legislative offices and so on? Of course, that leads to the question – and I'll raise it again later – that we will probably have to budget for elections and general enumerations, which means that in '97-98 fairly large amounts of money will be entering into a budget discussion or entering into this particular schema.

At any rate, the total that is requested is \$890,000, and I would point out to you that there has been I think a significant reduction in the administrative forecast for '95-96, and that accounts for the 18.45 percent reduction from the base amount in '92-93. What we have done is assisted one of our senior managers to retire. It was at that person's request, mainly for health reasons. However, we have also taken the decision not to fill that position. I don't want to abolish the position right at the moment, but if it is possible for Mr. Fjeldheim in addition to his other duties to carry on and act as the director of operations, then perhaps in due course the position will be totally eliminated. So that accounts for a large part of the 18 point whatever percentage decrease and our success in trying to reach the 20 percent target goal over three years.

On the next page there is more detail on the salaries and the administrative element. Maybe it would be easier if I just stopped and invited questions. I think people have probably read this or at least scanned it. The total amount is \$397,713. It reflects the reduction I discussed, but it is less than the forecasts for '92, '93, '94, '95. This money of course is the salaries, the wages, the things that happen generally in the headquarters part of the operation.

Well, I'll move on. In the election estimate we're reflecting an amount to fund three by-elections, but not only that. We're also reflecting an amount to cover approximately \$100,000 in purchases of required supplies and other paraphernalia, the nuts and bolts of things that are used for an election. We did not purchase these last year for two reasons: first, because it was necessary to fund the work with the Privacy Commissioner's office; secondly, there was some talk about changes in the legislation. Any of this material bought under an old legal administrative regime would really not be usable if the law were changed. So we could safely defer that last year. I think that this year we'll have to try to restock or acquire these necessities, mainly because the time makes it imperative. Perhaps if we just generically change them, we'll be able to work them under either a changed type of administration or under the present law. Again, the amount has gone from \$155,000 to \$235,000 because, basically, the \$100,000 has been put back in, but there has been an adjustment downwards trying to achieve the 20 percent reduction.

Finally, in the enumeration element we have budgeted again for three special enumerations in the ordinary way, making the prudent inference that there may well be three by-elections in this particular year. I don't know that I would maintain any argument that one might expect three by-elections in every year. I think that maybe, all things being equal, you might look towards one or one and a half, so it had to be two. Given the scenario as I see it now and the fact that there is always one vacancy, I think prudence would say to be prepared for three, especially if you can't use a special warrant. Again, the acquiring of supplies is included in this related to enumerations. If there's a change early in the year in the way we're

doing this and we decide to go to a permanent register, then of course these costs will have to be directed towards the computer processing of the data. So it's a paper chase changing to an electronic race, but essentially the same things have to be done.

10:30

Finally, on the D page we've made a projection, as required, to 1997-1998. As the asterisk notes, if there is a general election and if both fall in the same year – the numbers below the table are for a general enumeration in either of these years – it's possible, as there are no special warrants, that funds to the tune of 9 and a third million dollars would be needed either in '96-97 or '97-98, but this is a worst case scenario. You realize that one can only make a projection.

I don't really have anything additional to say. If there are questions, I will try to answer them. If I cannot, then I have reliable people to assist, Brian and Bill, who have worked on this for many years, and I'm sure that we will be able to provide the answers. I would like to tell you that the preparation of the budget was the product of careful reflection that involved not only Bill Sage, the director of election financing, but also Brian Fjeldheim's input, the Deputy Chief Electoral Officer.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Derm.

I have a question from Gary Dickson, then Yvonne.

MR. DICKSON: Thanks very much for the presentation. One item that you didn't have a chance to address, and I don't know if it has an impact on your budget: the Alberta Court of Appeal reference decision that it looks like will not now be appealed. I've heard public comments from the Premier suggesting that there may be action taken to deal with this business of electoral boundaries. Is there anything reflected in here, and do you have any contingency plans in terms of if in fact we're involved in some redistribution process?

MR. WHELAN: Well, the funding for redistribution and redistricting is not directly reflected in these amounts, but there is a cognizance of a fair amount of our time and research capabilities, and indeed, according to the present legislation, I would be directly involved. So in the administrative element we've considered the possibility that there may be another redistricting exercise and it may involve us in a fairly substantive way. To deal with that, what's needed more than anything else is money and help from other people. For example, the mapping resource here would be very heavily involved.

About two weeks ago the Chief Elections Officer of Canada visited our office, and we concluded an agreement or an exchange of letters, first with respect to electronic communications. We're on line directly with him, and that's by way of a signed contract between the two offices. Secondly, with respect to computer equipment, they will provide us with 25 complete LAN systems which we will warehouse but that we will have the opportunity to use in our own electoral processes free of charge. The third part of our discussion centred on other areas of mutual co-operation. We discussed the possibility of the joint venture and so on. Then we very carefully raised the topic: if we mean to do redistricting here, can I second your staff to help? The answer is yes. So that's how I have prepared. I can second the staff that do this professionally in the office of the Chief Elections Officer of Canada at basically no cost to Alberta apart from perhaps some incidental travel costs. It's very hypothetical at the moment.

Quite frankly, I'm not sure that we could complete a redistricting

exercise before an early election, but if the time is there, then I think we are prepared to do that. Of course, this is a political matter; it's not decided by statute or policy. It's in the hands of the executive of the government. However, we are prepared, and I think that maybe would answer the question.

So within the administrative element, as there has always been, when the last exercises relating to redistricting were taking place, the involvement of the Chief Elections Officer, this time and the resource use, was there. But the funding for that commission is, I would say, probably in another financial vote. It's in another place. You know, we would be aware that we may be involved, be ready for it, but I haven't put up specific figures because I think that lies to the commission or to the government to do. Does that answer the question, Gary?

MR. DICKSON: Yes. Thanks very much.

MR. CHAIRMAN: Yvonne, you have a question.

MRS. FRITZ: Thank you, Mr. Chairman. My question is related to the \$100,000 that you've highlighted here in the forecast and where you say that

this element was reduced by \$100,000, at the request of the committee, to establish funding for the Office of the Information and Privacy Commissioner, with the understanding that their one-time would not impact the '95-96. Did you build those back into your budget, then, under your '95-96 estimates?

MR. WHELAN: Yes, that's correct. I did.

MRS. FRITZ: So you actually put the \$200,000 back in, or less than that?

MR. WHELAN: Well, what happened was that the \$200,000 was put in less the amount that we identified as being part of the 20 percent reduction over three years. So it isn't exactly \$100,000. If you look at the details on page A, the next page, you'll see the slight changes as you compare '92-93 to '95-96.

MRS. FRITZ: I did, and you've answered my next question, which was whether or not it had been built in at 20 percent, and it's at 20.

MR. WHELAN: Yes, it has been.

MRS. FRITZ: Also, the contingency funds that were in place in the past the you're looking at for the future. Are those, then, built into the '95-96 estimate?

MR. WHELAN: Yes, they are. For the three by-elections and for enumerating.

MRS. FRITZ: What was the cost of the contingency funds?

MR. WHELAN: Well, the contingency is basically enough funding to provide for three special enumerations or three by-elections. Added to that is the amount that we need to acquire necessary supplies. By and large a by-election can cost from \$40,000 to \$60,000. If there are special enumerations with any significant problems, it can be higher than that. So if you take approximately \$125,000 to \$150,000 from supplies out of the \$200,000 for each of these events, you see that you're left with \$150,000 for the three by-elections.

MRS. FRITZ: So the \$200,000 less the 20 percent is actually the

contingency funds. In essence, that's what you're saying.

MR. WHELAN: Yes, exactly, "contingency" meaning funds for three by-elections, three special enumerations.

MRS. FRITZ: Yeah. I understood that in your presentation, but I'm just looking for where the funds are. I was uncertain whether or not you were requesting the committee to add in the contingency funds, but I can see that with the \$200,000 less the 20 percent, that's what the costs are for: the three possible by-elections. Is that what you've had in place in the past for by-elections in your budget?

10:40

MR. WHELAN: Generally, as I understand it, there was enough money to cover three by-elections. But remember that until the Deficit Elimination Act was passed, you could get a special warrant. I have a copy of the special warrant here for the last general election. If I could present a budget and not worry about money, I'd just get a special warrant. You know, I could reduce this to nil, just to the administrative element, but that's not the way things are to be. You're quite right: it is concluded.

MRS. FRITZ: Is your '94-95 forecast – although I'm sure it's been modified slightly – the actuals? There aren't any surprises here by the end of March?

MR. WHELAN: Well, we're still making the inference that by the end of March, if there are by-elections, a fair portion of the \$782,291 will be spent. The beauty about contingency plans is that unless you spend the money, the government doesn't have to either. So it's just a paper identification of a target. Unless we draw the funding from Treasury, there really is no expense. If at the end of any given year you have made a plan for three by-elections, with a view to how they operate the electoral office, and there has not been three by-elections, well then of course the money would never be used. In a way, it would revert back to Treasury. It would be a savings. When you're in a situation where you have to do the planning for events that may or may not happen and you don't have any discretion in terms of using a special warrant, well then you have to build contingency amounts into the budget. Does that answer the question?

MRS. FRITZ: It does, and it's a very clear, forthright answer. Thank you.

Thank you, Mr. Chairman.

MR. CHAIRMAN: I have a question from Frank.

MR. BRUSEKER: Thanks. It's good to see you again, Derm, and the rest of your staff. I know that your department probably has more what-ifs in it than many others. I want to touch on the concept that we have this little subcommittee talking about changing the enumeration processes. Have you considered how that might change your budgeting process? As I hear you, you're working on the concept that we continue the same kind of processes as we have in the past. We are now looking at potentially finding a new process with respect, in particular, to enumerations. I'm wondering if you have considered that at all. Is that in here, or is that a what-if that you'll deal with as it arises?

MR. WHELAN: This is a common problem in election offices. Generally at Elections Canada whenever there was a redistricting exercise, they had to double track their planning. You had to plan for the old boundaries, and you had to plan for an election that may occur under new boundaries. In a sense, it almost doubles the cost.

So we're aware. We had to plan for an early election, a late election, the present legislation standing, or a new implementation regime. So we're sort of trying to double track it. What we would do is try and make our activities and our instruments so generic that they could be used for either activity. For example, if you have a mail-in form to register a voter, essentially it's the same thing that an enumerator would use at the door. It's just that you would take off specific identifiers or questions that relate to a personal visit and change it so that it may be used either for a personal visit or for a mail-in registration, just to give a simple example. So we would try to do that with all the different types of materials that are needed, and indeed we'd try and build our FoxPro systems in the same way so that we could implement them either with an electronic-aided process or with the paper chase that we essentially have now. So we have considered that.

In many other jurisdictions you can come back to the financing committee or back to the House committee and look for a supplementary budget. That's unheard of and not done in Alberta, as I understand it. So we very carefully thought out the fact that this is it. If this is approved, there's no more money. But it does lead to an interesting question. Have I answered your question, first of all, Frank?

MR. BRUSEKER: Yes, and you've covered it well. Thanks.

MR. WHELAN: The last election was funded by a warrant. There was a fair amount of money involved. I'd asked one of the Parliamentary Counsels to give me an opinion, and the opinion basically is that it would be in the hands of the minister of finance to decide whether or not an election could be funded under the emergency provisions of that Act. I mention this because I think we need to be clear. Next year should we or should we not put in what would be required for a general enumeration and an election as indicated in that forecast? That really is critical to our planning. If we can have some assurance from the minister of finance that in the future all general elections at least might be by a special warrant, then we don't have that problem. But as I read the law and the practice, it seems to me that we will have to probably identify 9 and a third million dollars in '96-97, and if nothing happens in that given year, then in '97-98 again. It raises this question: what if there is a general election called in '95-96? I don't know where the money will come from. I don't know if we will violate a statute if we ask the minister of finance to fund it by special warrant. So I just table the question, because I really don't know the answer.

MR. CHAIRMAN: There's not a special statute on special warrants.

MR. WHELAN: It's in the Deficit Elimination Act; is that correct?

MR. CHAIRMAN: No, not that I know of. It is a promise by the Premier and the government that we won't do any special warrants. That's my understanding of it.

MR. WHELAN: Mr. Chairman, I don't have a copy of the Act with me. I think that it does address special warrants, but certainly I could be corrected. I haven't memorized the Act.

MR. DICKSON: My recollection from the time when the Deficit Elimination Act was dealt with, I guess in the spring of '93, is that it did prohibit special warrants with the exception of an emergency. I wonder – elections are such a unique sort of event. It may be appropriate for us to make a specific recommendation to Executive Council to look at clarifying this, to make an amendment to the Deficit Elimination Act to specifically provide that in the event a

general election is called, this will be an exception to the Act. You know, if we want to discuss it, I'd be happy to move the motion that we make that recommendation to Executive Council.

MR. WHELAN: Mr. Chairman, if it would assist the discussion, we may well be meeting again for the purposes identified earlier, and I could be better prepared to discuss this.

My recollection is much like yours, Gary. I think there is something that says: unless there is an emergency. Then it's at the discretion of the minister of finance. At any rate, my point is simply that we would need to know at our office whether we should be putting in, let's say, next year an amount for a general election or a general enumeration or not. I would think the committee also would need to know.

MR. CHAIRMAN: I would recommend that maybe we would wait. I'm going to try to facilitate a meeting for you before the session starts, so it would appear that that would be the time we would maybe address this. It certainly seems like something we should talk about.

Any other questions of Derm regarding budget estimates?

MR. WHELAN: Well, thank you. Mr. Chairman, there may well be a comment. I'm sort of the new kid on this block, and I certainly don't know everything. I'm learning everyday what I don't know about Alberta. There may well be a comment that Brian or Bill might add that would be of help to the committee, if that's okay.

10:50

MR. CHAIRMAN: Sure.

MR. FJELDHEIM: No. I think, Derm, you've covered everything, unless there are any questions anyone has. Thank you for the opportunity.

MR. CHAIRMAN: Well, thank you for coming in this morning. As soon as we decide on a meeting date – I told you that we will try to pull the committee together for a meeting before the Assembly reconvenes, Derm. We'll get back to you later today with regards to that.

Thank you.

MR. DICKSON: Mr. Chairman, would it be possible to be able to access a copy of the legal opinion? If in fact we're going to have a meeting before session, it might be useful to have a confirmation since there's some uncertainty here in terms of whether the Deficit Elimination Act really puts us in the box that we apprehend.

MR. CHAIRMAN: Sure. Diane will look into that, and you will too.

MR. WHELAN: The opinion is from one of the Parliamentary Counsels, and certainly he should be consulted. I don't have any objection to sharing the information.

MR. BRUSEKER: Mr. Chairman, I have a question. I'm not sure whether it's to yourself as the chair or to the Chief Electoral Officer. With respect to the \$200,000 that we're taking out for the establishment of the office of the Privacy Commissioner, that reduction occurred as a onetime reduction in your budget. Has that money in fact been set aside somewhere in a separate envelope, so to speak, to be accessed whenever we get to the point where we actually do hire an individual?

MR. CHAIRMAN: Yes. Well, we're going to approve an estimate for the freedom of information office later on this afternoon.

MR. BRUSEKER: Yeah, I saw that in there.

MR. CHAIRMAN: That money for the next fiscal year will be set aside, not the way we did it last year.

MR. BRUSEKER: Okay. Thank you, Mr. Chairman.

MR. BRASSARD: Do you wish a motion?

MR. CHAIRMAN: Yeah, we can. I was going to wait till these gentlemen leave, but I think you should go ahead and make a motion of acceptance.

MR. BRASSARD: I move the adoption of this budget as presented in the amount of \$890,014.

MR. CHAIRMAN: All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? Carried.
We're done.

MR. FJELDHEIM: Thanks for bringing that up about passing that part.

MR. CHAIRMAN: It was going to get passed. I mean, we were going to vote on it for sure. I just didn't want you guys to be embarrassed if it wasn't passed.

MR. WHELAN: Well, thank you again, Mr. Chairman and members of the committee.

MR. CHAIRMAN: We'll take a two-minute break here.

[The committee adjourned from 10:53 a.m. to 11 a.m.]

MR. CHAIRMAN: I think we'll reconvene the meeting at this time. We are dealing with the 1995-96 budget estimates of the office of the Auditor General. I would like to welcome Andrew Wingate and Don Neufeld to the meeting this morning.

I'll turn it over to you, Andrew, to make some opening comments, and we'll have some questions and answers, I'm sure.

MR. WINGATE: I'm sure. Thank you, Mr. Chairman. The budget request and three-year projection that we're presenting today is very different from previous plans and budgets. Before I get into detail, I'd like to explain the four new concepts that are driving the plan. The first is that all significant costs incurred by our office should be included in our budget and financial statements. Consequently, the costs of accommodation in both Edmonton and Calgary have been included in our budget. We'll be asking Public Works, Supply and Services to invoice us the current economic rent of the premises that we occupy. We estimate that that will amount to some \$340,000. These charges, of course, are currently paid by public works.

This concept is in line with the views of others. For example, Treasury proposes to charge us for payment processing and insurance. Also, we're going to be charged for the cost of our telephones starting in 1996-97. So I think everyone feels that it's important that the appropriate charges are reflected.

The second major change relates to charging fees. Over the next three years we're proposing to move from charging for only some of our attest audits to charging for all attest audits. At the moment we only charge clients who are not funded by the general revenue fund.

Those clients that we do invoice are charged either \$51 or \$21 an hour depending on whether we consider them commercial or not, and neither rate recovers our cost. In our opinion, the only way to ensure that we and our clients use our resources to best effect is to charge the full cost of an attest audit. We propose to give our clients and our staff adequate time to adjust to this new concept. As a result, we intend to phase in full charging over the next three years.

I should stress that we're not proposing to move to a net budget. We'll still be asking you to approve our gross expenditure. So we're not dealing with a net budget concept here.

The third concept is that we will change from expensing capital assets to amortizing them. In other words, we'll reflect the cost of a capital asset at the same rate that they are consumed. In the past we've always written off capital assets in the year that they were acquired. This change is consistent with the new accounting policy adopted by the province. However, we'll continue to ask you to approve the gross expenditure on capital assets, and we won't be asking you to approve the amortization charge. So there again the approval process won't change.

The fourth concept is that we propose to offer our audit managers three-year contract positions. As you may remember, audit managers are the senior field staff who conduct audits. We estimate that between 35 percent and 50 percent of audit managers will want to enter contracts. The effect of a contract is that employee benefits are given up in exchange for cash. Examples of benefits that are given up would be the pension scheme and the extra week that management employees get for vacation.

Exchanging benefits for cash is an attractive proposition, of course, for young qualified professionals who want to make a contribution but on the other hand don't want to make a lifetime commitment to the public service. We estimate that the reduction in benefits for employees who opt for a contract will translate into cash payments equivalent to 15 percent of their salary. We've discussed this proposal with personnel, and we've got their support to move to contracts.

Now, for certain of our best audit managers who opt for a contract, we propose to increase their salary by between 5 and 10 percent. Generally, people who are prepared to move to a contract are confident and competent professionals who know their market value, and if we wish to retain such people, which we do, we must be prepared to pay them what they're worth.

So those are the four new concepts that we've reflected in this three-year projection: include all significant costs in our budget, charge our clients for the cost of our attest audits – and this will mainly affect years two and three of the three-year projection – charge depreciation rather than write off capital assets in the year of purchase, and offer contract positions to audit managers.

Turning now to what the future holds for the office, certain things are clear. After '95-96 we will not be auditing any hospital audits or Access, and this will have a significant effect on our agent costs. It's also clear that the whole question of performance reporting by government entities will be an important focus in our work. To achieve the cost reductions and efficiencies required by provincial agencies and departments, radical improvements in financial and management systems are necessary. The major problem, of course, is that provincial agencies and departments have not done a good job of measuring the cost and effect of the services they provide, and it's clear that we've been asked to help change that.

Other things are less clear however. We are projecting that the Banff Centre will cease to be a provincial agency after March 1996, since we think that by then the majority of the board will not be appointed by government.

We're also projecting that after December '95 we will not be the auditors of irrigation districts. Irrigation districts are not provincial

agencies and are not part of public accounts. Further, their audits are heavily subsidized by our office. Because of their location most irrigation districts are audited by our agents. In '94-95 we paid agents \$158,000, but we charged the districts only \$55,000. We feel that the likely effect of rationalizing that situation is that a decision will be made that a review by a local auditing firm rather than a full-blown audit would probably satisfy the need. A review costs probably considerably less than 50 percent of the cost of an audit.

We haven't budgeted any involvement in the new health authorities. However, the Act does permit us to be appointed. I think, if possible, that the Provincial Treasurer and the Minister of Health may decide that there would be advantages to having us appointed the statutory auditor of health authorities, with the proviso that we use agents to conduct the audits. Private-sector auditors would be better able to encourage accountability and performance reporting by health authorities if they reported to us rather than to the health authorities. People who view themselves as autonomous, which I'm sure the health authorities boards will do, sometimes object to being accountable. The hospital president and the managing partner of a CA firm have independently told me that they would prefer us to be involved. If we are to play a role, it will probably mean budgeting an increase in both our revenue and our expenditure because we'd aim to recover any increased costs from the health authorities.

Just before I start going through the budget figures, I'd like to comment briefly on our forecast for the current year. Since being appointed Acting Auditor General, I and a number of others have worked very hard to rationalize and streamline the operations of the office. We've concentrated on what's important, and the office is learning to work to tighter deadlines and achieve more with less. The prospect of having to justify our audit costs to our clients and the need to complete audits earlier is forcing us to become more efficient. As always when change is occurring, the investment of sweat equity by people isn't equal. However, in our case change has been greeted and enabled by the majority, and it's only a few who've resisted change or observed the change with skepticism. Personally, I'm encouraged by the broad determination in the office to get on with the job and practise what we preach. What we preach is: improve by measuring the cost and effect of your services.

11:10

The payback is that we anticipate spending close to a million dollars less in the forecast period than budgeted. We also in that period finalized public accounts and our annual reports two and three months earlier than last year, so the output side went up as well. I hope that the good news on the forecast will act as a suitable springboard to dive into the future, which is what I'd like to do now.

Turning to the '95-96 estimate, there are three pages dealing with our estimates. The first page represents information in the traditional form. We've done this in order to preserve comparison with previous years. The second page itemizes the costs that were previously paid by others. It deals with our first concept, that we should reflect the full cost of our operations in our budget and financial statements. The page also deals with our second concept, which is that we should charge all clients for attest audits. As you can see, the projected revenue increases from its current level of \$825,000 to \$5.5 million in '97-98. Now, the second page shows the totals of expenditure and revenue that we are asking you to approve. The third page deals with the third concept, that capital assets should be amortized rather than written off in the year of acquisition. As a result, we've reduced expenditure by the amount attributable to capital assets, and we've replaced it with amortization.

Returning now to the first sheet, I'd first like to explain why certain of the expenditures in the '95-96 estimate are projected to be higher than in the current year. Manpower costs are projected to

increase by \$218,000. Peter Valentine's salary and benefits represent \$131,000 of that increase. As I said earlier, we are proposing to offer contracts to audit managers, and we're also proposing to award merit increases to certain managers who opt for the contract. Although we've made provision for 50 percent, we estimate that between 35 and 50 percent of our audit managers will enter a contract. In other words, our provision of \$100,000 is probably conservative. We've also provided a contingency of \$100,000 in the budget to be used for merit increases or bonuses for our other employees should the government decide that such payments are in order. I very much hope that they do feel they're in order, because some people have worked very hard and they deserve increases.

With a reduced staffing level, there are likely to be increases in overtime paid to nonmanagement staff, particularly in the peak period of April and May. At the moment we pay approximately \$30,000 a year in overtime, and we've increased this to \$65,000. The increases that I've been talking about are offset by an anticipated reduction of six staff at a saving of \$150,000.

So those are the reasons for the projected increase of \$218,000 in the manpower budget.

The other big increase is in capital investments, where we move from \$16,000 in the current year to \$201,000 next year. Currently our audit managers have Toshiba portable computers that were purchased in 1990. We have 53 of those machines, which originally cost about \$5,200 each. They've given us very good service, but they're just not able to process current software efficiently. For example, they can't handle Windows and, therefore, any Windows software, and we're now experiencing difficulty in processing modern versions of DOS software. Our auditors want to take advantage of the new developments in spreadsheet software, and this can't be done on these kinds of machines. As you'll appreciate, spreadsheet programs are really quite important to auditors.

In short, the time has arrived, in my opinion, to replace those machines. What we are proposing is to purchase 40 notebook machines costing \$3,000 each, for a total of \$120,000. They are likely to be 486DX machines. Some will be purchased with built-in CD drives, and this will enable access to reference material such as Canadian and U.S. accounting standards. Those standards have just recently come out on CDs.

Another example of reference material on CD that would be useful is all the value-for-money audit reports that have been issued in the last several years by the general accounting office in the United States, state auditors in the United States, legislative auditors in Canada, the U.K., Australia, New Zealand, and Sweden. That's a very useful data bank of information if you're mounting an inquiry into a specific area. You can look at what others have found and reported.

Another important point about these new machines is that we'll ensure that they're capable of communicating with the office network. This will enable the transfer of information between the office and audit staff in the field. The ability to transfer things like working papers, draft financial statements, time sheets, et cetera, will become, in my opinion, essential in the near future if we are to remain competitive.

The other major capital addition is a replacement of our Data General MV20000. This machine, which was purchased in 1986 at a cost of \$550,000, processes our main audit software called Probe. Although we developed the system in 1985, this software is still extensively used in our auditing. At the moment it's probably amongst the best audit interrogation software available. We had originally thought that we would rewrite the software at an estimated cost of \$270,000. That would enable us to improve the capability of the software and also operate the software on an Intel platform,

which would be much cheaper.

With respect to running Probe, we've concluded that it would be cheaper to buy a secondhand Data General machine at an estimated cost of \$70,000. The cost of the new machine will be offset by savings of \$26,000 a year in maintenance costs, which would otherwise be incurred on the 20000. In other words, the payback would be achieved in less than three years. Put another way, the annual savings in maintenance costs will more than offset the annual amortization charge. An additional benefit is that the new machine will not require a specialized computer room – the MV20000 does – which simplifies the logistics and cost of any move. It's possible that our office will move this year since our lease expires in October, so that's a big factor to be borne in mind.

As far as improving the capability of Probe is concerned, we propose to wait for a CA practice – and a number of CA practices are working on this – to develop a product which is superior to Probe and at that juncture ask for the rights to use that software. We feel that that's probably the more economic route, but we're not sure how long that's likely to take. We know that a number of CA firms are making major investments in computer audit software. One of the types of software they're concerned with is equivalent to Probe. So we're proposing to wait.

Mr. Chairman, having covered the major cost increases in the budget, I'd like to conclude by making just two comments. First, we've discussed the concepts and principles behind the budget with Peter Valentine, and they have his support. However, as you'd expect, he's not been involved in the detailed preparation of the budget. Second, I want to assure you that we'll continue to search for cost savings and improvements. We recognize that our performance will be assessed based on the cost and the effect of the services we deliver, so we continue to search for improvements.

Thank you, Mr. Chairman. I think it would be a suitable time for you to ask me some questions.

MR. CHAIRMAN: Thank you, Andrew.

I have one member with a question. Gary Friedel.

MR. FRIEDEL: Yeah. I have a couple of questions. You were talking about the basic change and how you're going to deal with amortization. You mentioned that you were going to continue charging the capital costs in the year that the item was expensed. Does that mean, then, that there's going to be a supplementary schedule for dealing with the amortization until it gets built in as part of the system?

MR. WINGATE: It's not quite clear what will happen, but I think it's important that this committee approve the capital expenditure because those are the dollars that we're proposing to spend. Now, as far as the financial statements are concerned, it's quite clear that you don't expense capital asset additions. You replace that with amortization. What goes forward to the budget and what appears in the budget document I'm not very clear about. I think the important thing is that this committee approves the capital expenditure and continues to do that.

The other important thing is that our financial statements should reflect the amortization charge, not the capital expenditure. The budget will probably have both. The budget document that gets approved in the estimates I think will probably make note of both those things: the capital expenditure and the amortization.

Do you want to comment, Don?

MR. NEUFELD: Yeah. Well, this is new territory. This is being implemented by the government effective in the 1995-96 fiscal year, so we haven't seen how they plan to treat this item yet. We're

working with them actually on that on some of the other items.

11:20

MR. FRIEDEL: So there are going to be adjustments in all the departments to coincide with this?

MR. NEUFELD: Yeah, correct. It's a governmentwide change. It's not just our initiative.

MR. FRIEDEL: Secondly, I was wondering if you could give me a little bit more detail. You were talking about some of the management personnel going on three-year contracts. Did I hear you say something about 15 percent on gross wages? I'm not sure what it was. I thought I heard something. Maybe I missed it.

MR. WINGATE: Right. I said two things. Basically, they're exchanging benefits for cash; in other words, they're giving up benefits like the week's vacation that management is entitled to, and they're giving up pension benefits, but they're getting an increase in cash payments. So the cheque at the end of the day, their monthly cheque, goes up by approximately 15 percent.

MR. NEUFELD: Without any additional cost to us.

MR. WINGATE: I'd say that the cost to us is not increased, because what drops out is the cost of the pension benefit and the cost of the vacation.

MR. FRIEDEL: Okay. But what about the benefits then? Are they not entitled to any employee benefits?

MR. WINGATE: They're entitled to some, but they're not entitled to pension, and they're not entitled to this week's vacation that I've mentioned and some others as well.

MR. NEUFELD: They drop out of long-term disability, but they still participate in the Canada pension plan, unemployment insurance, health care, Blue Cross, that kind of thing. The value of the benefits that they lose is about 15 percent.

MR. FRIEDEL: Okay. What if some of these people were to come back later on and say, "We would like to go back on salary"? How would that affect their pensionable service or capacity to buy back in?

MR. WINGATE: They can't buy back. That's it. Once they're out, they're out. If they come back in again, they start at that point.

MR. FRIEDEL: That's consistent with government policy?

MR. WINGATE: Yeah, that's the rule.

Now, the second thing I said was that for those that are opting for a contract, ignoring this business of cashing in benefits, which is the primary reason for moving to contract, additionally we are proposing to give them an increase of between 5 and 10 percent. The reason for doing that is that unless we do, our fear is they're going to walk straight out the door. The move to a contract position all by itself is not sufficient to retain them, because they haven't been receiving increases for a number of years.

MR. FRIEDEL: How do you anticipate that will fly in light of what is perceived to be or is actually wage freezes for the rest of the public sector?

MR. WINGATE: Right. The only way we can justify it is that we're

dealing with contract positions here. We're not dealing with employment positions. I mean, unless we do something, we're going to lose our staff. It's just as simple as that. We've lost a lot, and we're getting to the point where things will get desperate. So what we're doing is offering increases to contract positions. We're not offering increases to staff positions until such time as the government decides that can be done.

MR. CHAIRMAN: Gary Dickson, you have a question?

MR. DICKSON: Yeah, thanks. We've been talking about staff compensation. You mentioned the business of merit pay again. Now, this isn't, it seems to me, the first time your office has advocated a system of being able to reward employees through a merit pay system. I wasn't altogether clear though. I took you to say that you were hopeful that the government would permit the merit increase. Just help me conceptually. I mean, you're independent of government. You report to the Legislature through this committee, not to Treasury.

MR. WINGATE: Yes.

MR. DICKSON: If you decide as an independent legislative office that merit pay for key employees is something that you think is in the best interests of your office and the province, help me understand the constraint.

MR. WINGATE: Well, you raise a good point. I mean, we're constraining ourselves voluntarily because we don't want to be seen as doing something entirely different from the departments and provincial agencies – well, departments specifically. In other words, it's a voluntary restraint. We're not obliged to comply. I mean, if this committee said: "Well, we think it's a good idea. If you've got good people, you need to pay them what they're worth. These are the increases that should be paid. You can go ahead and do it," we could go ahead and do it, but it might make life very difficult, because we have to live with the people we audit. They might be a bit fed up with us awarding ourselves increases, yet they're not able to take advantage of increases. So all ways around it would be better if our increases were in line with increases awarded by government generally.

We are reaching the stage of having profound problems with our audit managers. I mean, just this morning we had an audit manager who handed in her resignation. For the last three years we've known that she's underpaid. We persuaded her to take a salary cut when she moved to our office because she hadn't the proven capability in the audit area. In fact, she did very well. The idea was that as soon as she demonstrated her capability, we'd give her an increase. Well, the doors closed, no increases. That's been the case for several years. She said, "What are you going to do about this?" and I said, "Well, we're trying to negotiate contracts," which I think is perhaps a way out of this, if we can get approval for it. Today she handed in her resignation. She's going to WCB. She's going to WCB as a nonmanagement employee. She's a management employee with us. She's at \$38,850, and she's going to WCB, which, as far as I understand, is a provincial agency, for \$43,500. We can't compete.

We've got to do something about this. This is happening repeatedly. We're losing staff to the private sector, admittedly, but we're also losing staff to government because they're prepared to offer more, and we're completely stuck. I mean, we could get into artificial promotions, but that's not good in the long term. Hence the drive for this, which I think is perhaps a long-term solution. In exchange for a contract position, which gives us a degree of flexibility that we don't enjoy with the permanent employee, we're

prepared to pay more. That's the theory.

It's a difficult question, and I make no bones about it. I want to be very clear about what it is we're proposing to do.

MR. CHAIRMAN: Gary, do you have another question?

MR. DICKSON: Yeah. At some point I'd like us to talk freely about this whole business of merit pay. But just while you're here, the contract position you're going to move to, is a term of the contract going to require exclusive employment, or is it going to allow these people to do other work outside of your office?

MR. NEUFELD: It's exclusive. The terms of employment are very similar to the salaried position, but the remuneration package changes.

MR. DICKSON: Thanks.

MR. CHAIRMAN: Gary Friedel, do you have a question?

MR. FRIEDEL: I'm back on the list? There's nobody else in front of me?

MR. CHAIRMAN: No.

MR. FRIEDEL: Okay. It's an interesting point you raised about the audit manager going to WCB for an increase in pay in a nonmanagerial position. Is there no relative comparison between departments for pay for a level of expertise within the government to prevent that sort of thing?

MR. WINGATE: Yeah, I think there is, but you see in our case we have a salary grid in the nonmanagement category which goes from – I forget what exactly – \$20,000 through to \$60,000. So we could solve our problems by moving everyone into a nonmanagement position, because there we can pay increases. But, I mean, there again that's funding the system. That's not the intention of the system, but if you want to play games with the system, that's the sort of thing you can do.

11:30

MR. FRIEDEL: It strikes me that there must be some kind of a procedure that could standardize this throughout the government, you know, considering the amount of payroll we have and the number of people that work for the government in various capacities.

MR. NEUFELD: Well, there are standard job descriptions and position categories for most levels of staff, but they're always within a range. What is happening with us is that our new accounting graduates start in at the bottom of the range and they stay there. If they move to another employee, they will bring them in at a different level within the range, at a more appropriate level in view of the years of experience that they have had.

MR. WINGATE: What happens in the profession is that a newly qualified CA joins at a rate, but he's advanced very rapidly based on performance, obviously. In the first three or four years you can expect significant increases as he demonstrates to the firm that he has what it takes. There's a very rapid rise in salary in that first four years. Now, that's denied us. I mean, they qualify, we give them an increase, and that's it, closed down.

MR. FRIEDEL: But certainly if there are anomalies like this in the system, those are the kinds of things we should be weeding out, not necessarily just in the Auditor General's department but all the way

through the system.

MR. WINGATE: Quite.

MR. FRIEDEL: Because that means there is something wrong with it if there are those kinds of glitches.

MR. WINGATE: Yeah, there is. I mean, as we said in the Auditor General's report – and perhaps I shouldn't get into that – what we feel is that it's appropriate to put a budget constraint but at the aggregate level. You say to a department, "These are your salary dollars and you're going to have to live within that." Not only is that happening, but you're also saying, "And furthermore, you can't increase any individual person." Now, it doesn't take a rocket scientist to realize that if you get rid of one person, you can then start rewarding people who can take up the slack, and you very rapidly move from the traditional system, where the system has overpaid the mediocre and underpaid the exceptional. You can very rapidly move from that model to a system where you're rewarding those people that deserve it.

So I think the sensible thing to do is put a cap on the budget for salaries, salaries specifically for an organization, and say to the organization, "We want results, and you can manage that salary money as you think fit," rather than say, "This is your budget, and furthermore you can't afford any increases." It will in due course cause damage, and I think we're reaching the point where it's beginning to cause damage, which is why we brought the subject up in our Auditor General's report. You might not agree.

MR. FRIEDEL: It sounds quite interesting.

MR. CHAIRMAN: Yvonne.

MRS. FRITZ: Thank you, Mr. Chairman. I have one question for clarification in regards to your capital costs that you've mentioned, and it's about computers. I'm interested in the computers that you plan on replacing – I think you'd mentioned that there are approximately 50 – so that it would provide Windows and the DOS program, et cetera. Could you just review that once again for me?

MR. WINGATE: Yeah. Portable machines are very useful in the field for field auditors because obviously they're moving about all the time, so you can't have a desk installation. The first really competent portable machines that came onto the market, in my opinion, were the Toshiba's, and they've got a gas plasma display. As soon as they became available, we thought they represented very good value. We went out and bought 53 of them, and they've given us very good service.

MRS. FRITZ: When was that? What year was that?

MR. WINGATE: In 1990.

MRS. FRITZ: And the cost of those machines?

MR. WINGATE: Five thousand three hundred dollars apiece.

MRS. FRITZ: Okay.

MR. WINGATE: What we're proposing is that next year we replace them with machines costing \$3,000. They're considerably smaller, these new machines, but they're very much more capable. You know, we'll have all the advantages of our existing machines, but we'll have a lot of other advantages as well, not the least of which

is this business of being able to connect with the office and also have access to hard drives and CD drives, which give us access to this enormous library of reference material.

MRS. FRITZ: What do you plan on doing with the machines that you'll be replacing?

MR. WINGATE: Right. That's up in the air at the moment. They have a value at the moment, but just, which will disappear very rapidly. They're two generations behind us in architecture, so they'll have very little value in a couple of years' time. It's a decision of whether we use those machines with less senior staff and work them in the audit area at a more junior or whether we get rid of them. That's something we're debating currently.

MRS. FRITZ: Thank you, Mr. Chairman.

MR. CHAIRMAN: I have one question, Andrew. You were talking about going to a full cost recovery on your attest audits on some irrigation districts and some of these. Have they been notified that this is the time frame and so on?

MR. WINGATE: Right. It's a bit of a chicken and egg because we want your approval to the concept first before we go out and say that this is what we're proposing to do and these are the implications of it. We have touched base with some irrigation districts along the lines that it's highly likely that their fees will go up. I mean, if we're to look into the future, says the auditor, that's the likely effect. But I think we're looking to this committee to say, "Yes, that sounds sensible; go ahead and do it," in which case we'll then warn people of what's likely to transpire and get their reaction to it.

MR. CHAIRMAN: Then further to that, who is it that decides which entities you will go to for full cost recovery and which ones you won't?

MR. WINGATE: With attest auditing we're suggesting full cost recovery with all audits, so there won't be any exceptions, which makes life quite a lot easier actually, but to be phased in over a three-year period. The reason for that is that we know internally that if we have to recover the full cost of the audit, it gets people to focus their wit in planning the audit and conducting the work. They know that they're going to be facing the client and saying, "Well, this is what we spent, and I'm afraid we're going to have to invoice you." If the client thinks that's unreasonable, you're into an argy-bargy, and that's reflected all the way back to the planning phase. It's an attitude thing. Also, from our clients' standpoint we've got some clients who are asking us to do work which we feel could be better done by other people, but they're really quite insistent that we do the work. Now, the fact that they're not paying the full cost of that work is encouraging them to do that sort of thing, so there again I think we've got to fix that problem. It's not just within the office; it's also in some cases the attitude of our clients.

MR. CHAIRMAN: So just to make it clear, then, you want at some point in time our committee to pass a motion of approval of your full cost recovery over a three-year phase-in period. Do you want our committee to be discussing that at a future meeting separate from this budget meeting? Is that what you're suggesting?

MR. WINGATE: Absolutely. What we've got is a draft order which we'll leave with you today for your consideration, and we'll meet with you at any time at your convenience to discuss that.

Now, the irrigation district question is a little more complicated

because we're the statutory auditors under legislation. So there are two routes here. You can say, "Fine; we'll pass this order," in which case we'll then have to charge the irrigation districts the full cost of our audits. They're not going to like that, and it's going to be a bit of a shock to their system. I think it will induce them to think, well, there must be better ways of doing this.

MR. CHAIRMAN: So they'll contract out and do it cheaper.

MR. WINGATE: Yes, but they can't just do that, because we're the statutory auditors under legislation. If they want out from us, we're going to have to consider changing the legislation. So I'd just like to put that on the table.

11:40

MR. CHAIRMAN: But you did mention that after December of '95 you will not be doing attest audits for irrigation.

MR. WINGATE: Right. What we did is we said that we're proposing not to. It's a question for you chaps to approve. I mean, if you say, "Well, I've never heard such nonsense; you've got to go ahead," then we'll go ahead. But our advice is that that stop because we think there's a cheaper way of doing it. It's as simple as that.

MR. NEUFELD: I should perhaps mention that we raised this topic with the committee two years ago, and the committee asked the department of agriculture to investigate the feasibility of changing the legislation. There has been quite a lot of discussion in the industry. At this point we're not aware of any legislation having been proposed, but everybody is well aware of the issue, and we hope to progress it through this.

MR. CHAIRMAN: Any other questions here?

MR. BRASSARD: Just on that point. When I saw the growth in the audit opinion revenue, it certainly indicated either an abuse of the system or a discrepancy in the charges. So I applaud the direction that you're taking because I think it's going to be very beneficial.

MR. FRIEDEL: Also following up on the same point. This idea of charging back audit costs to the respective client: I'm very intrigued by that. You did comment that we are the statutory auditors for all these agencies. Is there any other province or the federal government that would allow, in the event that there was such a chargeback, the client department to find an independent auditor qualified to do so to bid against this?

MR. WINGATE: Yes, fine. Because as soon as you start charging someone, they say, "Well, I think I can get it done cheaper down the road," so we've got to embrace that problem. The Auditor General ensures that auditing is done to a consistent standard, to the standards expected of Members of the Legislative Assembly. Those standards are somewhat higher than the private sector because we all operate in something of a goldfish bowl, and if something goes wrong, it's big news very quickly. In other words, you don't want things to go wrong.

Now, what's likely is that if the Workers' Compensation Board says, "Well, that's all very interesting, your proposing to charge us an audit fee," which incidentally we do already, "but we think we can get it done more cheaply," we'll say, "Fine; we'd like you to be involved in selecting a potential agent for your audit, but you've got to remember that we're talking about auditing to our standards, because we have a responsibility." We're guardians of the public interest, and the relationship isn't between the Workers' Compensation Board and the Auditor. The relationship is in fact

between the Auditor and the Legislative Assembly and the Workers' Compensation Board. Providing we can get over that hurdle and there is acceptance – we're talking about the standards imposed by the Auditor General – then I think our clients can go looking for cheaper ways of doing the audit. If they find them, I think we're almost obliged to say, "Fine; we can't compete." The auditors appointed as our agents would still report through us, but we would pass on the reduced cost to WCB. I think that's probably the best way of dealing with your concern: yes, let's look at alternatives, but let's make sure we're auditing to common standards.

MR. FRIEDEL: This could in fact increase accountability and still give more to the marketplace to make sure of the best bang for the buck, so to speak.

MR. WINGATE: Yes, and acts a constant discipline on the operations of our office.

MR. NEUFELD: So we have to keep our costs down so we're competitive or below, preferably below.

MR. FRIEDEL: An absolutely interesting concept.

MR. WINGATE: Uh huh. It's a long-term philosophy, but I think it will have long-term beneficial effects. We're not tackling this feeling slightly secondhand, because we feel that we can take on the private sector and do a good job.

MR. DICKSON: Just one observation. This is an interesting concept, but of course you're in a hopeless conflict, both competing with private auditors and then also judging the fitness of their work and setting standards. The only way you'd be able to resolve the conflict surely: you'd have to in some fashion virtually publish the standards in advance, because you wouldn't be able to be an arbiter or an assessor when you're also in the business of competing with these auditors.

MR. WINGATE: Oh, don't forget we've got the client present. I mean, the client is there adjudicating the fairness of the process.

MR. FRIEDEL: It's no different than subcontracting to the private entrepreneur.

MR. WINGATE: Right.

MR. NEUFELD: I might add that we've been expending about \$2 million a year for quite a few years on agent work, and what we normally do is work together with the CA firm on what we call a scope memorandum, which outlines the amount of work to be done. This would basically be the same whether they did it or we did it. It's the cost of that work that's the difference. So in terms of the standards, we have a well-established procedure for agreeing on those. We've been doing it for many years.

MR. BRUSEKER: Just looking at the page of the agent fees here, a long list, an estimate of \$1.7 million, I want to ask about a couple in particular because they seem to be changing rather dramatically. I've marked five in total, Mr. Chairman, that I'd like to ask about. I'd like to start with Alberta Lotteries' forecast fee of \$10,000 for this year and then next year going up to \$40,000. I wonder if you might address what's happening on that one.

MR. NEUFELD: Alberta Lotteries is a regulated fund that we have not previously audited. Dr. West recently brought us a letter, when

he took over the lotteries operation from the previous minister, asking us to take a complete look at all the lotteries and to be the auditor. Now, there had been a CA firm auditing Alberta Lotteries in the past, and our proposal is to continue using that firm but as our agent rather than them operating independently on behalf of Alberta Lotteries. So that's what's behind the change.

MR. BRUSEKER: Okay. The very next line is also of interest. The Alberta Opportunity Company better than doubles: from \$31,000 to \$69,000.

MR. NEUFELD: The Alberta Agricultural Development Corporation has been an agent audit for a number of years. The Alberta Agricultural Development Corporation has now amalgamated with the Alberta Hail and Crop Insurance Corporation to become the Agriculture Financial Services Corporation, a new, much larger organization. We have audited the hail and crop side before. We have decided to audit the new, larger organization ourselves, and in place of an agent doing the development corporation, we're giving them the Opportunity Company audit instead.

MR. WINGATE: What you're seeing is the start-up in '94-95 and the full-blown audits in the subsequent years.

MR. BRUSEKER: That's basically because of the expansion of . . .

MR. NEUFELD: Overall there's quite a reduction in costs, because we were paying \$136,000 in '93-94 on the development corporation audit, and now we're only going to be paying \$69,000 for the Opportunity Company audit. So net there's a significant reduction.

MR. BRUSEKER: Okay. Maybe I can ask these two together. There's a couple of hospitals, the Foothills hospital and the Glenrose rehabilitation hospital, that eventually disappear. Is that because of the amalgamation under the health authorities and they will now be audited in a different fashion?

MR. NEUFELD: Yeah; that's right.

MR. WINGATE: Well, they're just no longer our audits.

MR. BRUSEKER: Right; yes. That's what I meant by different fashion: different responsibility, I guess.

The one that kind of caught my attention as well is a little further down the page. After SC Financial Ltd. there's something called special projects that's suddenly created for a hundred grand. What's that?

MR. WINGATE: Yeah, that's our contingency. We've had that in previous years. I mean, it's used to handle things like the Gainers' inquiry. If nothing comes up, we don't use it, but if something comes up, rather than having to dash to you for a special warrant, we've got this contingency in here.

MR. BRUSEKER: Okay. I thought maybe it was allocated towards a particular project that was already in mind. That was kind of what my question was.

MR. WINGATE: No. It's a contingency.

MR. BRUSEKER: So that's just in case. What about, then, the Workers' Compensation Board? Is that just because of the change in the structure?

MR. WINGATE: No.

MR. NEUFELD: They have asked us to engage an agent on that audit, and because of the general reduction in other agency work, we felt it would be appropriate to entertain that request. So our plan is to enter into a new agency agreement for that audit.

MR. WINGATE: Funnily enough, it's exactly what Gary was talking about earlier. We said we proposed to charge fees. They said: "Oh, that's very interesting. We think we can get this audit done cheaper elsewhere." We said, "Fine; well, we'll look at the alternatives." In this case I think we're budgeting for a potential move to the private sector. Now, whether that occurs or not – because this in, again, two and three – is another question.

MR. BRUSEKER: Just a final question, that I think you've already addressed, with respect to agent fees. These fees go out to a number of different firms in both Edmonton and Calgary and potentially to some smaller centres as well, I take it.

MR. WINGATE: Yes.

11:50

MR. BRUSEKER: Can you just review for me, please, how it is that you select which agent does what audit?

MR. WINGATE: Right. Okay. In the rural areas the choice isn't large.

MR. BRUSEKER: Yes, I appreciate that.

MR. WINGATE: In the rural areas it's important that we recruit these people, because our travel costs are excessive. If we can get someone on site, then the cost of the audit comes down significantly. So location is an important criterion. As far as Edmonton and Calgary are concerned, we work hard to make sure that the majors have reasonable representation based on their size and that we haven't got a disproportionate representation. I think over the years the firms have recognized that they are pretty fairly represented based on their size. We also have local firms on occasion which are smaller in size so that we get a broad cross section of the profession. We don't deal exclusively with the large firms. Small firms are cheaper anyway.

MR. BRUSEKER: Thank you, Mr. Chairman.

MR. CHAIRMAN: If there are no more questions, I think maybe we'll close for this morning. I'm not exactly sure: you'd mentioned that you thought the committee should approve capital expenditures for your office; right?

MR. WINGATE: Yes.

MR. CHAIRMAN: Is there a page we should look at particularly here on this, Andrew?

MR. WINGATE: Yeah. Ron, if you look at page 2, what we've got in the middle there is a block which says: expenditure for committee approval. That's divided between operating expenditures and capital investment. I think that's the figure that needs to be approved, and the revenue needs to be approved at \$1,500,000. Now, the only other thing that I think would be useful is if we left you with a sheet which sets out these expenditures, these amounts, in a form that Treasury will need to incorporate them in their budget.

MR. NEUFELD: I have that right here. I can leave that with you.

MR. CHAIRMAN: Okay. Is the committee clear on what I would ask for a motion of approval on? On the second page there, expenditures for committee approval: operating expenditures and capital investment. Would someone like to make a motion? Roy.

MR. BRASSARD: I would move that the budget be accepted as presented: \$9,874,352.

MR. CHAIRMAN: Also, do you want to include in that motion the revenue side of \$1,500,000, Roy?

MR. BRASSARD: I could include that in the motion, the audit revenue of \$1,500,000, yes, Mr. Chairman.

MR. CHAIRMAN: All those agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Carried.

MR. WINGATE: Thank you very much, Mr. Chairman.

MR. CHAIRMAN: Thank you, Andrew and Don. We'll get back to you as soon as we decide a meeting date. The Chief Electoral Officer was requesting one also, and we may be able to incorporate the two subjects at a meeting before the session starts possibly.

MR. WINGATE: Okay. Well, we'll leave you with two documents. One is the breakdown of the expenditure you've approved for Treasury purposes, and the other thing is this proposed order.

MR. NEUFELD: I've attached for your reference the old orders that are being rescinded.

MR. CHAIRMAN: Okay. Thank you.

[The committee adjourned from 11:55 a.m. to 12:38 p.m.]

MR. CHAIRMAN: I will call the meeting back to order, and I would like to welcome Harley Johnson and Dixie Watson for item 6 on our agenda, which is the 1995-96 budget estimates. I will turn it over to you, Harley, to make some opening comments, and then we'll have some questions and answers and so on.

MR. JOHNSON: Thank you, Mr. Chairman. First off, I'm very, very pleased to indicate right up front that we are going to be under budget this year in all our expenditures with no requests for additional funds. Secondly, the bottom line of next year's budget, as you probably have seen from the submission to you, is that we are going to meet all the target requirements that this committee laid out last year in terms of the 10 percent, 5 percent and 5 percent, over a two-year period. So we're presenting to you the budget based on the second year of a three-year plan at that particular point. The letter that I sent to you outlines specifically what I'm intending to do this year to ensure that those budget guidelines are met. It has been a very difficult year. It's not an easy year for any department and still maintain the function, especially now.

I'd like to point out to the committee before I get started on the actual dollars and cents portion of it the downloading that does come from the different departments with no push towards assisting us meeting our own. While these other major departments are downloading to all the other departments, they're showing their 20

percent decrease over a three-year time period when in actual spending dollars that means even a larger decrease to the smaller departments, because we have to find the moneys for those downloaded costs. I raise that as an issue. Given that issue, we're still able to meet all the guidelines.

I bring your attention to the 1994-95 and '95-96 estimates. As I pointed out at the start, I'm very pleased to say that we're going to be under, and I'd like to specifically refer to 711A, salaries for permanent positions. There is going to be a decrease from the approved budget last year to the forecast this year, and this is strictly due to staff reductions. We've abolished two positions, and a third position that has become vacant will not be filled.

Employer contributions, 711E. I'd like to identify that these have increased in benefits in terms of all the other costs that we have to do for the different programs: pensions, unemployment insurance. All those have accumulated to make that increase a necessity.

In terms of supplies and services under insurance, it shows we're going from \$1,000 to \$2,000, which is a 100 percent increase for that. It's still a minor amount. However, the \$1,000 addition is a transfer from Treasury to cover some of the downloaded services that we're now going to have to provide. So they did provide the money to us to do it, and we are required by their directives to show it in our budget.

Contract services under 712K. Again, the same provision applies for the request for '95-96. It shows \$21,300, and \$2,000 of that is in fact a transfer from Treasury. Again, we have to show it in our budget. Even though that wasn't in our forecast from last year, we have to show it this year just for accounting purposes.

Data processing, 712L. You'll notice that we in fact budgeted for \$41,000, which was approved by this committee, but I'm spending \$62,200 for that, the reason being that the complaint system itself is old and needs an upgrade. Because of the number of complaints and the program we're starting to get concerns about some data that is being lost, and we have to go back now by hand and check the data to make sure it's absolutely correct. We're losing some of our oral complaints in the system itself. The system will get to an overload point where it'll collapse. So I have taken some of the moneys that we saved through staff reduction and position abolishment and used it to upgrade that particular system so that that won't happen. However, for the '95-96 estimate I will not need any more moneys than that, and I'll be back down, in fact reducing it \$4,000 from the approved budget of 1994-95.

Other purchased services, 712N, shows an actual expenditure in '94-95 under the forecast column of a significant amount over the 1994-95 approved budget; in fact, it's close to \$23,000. The reason that this is shown is because of the severance pay that had to be paid to the two abolished positions, and that is just shown for an accounting procedure in this area. It's not shown as an actual overexpenditure of the component, but it was because of the staff reductions and the severance components. That's just where it's shown.

Under 712P you'll notice a fairly significant increase of approximately \$6,000, a little more than \$6,000, under the '95-96 estimate. It goes from \$24,400 to \$31,300. The reason for this is that all of the items in capital fixed assets, 724C and 724F, are now shown in materials and supplies unless they have a value in excess of \$15,000. So really that's just a transfer from below; 724C and 724F have been transferred to 712P, materials and supplies. The bottom line, as I've said before, is that we are in fact showing the 5 percent reduction as required by the committee guidelines of last year.

MR. CHAIRMAN: Thanks, Harley.

Any committee members have any questions of Harley or his

presentation? Roy.

MR. BRASSARD: Just briefly. Each of the departments we've been talking to has indicated the need to update computerized equipment and communication, and you referred to that. Overall are you satisfied with the level of your equipment? We just upgraded the computers, I know, in most of the buildings to 6.0. Are you in line with that kind of technology improvement?

MR. JOHNSON: Yes. We're in 6.0 ourselves. One of the problems we're finding with 6.0 is that it's not necessarily compatible with our complaint system. Our complaint system is a special system over and above WordPerfect 6.0. So, yes, we are in 6.0. We're having some trouble meshing the two systems.

MR. BRASSARD: That was basically the direction of my question, whether it's all coming together.

MR. JOHNSON: It's all coming together. I'm satisfied with the equipment we've got. We don't need to go out and buy any more equipment for the next two years. We've been programming it knowing that these reductions were coming. We're in pretty good shape, actually, with our computer system.

MR. BRASSARD: Thank you.

MR. CHAIRMAN: Frank, you have a question?

MR. BRUSEKER: Yeah. Thanks, Mr. Chairman. Harley, I just want to refer back to the letter that you sent to Mr. Hierath as chairman. On your second page you proposed some actions for consideration, I guess, all aimed at the concept of reducing costs. There's one that I have a little concern about, and it seems to be in conflict, and that's the first one and the last one. The first one talks about – and here I'm speaking as a Calgary MLA of course – the viability of closing the office in Calgary. I guess I would have to say that I'm a little bit concerned about that, but I'd like to hear from you what your rationale might in fact be in doing that. Then if that indeed is something that will save some money, how does that jive with the last point which is to further reduce travel? If you close an office, then I would think that would increase travel. You know, how do those two things fit together?

MR. JOHNSON: First off, I don't want to close the Calgary office. I've had to reduce positions by two, one going to the Calgary office. I reduced a staff position in Calgary. I reduced an investigative position in Edmonton, and I'm not filling a staff position in Edmonton as well. Next year I have a retirement from a staff position coming out of the Calgary office, which means I will no longer have a staff. I will have three investigators there but no support staff.

In terms of viability, what I'm thinking of is closing the office per se, having all oral complaints, telephone calls coming to the Edmonton office, transferring one of those investigative positions to Edmonton, and leaving two people working out of their homes electronically linked. So there will still be people in the Calgary area for southern Alberta specific to the corrections facilities, potentially for Health, depending on whether I bring the nurse up here or leave her down there or whether I bring the person that's doing most of the work for the Workers' Compensation Board and quite a few of the correction facilities in southern Alberta. So that's a possibility. Those are under consideration. I could by abolishing that staff position have the office remain open, but I can't guarantee that anybody's going to be standing there when a complainant comes

in, and that makes it very, very difficult from a secure standpoint and confidentiality of information and all the rest of those good things. Right now it's also very difficult to run the Calgary office when I'm down to one support staff. Whenever she goes on holidays, I have to force an investigator to stop doing investigations to basically answer the telephones and the others. In addition, there's another component, dealing with oral complaints out of Calgary, that I'm having difficulty dealing with because I've lost that position.

12:48

To now mesh that with the final. In many of the offices where complaints are now being serviced, I'm reducing the time that we're spending with complainants, and I'm reducing significantly the final results when they are shared with complainants. Many of our people believe and I believe there's a need on occasion to meet with complainants personally if at all possible. I don't think that's going to be capable. So much of the reduced travel is dealing with complainants, not dealing with file reviews. They will still have to be done. If the file is at the Lethbridge correctional facility or the Pincher Creek agricultural office or whatever, I don't want to get into a position where I'm relying on a committee or a department to supply me with the information. I have the authority under the Act, and I think it would be wrong from an investigative standpoint to just accept a response. I have to go out and I feel that my investigators have to go out and review the files. So they still will be doing it from a department perspective. It's just the face-to-face contact with complainants.

MR. BRUSEKER: Okay. Thank you.

Thanks, Mr. Chairman.

MR. CHAIRMAN: Gary Dickson.

MR. DICKSON: Yeah. Thanks, Ron. Two concerns I want to raise or questions I want to put to you. In your report you talk about a degradation in time to do investigations and deal with complaints, but you don't quantify that. We ran into the Human Rights Commission a year ago sending out letters to complainants saying: we acknowledge your complaint; it will be six months before we can investigate. How are you measuring the length of time it's taking, and how do you propose it's going to be further delayed in the next year, as you're forecasting?

MR. JOHNSON: Mostly because of the numbers of complaints each investigator is having. I have a five-day turnaround from when a complaint hits my office until such time as I get a letter back to the complainant and out to the department. That's my aiming point, and for the most part we're meeting that objective. Every once in a while, such as over the Christmas season of course or when a holiday comes up, we can't necessarily meet the five days, but on average we're meeting that five-day turnaround time. I am not telling complainants that in fact I have a six-month or seven-month delay, but what I have done is told my investigators that while their aim is still 90 days, which is what I'm hoping they could achieve, in reality I suspect it's going to be between 100 or 110 or 120 days on average before they're able to complete their investigation. I'm doing that because of the extra number of files each investigator is doing.

I'm not to the point yet where I have to do what the Human Rights Commission did and say: we can't handle your complaint. I'm cautious about it right now. There are some of those complaints that come in to me that are in a very gray area, those that could either be investigated or not, and I'm still very cautious when they come in that we are doing everything possible to answer any complaint that people have or at least investigate, but that's something else I may

have to look at. Almost all departments are doing it, and they're prioritizing it. Those that are absolutely within jurisdiction are and absolutely still have to continue being done by mandate, but there's a discretion within the Ombudsman Act that I could refuse. I haven't got to that point yet, but it's something that I'm aware of.

MR. DICKSON: That leads into my second question. With the kind of wholesale privatization that we see going on now and more services now being privatized, like motor vehicle registration services, licence services, have you got a legal opinion in terms of what extent you have authority to deal with complaints from Albertans in those areas relative to, you know, section 11 of your Act?

MR. JOHNSON: I cannot investigate the contract agencies. I cannot provide a review of the specific incidents that people may complain about. What has happened, though, is that we've become one step removed. For instance, assuming that they're now going to be privatizing some of the jail services, the prisoners themselves will not have direct access to my office unless it can be negotiated, and part of that will be in the second portion of our meeting, but they will still have the option to complain to the department. Then I can still review the department's actions on that complaint but not the original action itself, so it makes a one step removed component. There is a possibility that it will reduce the number of complaints that I have over time, but it may be that it's reducing the number of complaints for the wrong reason. People will just get more frustrated with going through one extra appeal procedure.

MR. DICKSON: You anticipated where I was going. I was wondering what kind of impact you foresee.

MR. JOHNSON: I think that in some of the cases, people will walk away quicker because they don't have direct access to their direct complaint. They have to go through one more step. I think some people will walk away. Others will still proceed all the way through the process. I will still not have direct access to review complaints on contract agencies. It'll be on a once-removed basis. The Auditor General is in the same boat on a number of the issues that come forward to that office.

MR. DICKSON: Thanks.

MR. CHAIRMAN: Gary Friedel.

MR. FRIEDEL: Yeah. In your letter you refer to "own motion investigations 'in-house' as resources . . ." I used to think that the office was primarily to deal with complaints and requests. What kinds of things would instigate an "own motion investigation"?

MR. JOHNSON: Basically where there's evidence of a system breakdown. So it's not based on an individual complaint but where the system itself is causing individual complaints to occur. That's the same with the minister-requested review by the Ombudsman's office. Any minister of the Crown can request an investigation, an independent review by my office, providing it's within my jurisdiction. I've had a number of those.

MR. FRIEDEL: Okay. When you say system breakdown, can you . . .

MR. JOHNSON: One of the own motion investigations I've dealt with came out of the Calgary area, where a young child was taken from a foster home and placed back on a reserve that she had been

taken from by a social services decision in Saskatchewan 13 years prior to this and placed in a foster home in Calgary. The young child then, because of the decision made, was placed back on that reserve in Saskatchewan without any support structures in place. Very specifically, within two weeks she was raped; she was gang raped. She got a social disease. She got pregnant. She got into drugs. She attempted suicide. It was a very serious case.

The system was investigated by me, the system that allowed that to happen. I found out that children in foster care on the repatriation issue were being dealt with differently in the north, central, and south parts of the provinces. Specifically, there were hidden agendas by a number of the social workers involved in making these decisions. The decision was made in this particular case by a social worker who stated that all native children in foster care should be back on a reserve to protect the cultural origins of that person, failing completely, in my opinion, the needs of that child. The best interests of the child were put aside. The system allowed it to happen. There was no check and balance to ensure that the decisions were being made for legitimate purposes and not for personal agendas. That was a systemic review. From that particular review 14 recommendations went forward. All 14 were accepted and are now in place. I'm not saying that just because they accepted those 14 recommendations, something won't happen again. But it won't happen for the same reasons, because the system has been bolstered to ensure that it doesn't happen.

MR. FRIEDEL: Now, how do you determine when these are necessary? Is it based on available time? If you were, for example, to be aware of some problems, is your available time a key priority in determining whether you can do an investigation?

MR. JOHNSON: It's not so much a time as it relates to my office. If it's an absolute necessity and I've got the evidence, then I will set other priorities. I will put that as a priority and move other things back.

Mr. Dickson asked the specific question in terms of time for other investigations. During the recent own-motion investigation that I did on day care, that was one of those where I knew investigations weren't going to be completed within the time frame that I wanted them to, but the priority was on the day care issue. So my resources inside went towards it. In the past the Ombudsman's office has had the capability of going outside and bringing in more resources to handle the specific own-motion investigation. Because, of course, there are now no special warrants and because of the budget restraints very specifically, I handled that particular investigation inside the office with no external help. So I had to make other priorities or put other issues aside until I could get to them.

12:58

MR. CHAIRMAN: Do you have any further questions, mainly regarding the budget on this discussion, but they don't have to be? Is there any other discussion or questions on Harley's presentation of the '95-96 budget estimates? Seeing none, maybe what we'll do is entertain a motion of approval of this budget.

MR. BRUSEKER: Mr. Chairman, I'll move acceptance of the budget as presented stating the figure of \$1,038,000 for the '95-96 estimate year.

MR. CHAIRMAN: Thank you. Any discussion on the motion? All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Carried.

MR. JOHNSON: Thank you, Mr. Chairman.

MR. CHAIRMAN: On item 7 on our agenda I think the committee has requested a little bit of time to talk to Harley about the expiration of his term and wanted to deal with some of the questions and just question you. I was thinking that maybe the committee would want to go in camera for this – it's just a suggestion – if we're going to talk about some of the items with regards to Harley's new term and some of the financial proposals that he has. So if someone wants to make a motion.

MRS. FRITZ: I'll move that it be in camera, Mr. Chairman.

MR. CHAIRMAN: Any discussion on Yvonne's motion? All in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Carried.

[The committee met in camera from 1:00 p.m. to 2:04 p.m.]

MR. CHAIRMAN: So we will now reconvene the meeting. We're on agenda item 7, Expiry of the Ombudsman's Term of Office. Go ahead, Gary.

MR. FRIEDEL: Okay. I have written down a motion that I'd like to make, Mr. Chairman. It's as follows:

The Standing Committee on Legislative Offices recommend that Mr. Harley A. Johnson be reappointed as Ombudsman for the province of Alberta for a five-year term with all conditions of his present contract to remain except that he be offered the option of participating in the management pension plan but that any participation be as a result of deduction from his present gross contract amount of any participation contributions which the government of Alberta would be required to make as the employer's portion and, further, that any retroactive contribution or commitments would be entirely at Mr. Johnson's cost.

MR. CHAIRMAN: Is there any discussion on Gary's motion? All those in favour? Opposed? Carried.

The next item, item 8, is Budget Estimates.

DR. MASSEY: Maybe, Mr. Chairman, before we leave that item, we should make it clear to the Ombudsman how much we appreciate the work and in particular the international recognition he has brought the province, the United Nations seeking his assistance. That's good for Albertans, and it's good for the world community too. So I think we have to recognize the quality of the individual we have.

MR. FRIEDEL: Mr. Chairman, I think that we should also include for the record that any reluctance to comply with any request for increases not be a reflection of his work but be in compliance with what we're doing with all the other provincial government positions and that any increase of any sort would be, I think, considered unfair to any person if it wasn't going to be available to anybody else.

MR. CHAIRMAN: Thanks, Gary and Don.

MR. BRUSEKER: Mr. Chairman, that would be a recorded vote, that last vote?

MR. CHAIRMAN: It can be. Sure. So one opposed on the last vote.

[For the motion: Mr. Brassard, Mr. Dickson, Mr. Friedel, Mrs. Fritz, Dr. Massey]

[Against the motion: Mr. Bruseker]

MR. CHAIRMAN: I will make sure that Harley gets the comments that were made by the two committee members.

MR. FRIEDEL: Also, Mr. Chairman, he has some organizational items that he suggested, and maybe we should convey to him that we're prepared to sit down and discuss these with him not as a contractual situation but as part of the ongoing relationship with his office and this committee.

MR. CHAIRMAN: Good point, Gary.

MR. DICKSON: Mr. Chairman, you talked about two people making those observations. They spoke for me as well. I didn't say anything expressly, but I'm happy.

MR. CHAIRMAN: I was meaning to convey that it is likely the feelings of all the committee members. Thank you. I see a sign of unanimous consent in that regard.

Now, item 8, Draft Budget Estimates – Office of Information and Privacy Commissioner. If you turn to tab 8, you will see that we just copied down in general terms the similar budget estimates that we made last year. I hope there is no doubt that the freedom of information will be enacted in the 1995-96 fiscal year. We really don't know how many dollars to allocate to it, and there will be some slowness in start-up. So I'd just ask for any comments from committee members in this regard.

MR. DICKSON: I guess my question is on salaries, wages, and contract employees. You've got \$100,000 for contract employees, nothing for permanent salaries, \$10,000 for wages. What was that based on?

MR. CHAIRMAN: Well, it was based on the Ethics Commissioner's budgets. It's just about where this came from, the whole budget, and, if you recall, it's just about identical to what was proposed and accepted last year.

MR. DICKSON: I guess the reason I raise it is that the situation we were in with the Ethics Commissioner was I think a fairly unique one. It's a unique office, and I understand why we were in a contract situation there. But that doesn't obtain to any of the other Leg. offices, I understand. All of the other legislative officers would be salaried employees. Is that fair? Is that accurate?

MRS. SHUMYLA: The officers may be salaried or they may be contract depending on what they were on. Some of the officers: we had two contract and two salaried. Even so, if we have \$131,000 in salaries, that could be moved into salaries from contract. It's in the same control group.

MR. DICKSON: How many people are we contemplating would be in the office with this?

MR. CHAIRMAN: Well, I think when we were drafting this up, we had to shoot for when we thought this office would be up and running. We were thinking that it might be October. I don't know on what lack of knowledge that decision was made, but you do have to start from some point. It was just thinking that it was a six-month time frame for the government budget year. Again, Gary, going

back to not knowing any more about what we're going to do than we did a year ago, when I looked at this and what we should propose for the committee to approve, I literally took it off the shelf from what we approved last year. I can't say much more than that.

MR. BRASSARD: Could you clarify that professional, technical, labour services, \$35,000? What does that refer to? Under supplies and services.

MRS. SHUMYLA: As the chairman had mentioned, we had based it on the budget that we approved last year for the Ethics Commissioner. I believe they had money in professional, technical, and labour services in the event that outside legal help was necessary.

MR. BRASSARD: I see. Okay.

MR. DICKSON: Just one other thought. Because we're talking about the start-up of a brand-new office – you're right: it will probably be later in the year before it gets going – Public Works, Supply and Services is probably incurring most of the cost now. I don't know what the experience in other offices is. My expectation, though, would be that it may mean a lot of extra effort to get the thing set up, the systems in place. I'm not quite clear on how much of that is intended to come out of the PWSS budget and how much the new minister there is expecting to come out of the Leg. Office's budget. Have we had any discussions with the new minister about how that's going to work?

MR. CHAIRMAN: I haven't. I did have some discussions just in general terms with the old minister. I'm not sure, Gary, how many dollars his department was allocating. They were realizing that there were going to be some costs to their department. I don't know what that figure is. In fact, the budget proposals are just going in now to the Treasury Board. So I can't answer that for you.

MR. DICKSON: You know, as we . . . I'm sorry, somebody else has a question.

MR. FRIEDEL: Go ahead.

MR. DICKSON: I was just going to say that I'm wondering if it would be useful for you on behalf of the committee to meet with the new minister and see if we can get a clearer sense of – they may well have some estimates of what work is going to be required and what they expect is going to be done out of this budget as opposed to their budget.

MR. CHAIRMAN: Well, I think that's what they're waiting for patiently from this committee to try to put that together.

MR. DICKSON: The classic chicken and egg kind of situation.

MR. CHAIRMAN: It is of government and the separation of department budgets. Whatever we approve will go to the Treasury Board and be discussed. Now, I certainly can independently of the minister of public works have some conversations with them. Treasury Board wants to gather this all up and have it in their office for their next Treasury Board meeting, Gary.

Gary Friedel.

2:14

MR. FRIEDEL: Yeah, I just want to make an observation. I'm assuming that this \$200,000 budget is, you know, a rather arbitrary amount and that it's done reflecting another Leg. Office's previous

year's budget and that the figures in here are going to be given to whoever the appointee is going to be as the new commissioner of privacy with a reasonable amount of latitude to adjust it according to what they actually need. Is that not correct?

MR. CHAIRMAN: Yes, that's right. That's my understanding. I mean, you can't start from point zero with something new when you don't know for sure what kind of an officer we're going to hire. I think the leeway is going to come from public works, but I'm not sure of that.

MR. FRIEDEL: So there's not much point in us debating the individual items in here, because the commissioner is going to be allowed to change those as necessary anyway as long as he stays within the confines of the total budget.

MR. CHAIRMAN: To the \$200,000. Yeah. From our standpoint.

MR. DICKSON: Just to be clear, I'm only dealing with the global number. I mean, I take your point, and I'm not proposing to rejig the line items, but I'm concerned. If we budget \$200,000 and it ends up clearly requiring \$300,000 net of what is going to be paid by Public Works, Supply and Services, what happens then? The budget's been fixed for the year. We know that there's no provision for special warrants anymore. There's absolutely no flexibility then. I think it's so important that we get this office up and working. I mean, if we're going to be arbitrary, we should be looking at \$300,000.

MR. FRIEDEL: I feel that we don't have any better chance of guessing whether this is going to be high as opposed to whether it's going to be low. I mean, if you're going to be arbitrary, there's nothing wrong with the number that's here.

MR. DICKSON: Well, I'm looking at the material that's been researched. Diane, I think, had done some talking to other FOI commissioners, and I'm looking at the budget for Mr. Flaherty in British Columbia: \$1.2 million. That was the first eight months of that office. Even if you reduce it because of a smaller population or whatever, we may not even be in the ballpark.

MR. CHAIRMAN: I don't know where we're going to go, Gary. Going back to what I was supposed to bring forth to the committee, it would be ideal for me to take off the shelf what we approved last year. That's all I've done.

MR. BRASSARD: I move acceptance of this budget. We recognize that it is a preliminary budget, if I can call it that, for part of our year. I move the amount of \$200,000 as being an accepted estimated budget for this position.

MR. DICKSON: I'd like to move an amendment that the global amount be increased to \$300,000. The reason is that looking at the budgets for the B.C. and Ontario offices, I think \$300,000 is more realistic, recognizing it's going to have to be perhaps revised once we get going in any event.

MR. CHAIRMAN: Any discussion on the amendment?

MR. BRASSARD: Well, speaking to the amendment, Mr. Chairman, I look at Saskatchewan, if we're going to compare jurisdictions, and they operate with \$120,000. Mind you, it's designated as part-time and everything, but we really don't know how this is going to be set up yet. So I speak against the amendment.

MR. DICKSON: Just responding to Roy's point. What we do know is that the Saskatchewan Act is not at all like ours. Our Bill is modeled after B.C. and Ontario. Saskatchewan is very different. I don't know whether you received it, Roy, but I tried to summarize some of the ways that the Saskatchewan Bill is different from ours, and I think if you go through that, you'll see a lot of major differences. So if we're going to look for a model or some guidance, as imprecise as it is I think that Saskatchewan doesn't provide us with much, but B.C. and Ontario are a little more relevant to our situation here.

MR. CHAIRMAN: Any further discussion on the amendment? All those in favour? Opposed? Defeated.

Now we'll vote on Roy's motion. All those in favour? Opposed? Carried.

MR. DICKSON: Can we record?

MR. CHAIRMAN: Sure.

[For the motion: Mr. Brassard, Mr. Bruseker, Mr. Friedel, Mrs. Fritz]

[Against the motion: Mr. Dickson]

MR. CHAIRMAN: Okay. Now we're on the budget of the Standing Committee on Legislative Offices, tab 9. Let's keep in mind some of the things that we were needing to discuss. These budget estimates were approved by way of Members' Services at the Members' Services Committee meeting, as probably some of you know, and the budget estimates have an 8.2 percent decrease from last year. The decrease is the cost of the audit of the Kingston audit firm, which has come in at a lower cost for auditing, and the MLAs' pay for conferences allowance, which was no longer allocated in our budget. That's the reason for the 8.2 percent decrease in the budget. Any questions?

MR. BRASSARD: I move acceptance of this budget as presented.

MR. BRUSEKER: Just a question, Mr. Chairman, if I may. On the second and third pages we're looking at the Ombudsman conference, the Canadian Council of Public Accounts Committees. There's a second reference on page 3: the Canadian Council of Public Accounts Committees and the Ombudsman conference once again. I'm just wondering if you could clarify what the difference is between those two things. One is allowances and supplementary benefits, and then one says travel expenses, but I thought the supplementary benefits were canceled.

MRS. SHUMYLA: Okay. Just speaking on the conferences, we've based the conferences on last year's budget, so we allotted for the same conferences this year in the new venues. Under 711F, allowances and supplementary benefits, \$600 has been allotted there. That pays conference fees. So if it costs you \$200 or \$300 to attend the conference, that's what that is allotted for.

MR. BRUSEKER: Registration fees.

MRS. SHUMYLA: Registration fees.

On the next page it's travel expenses, your travel to the conferences. What has been taken out of the budget appears actually on page 9 under pay to MLAs. It's pay to MLAs, and it's the third line, conference attendance. There used to be a provision for when an MLA attended a conference to have a fee paid for that day. That

has changed in the past year.

MR. BRUSEKER: Right. Okay.

MR. CHAIRMAN: That was taken out.

MR. BRUSEKER: The other question, then, Mr. Chairman, with respect to attendance at those conferences: has that decision been made, or is that something that needs to happen yet?

MR. CHAIRMAN: That needs to happen yet. It'll come to the committee.

MR. BRUSEKER: Is that something we will discuss right after the budget, then, after we debate this budget, or is that something for another meeting?

2:24

MR. CHAIRMAN: That's for another meeting.

MR. BRUSEKER: Okay.

MR. CHAIRMAN: Any further discussion on Roy's motion? All those in favour? Opposed? Carried.

MR. BRUSEKER: Mr. Chairman, if I may just before we leave that, I did have one more question. I know that we've already voted on it but just for clarification sake. The travel expenses are down significantly. Is that just because we're not billing travel directly to this committee and people are traveling under other budgets, so to speak?

MRS. SHUMYLA: When we put together the travel expenses budget, I based it on claims from each member and full attendance at each meeting. The case is that some members are not claiming.

MR. BRUSEKER: Thank you, Mr. Chairman.

MR. CHAIRMAN: The next item is really housekeeping. A motion has already been passed to have Kingston Ross Pasnak do the audit for the office of the Auditor General. Another motion should be made that I sign the letter.

Gary.

MR. DICKSON: I move that
the chairman of the committee be authorized to execute the
engagement letter that's at tab 10.

MR. CHAIRMAN: Thank you, Gary. Any discussion on that motion? All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? Carried.

I guess we have Other Business, and maybe under Other Business we should set a date for another meeting, or maybe I should do other business. I don't think we're going to do any other business today if we do have another meeting scheduled. That's why I'm thinking that with the Chief Electoral Officer and some of these other issues we should try to have another meeting before session starts if that's possible.

MR. FRIEDEL: How's the 7th of February?

MRS. FRITZ: What day is that, Gary?

MR. FRIEDEL: It's a Tuesday.

MRS. FRITZ: Yeah, that should be fine.

MR. CHAIRMAN: You don't have your calendar, Frank?

MR. BRUSEKER: No.

MR. FRIEDEL: We're going to have to remind him to bring his calendar when he comes to these meetings.

MR. BRUSEKER: No, I never bring my calendar.

MR. CHAIRMAN: What do you look like on the 7th of February, Gary.

MR. DICKSON: I'm all clear.

MR. CHAIRMAN: Is Don going to be back? Do you know?

MR. DICKSON: I have no idea.

MR. BRUSEKER: I don't believe so.

MRS. FRITZ: I'm fine for the 7th too.

MR. BRUSEKER: I think the 7th is probably okay for me.

MR. CHAIRMAN: Let's shoot for – afternoon would be the best? Late afternoon, or you don't know, Frank?

MR. DICKSON: My preference, frankly, is the morning. I can get into town and leave. But that's a personal bias.

MR. CHAIRMAN: Yeah, but I'm a long way away. I'm not conducive to morning because it'll take me all morning to get here.

MR. DICKSON: Okay. That's fair.

MR. CHAIRMAN: So early afternoon is better than late; right?

MR. DICKSON: Sure.

MR. FRIEDEL: Are we meeting with two of the officers?

MR. CHAIRMAN: Likely.

MR. FRIEDEL: So we should maybe start early in the afternoon.

MR. CHAIRMAN: We probably would start at 1 o'clock. Okay. Let's shoot for that, and we'll have Diane try to facilitate that with the members that aren't here then.

MR. FRIEDEL: February 7.

MR. CHAIRMAN: Leg. Offices, 1 p.m.
Okay. Is there any other business?

MR. FRIEDEL: I move we adjourn.

MR. CHAIRMAN: A motion to adjourn by Gary Friedel. All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Agreed? Carried.

[The committee adjourned at 2:28 p.m.]

