

9:06 a.m.

[Mr. Langevin in the chair]

THE CHAIRMAN: I'd like to call the meeting to order. Most members are here now. We do have some missing. Just to give you an update, Pam Barrett is going to be here around 10 a.m. Ron Hierath will be here probably by noon. Mr. Jacques has to leave at 11.

MR. JACQUES: At 10.

THE CHAIRMAN: Oh, 10. But he'll be back shortly after. Mary has to meet a class of students this afternoon, which will take a few minutes.

MRS. O'NEILL: This morning.

THE CHAIRMAN: This morning? Sorry about that. She'll be back again. Gary Friedel will be here by 9:30, from the message I have received. He'll also have to be absent a few minutes after that, and then he'll be back. So that's an update on the members.

You all have a copy of the agenda for today? To start with, I'd like to have a motion to approve the agenda or recommendations for position or changes.

MRS. FRITZ: I'll move the agenda be approved, Mr. Chairman.

THE CHAIRMAN: We have a motion to approve the agenda. Any discussion on the motion?

MR. DICKSON: Mr. Chairman, I just wanted to signal the other members that under Other Business there's an issue I want to raise. It has to do with the way that our legislative officers utilize the ACN network, that issue. There's been some correspondence. I just wanted to flag that now.

THE CHAIRMAN: Okay. So we'll have that under Other Business, yes.

MR. SAPERS: Mr. Chairman, under Other Business as well I was wondering if you could give a report, an update on the Ombudsman selection.

THE CHAIRMAN: Yes, we can talk about that later.

Okay; two issues under new business. All those in favour of the motion with the suggested changes?

HON. MEMBERS: Agreed.

THE CHAIRMAN: That's carried. Thank you very much.

I guess, then, we'll go straight to the presentation of budgets, as we have four scheduled today. The first one on the agenda is the budget for the Ombudsman's office. We have the acting person, Mr. Brian Carver, here to handle that task. I have to apologize, I . . .

MS WATSON: Dixie Watson.

MR. CARVER: She's the director of administrative and financial services for the office.

THE CHAIRMAN: Okay. Well, it's a pleasure to welcome you both this morning. I guess we're ready to hear you, so we'll give you the floor if you want to present the budget for the coming year, 1998-1999.

MR. CARVER: Thank you very much, Mr. Chairman. Dixie and I have worked on this budget presentation. We have provided you an overview of our presentation here, which is in a series of four columns. The first column that we have in this presentation is the current approved budget. Right beside that is the 1998-99 operating estimate for our request of funds for the coming year. This is what we call the core budget, our needs. We have it broken down. Dixie has kindly advised me that she'd be most willing and able to answer any questions you have that come within any of the specific line item categories in the core budget requests that we're making.

The reasons why there is an increase. One of the things, as I pointed out in our letter, Mr. Chairman, is that we have been able to keep within the budget target guidelines of spending growth, which has come in at, I think, .94 percent, just under the 1 percent that was asked for, keeping the budget within these guidelines. So we're pleased about that.

The other category, which possibly we could talk about a little later, is the new initiatives line, which is line 3. I thought possibly if anybody wished to ask us questions about our proposed 1998-99 core budget, we'd be pleased to try and do that. It's very straightforward. It's on top of the table. There are no curves in here. It's what our needs are for the coming year, and we believe it's within the guidelines as outlined. I don't want to make it sound too simple, but it's rather straightforward.

THE CHAIRMAN: Thank you very much, Brian. My first question would be: how close do you think you're going to be on your 1997-98 approved budget? We're about halfway into the year now. Are you going to be under or over, or are you pretty well on target?

MR. CARVER: We're going to be under our estimate. How much do you estimate that might be, Dixie?

MS WATSON: At this point in time we feel there'll be a surplus of approximately \$60,000 to \$65,000, which is primarily due to the fact that we haven't had an Ombudsman in place for nine months. Some funds of course go to the Acting Ombudsman, and there could be an expected expense related to moving a newly appointed Ombudsman should you appoint somebody from out of the province or even out of Edmonton. Our office is responsible for those moving funds and all the interim bridge financing. So that's one we haven't been able to determine at this point.

MR. CARVER: We would have to be responsible for relocation expenses if that were needed.

THE CHAIRMAN: I can see that what you're saying now is that there would be dollars to do that without being overexpended. Thank you very much for those comments.

Wayne, you have a question?

MR. JACQUES: Yes. Really, two questions. Under the line for salaries and wages the question I have is: what is the FTE component of the office, assuming you had a full-time Ombudsman?

MS WATSON: Including the Ombudsman it would be 17 salaried FTEs and one wage FTE.

MR. JACQUES: The second question, related to that – in your memo, Brian, halfway down on the first page you speak of the manpower costs, which you talked about during 1997-98, which had to be absorbed. Then if you look at the '98-99 operating estimate, line 711A, where it says “Salaries – Permanent Positions,” that shows an increase of about 8.7 percent over '97-98 approved. The question I have I guess is probably twofold. Number one, you have indicated that you have increases in '97-98. Of course, we don't see that kind of updated number, if you like, in terms of what that number will be. Hence, really what is the increase that you're seeing in '97-98?

MR. CARVER: Could you explain the details of that, Dixie?

MS WATSON: I think if you look at the first three figures, 711A, 711C, and 711D, and if you compare 1997-98 to 1998-99, those three figures for 1997-98 total \$832,600, whereas in 1998-99 they total \$858,000. So what you're seeing there basically is a total manpower increase in actual dollars of \$25,400. That is the amount of the increase in our manpower component. A good portion of that has been allotted to the Ombudsman that will be appointed. We do not know what that salary will be.

MR. JACQUES: Let me rephrase my question. I'm just concentrating on 711A, where you talk about permanent positions. The difference there is 8.7 percent between the approved budget of '97-98 and the '98-99 operating; in other words, the \$665,000 compared to the \$723,000. Okay? In the covering memo it says, “During 1997/98, the Office experienced the following manpower costs which had to be absorbed.” Okay? In the earlier question by the chairman, he had asked how things were going in '97-98, because you hadn't provided an outlook for that. My question is: of the 8.7 percent, or the over \$50,000 increase, how much of that had already been initiated in '97-98?

9:16

MS WATSON: Okay. The annual merit increases we build in each year. Those are a known factor. The restoration of the 1.5 percent salary rollback was unknown, and the approval of a 3 percent in-range adjustment was unknown when we asked for approval of the 1997-98 budget. Is that the question?

MR. JACQUES: Maybe I could come at it another way. What do you believe the equivalent of line 711A will be for '97-98?

MS WATSON: Okay. I don't have my budget estimates with me right at the moment for projections for the current year. In terms of what 1997-98 spending estimates will be for manpower, my estimate would be approximately \$600,000.

MR. JACQUES: Okay.

MS WATSON: Given that we do not have . . .

MR. JACQUES: Right.

MS WATSON: Well, it's not quite correct because the Ombudsman is usually paid under 711D. Now, that is something that this committee here will be determining.

MR. JACQUES: Right.

MS WATSON: Whether it's contracted or . . .

MR. JACQUES: Right. So 711A is kind of independent of that, as I understand it.

MS WATSON: Yes. When we look at manpower, I look at the three of them in terms of manpower expenditures.

MR. JACQUES: Okay. I just wanted to straighten out that one line.

MS WATSON: That one line? I would suggest it would be close to that amount for 711A.

MR. JACQUES: Close to the \$665,000.

MS WATSON: Yes.

MR. JACQUES: So indeed you are forecasting an 8.7 percent increase in '97-98.

THE CHAIRMAN: The 8 percent, you figure that's the difference between \$723,000 and 665,000?

MR. JACQUES: Yes.

THE CHAIRMAN: Do you have additional staff coming in there, or is it just a straight increase to employees?

MS WATSON: No. Last year, when the \$136,100 for contract employees was approved, that included the Ombudsman plus one additional staff person. We ended up moving the person that was on wages into a salaried position, and what we thought would be a contract employee we hired as a wage. So we've adjusted some of the positions in there.

THE CHAIRMAN: It still boils down, like Wayne is pointing out on 711A, that if you have pretty well the same number of employees, I think you will confirm the people would be getting an 8 percent increase in their wages.

MS WATSON: No.

THE CHAIRMAN: No?

MRS. O'NEILL: That isn't what she said. A different arrangement of the people.

MS WATSON: I think if I could go back to looking at the first three items and compare those to the first three items under 1998-99. They're all employees that we are paying salaries to; it's just whether they're classified as a contract or as a wage position or as a salaried position.

THE CHAIRMAN: Okay. You have an adding machine. Can you give us, then, the total for 1997-98 of the three positions?

MS WATSON: The total manpower costs for 1997-98 – the first three: 711A, 711C, and 711D – are \$832,600.

THE CHAIRMAN: That's \$832,600. Now, do you have the same comparable figure for 1998-99?

MS WATSON: It's \$858,000.

THE CHAIRMAN: That's \$858,000 even. So that's a \$26,000 increase.

MS WATSON: Which is a 3.05 percent increase in our total manpower costs.

THE CHAIRMAN: Does that answer your question?

MR. JACQUES: No, but it'll have to suffice for now.

THE CHAIRMAN: Okay.
Howard.

MR. SAPERS: Thanks, Mr. Chairman. I'm not leaving the manpower class yet either. Sorry. I just want to make sure I understand clearly. The remuneration for the Ombudsman is in 711D?

MS WATSON: Yes.

MR. SAPERS: Can you tell us what figure you used for budgeting purposes?

MS WATSON: What we did there is we looked at where they've been hiring deputies recently, and it appears that in the last four hirings in government that we're aware of they hired at the top of the range. We went to the order in council that covers the Ombudsman's salary, and the Ombudsman is in category C. The top of that range is \$98,100. So we took that, plus if that particular person chooses contract, an additional 9 percent is paid in lieu of pensions and LTDI, and that's how we arrived at the \$107,000 figure.

MR. SAPERS: So it's \$98,100 plus 9 percent?

MS WATSON: Yes.

MR. SAPERS: All right.

The salary positions in 711A and the overall 3 percent increase: you haven't budgeted anything again for a management merit increase. Is that right?

MS WATSON: That's correct.

MR. SAPERS: How long has it been since there's been a management merit increase in the office?

MR. CARVER: I believe 1991.

MR. SAPERS: So 1991 was the last time that there was a merit increase for management?

MR. CARVER: As far as I can recall, yeah.

MR. SAPERS: Okay. Are you aware of what's happened in other government departments or other Leg. offices in that regard?

MR. CARVER: No, I'm not personally.

MR. SAPERS: All right.

In your memo you make reference to the 1.5 percent salary rollback being restored. That 1.5 went to managers as well though?

MS WATSON: Yes.

MR. CARVER: They're included in that. So what I said would be right, that we haven't had a merit increase for four years.

MR. SAPERS: Right. What you've had the benefit of is the 1.5 percent, but there have been no merit increases since 1991.

MS WATSON: That's correct. Management salaries were frozen in 1991. This 3 percent in-range adjustment was something that cabinet decided, basically, but not based on merit.

MR. SAPERS: Right.

If I can switch gears here for just a second. The data processing services under the operating budget, line 712L, and then if you go down to capital, 724C and F. I'm just wondering if you can tell me if there are any lease costs reflected in 712L or any hardware or software upgrading costs reflected in those data processing services?

MS WATSON: What is included in that \$60,700 – basically we outsource our LAN support. We have a LAN administration and hardware maintenance contract that we outsource. We're not big enough to have a systems analyst on staff, so we outsource those costs. In addition, the government brought in these governmentwide PeopleSoft financial and human resources modules, and we have to pay a portion of that capital. We have to pay operating costs for both the human resources and the financials. So those costs are included in there as well.

9:26

MR. SAPERS: So some of the capital costs for PeopleSoft are in 712L?

MS WATSON: Yes. Under government regulations a capital cost is defined as \$15,000, and our costs will be significantly less than that.

MR. SAPERS: So you've got nothing in the budget to upgrade hardware in the office or to purchase other kinds of software support?

MS WATSON: Not over the \$15,000 limit for capital.

MR. SAPERS: And there was nothing last year either.

MR. CARVER: And in this '98-99 operating estimate there isn't, but there is when we move to the next category, suggested changes or improvements if necessary, but that again is under the new initiatives, which wouldn't be applicable to the core budget.

MR. SAPERS: Right. I see that line, Brian. You're referring to the \$28,200 under new initiatives.

MR. CARVER: Yes.

MR. SAPERS: I had just lowered my glance to the capital stuff, and I noticed that for the two years that we have before us, there's nothing in the budget for data processing hardware or software, for new costs. Where does that leave your office in terms of technology, the adequacy of the equipment that you've got?

MR. CARVER: In discussion with the investigative staff and Dixie, who does manage all of that, I would say that we're at a point where

that is something that will have to be addressed. I haven't dealt with Dixie and haven't really felt that we should get into that aspect until the appointment of the new Ombudsman. We really don't know what expectations the new Ombudsman may have in that respect, so we thought that would be something we would hold off on.

We're I think at a point where our system is approximately 10 years old.

MS WATSON: Our database.

MR. CARVER: The database, and we're starting to fill up to the point where I think we're about due for strengthening that part of our office.

MR. SAPERS: Well, you know, my nine-year-old son is having trouble doing some of his homework assignments on my computer at home, which is only four years old. So if you've got a system that's 10 years old and you're trying to keep pace with technology demands and you've got no upgrading in your budget over two years, I'm a little bit concerned, and I congratulate you for coping as well as you have. Do you not think it would have been worth while to project some costs?

MS WATSON: We have been upgrading some of the workstations and the file server, but again it's under the \$15,000 limit.

MR. CARVER: It's sort of like we've been doing it piecemeal and keeping ahead of it, but we realize that the day is going to come when we might have to make some major changes. Up to now we haven't included money for it.

MR. SAPERS: Okay.

MR. CARVER: Again, depending on the committee's feeling with regards to our presentation under new initiatives, that may be something that would be included.

MR. SAPERS: All right. I'll want to come back to talk about some of the new initiatives, but I'll thank you for your answers for now.

Thanks, Paul.

THE CHAIRMAN: Thank you, Howard.

On this same line of questioning, you mentioned that you haven't put anything in because of the pending appointment and the new person may have to evaluate and decide what he wants to do with that system. Do you think the system you have now is capable of going through one more year, while the new person does his evaluation and projections and programming, and then come into the next budget with some major . . .

MR. CARVER: I believe that, and I feel that, you know, as Acting Ombudsman I have certain duties and obligations to keep everything running as smoothly as I can. That's what I've been trying to do, but at the same time I don't want to be too presumptuous. I don't have a boss yet, so I would like certain things to be sort of spearheaded by the new boss and whatever that person's initiatives are and be part, of course, of the implementation of anything that he or she may wish to bring onstream. So I've been holding back in that respect.

THE CHAIRMAN: Thank you very much.

Gary Dickson.

MR. DICKSON: Mr. Chairman, thank you. Two areas I was hoping to explore with the Acting Ombudsman this morning. The first one has to do with wait lists, backlogs, that sort of thing. In November of last year when the Ombudsman was here and we were talking about his budget, there was concern at that point that he had identified a 90-day period from the opening of a file to the completion of an investigation as optimal, if you will. That was the target. But he reported that because of resource limitations in fact we were looking at something closer to a 120-day period. These are rough numbers, understand. I'm interested in a bit of an update. Are we doing better or are we doing worse than we were in November of 1996?

MR. CARVER: Well, in my opinion we have been able to manage what I believe is a reasonable turnaround period. It is still within, I believe, 60 to 90 days. We're still providing that kind of service and turnaround to the people that we serve. There is not a backlog at this stage. In fact, 90 days probably would be the figure that we're using as a turnaround as of this day. I'm not familiar with what happened and what was said last year, but I am familiar with the fact that in our office we've all been expected to try and keep within that 60- to 90-day period for completing our investigations. You know, the complexity of one investigation can take us into way more days than that, but on average I would say we're meeting that objective of about 90 days. We don't have it struck in stone, but we are all aware that that's sort of a very good period of time to try and get an investigation completed.

MR. DICKSON: The other related issue is the question of the centralization of investigation services, which has been undertaken to some extent. I'm wondering whether you can offer any observation of how it's worked in terms of the ability to do the undertaking of investigations in southern Alberta since there's been a greater centralization in the Edmonton office. Has that created any particular issues or problems over the last year?

MR. CARVER: I really believe there's a need to have an office in Calgary, but I do also believe that the office of the Ombudsman could function out of Edmonton under one roof. We get a lot of people that come to the Calgary office, like they do here. We're able to more quickly serve, I believe, that part from – we've got it broken down so that the Calgary office looks at investigations and complaint files from Red Deer south, right down to the border, east and west as well. It has been functioning well in the 10 years that I've been in this office, but you know, if there was a need to make it into one office, I'm sure that could be done. With the 1-800 telephone systems that we have in place nowadays, we could do everything from the Edmonton office, but I think that little extra ingredient that we provide to the people of Alberta might be missed. When those people, for example, found out that we were closing an office, say, in Calgary and moving to Edmonton and working out of there – we'd have people on the road a lot more and going farther distances, but it could be done.

MR. DICKSON: Thanks very much.

Mr. Chairman, the other area I just wanted to explore has to do with the fourth column on your budget page: the new initiatives, regional health authorities and health professions. I just preface my question by saying that I expect everybody else here has a benefit I haven't. You may know what's in the draft legislation that you're anticipating coming forward in the spring of 1998. I haven't seen that. But I take it from the second page of your narrative

explanation, your cover letter, that there's an anticipation that physicians would be subject to the jurisdiction of the Ombudsman, because physicians would be one of the 32 health professions you refer to. Is that correct?

9:36

MR. CARVER: That's correct. The College of Physicians and Surgeons comes under the health professions legislation that's being proposed this spring.

MR. DICKSON: So is it your understanding that Albertans who have problems with any one of those 32 health professions will have access to the office of the Ombudsman?

MR. CARVER: Absolutely. Plus the regional health authorities and the contract agencies associated with all regional health authorities, registration of professions, renewal of registrations: all of those are coming within this proposed legislation. We're really anxious and excited about it. We know it's going to increase our workload, and we're looking forward to it.

MR. DICKSON: So when you talk about licensing and renewal of registration, implicit in it is that actually health care workers would be the ones primarily accessing your office. If there's an issue over licensing . . .

MR. CARVER: No. This is a professional person who may have lost his or her licence or is applying for registration. If they're denied for whatever reason, then they go through an appeal mechanism. If that still makes them dissatisfied, they can then come to the Ombudsman.

MR. DICKSON: Right. So my point is that we're talking about not only providing Albertans who would receive a service with a further kind of recourse, but this would be opened up so that all health service providers would also be able to have access to the office of the Ombudsman.

MR. CARVER: Yes.

MR. DICKSON: When is it anticipated that your jurisdiction would be expanded? You're talking about an additional \$274,000. I'm not quite clear how many months, what portion of a year that would represent.

MR. CARVER: Well, it depends on the legislation and when the legislation is passed, but we strongly believe that once that happens and the public know about it, we're going to be very, very busy right away. So whatever month it would be that that legislation goes through, I would say that from that day forward, the office of the Ombudsman will take on quite a different role – not quite a different role, but additional responsibilities to what we currently have in providing a service to the people.

We want to keep the service we're providing to all the people of Alberta at the same level. We're quite willing and anxious in that first period – we know we're going to be very busy – to at the same time be able to explain to those people who are so anxious to come forward and make their complaints that these are the avenues you have to go through. It's going to take us a lot of explaining to the public and also meeting with these various authorities to explain to them who we are, what we do, and where we fit in the puzzle.

MR. DICKSON: Okay. I guess what I'm trying to understand is

what you project. Offhand I'd expect this would represent over a 100 percent increase in the volume of complaints to the office of the Ombudsman. I'm asking if you can project what the annual differential would be, running on a 12-month basis, where you would be fielding complaints from members of 32 different health professions and all members of the public who have concerns with an RHA in one of those areas.

MR. CARVER: One of the things Ms McHugh, our director of legal services, and I have been doing for the past six months is that we have met with every profession, representatives of the 32 professions, in meetings that were organized through the Department of Labour and the Alberta regional health authorities. With regard to the health professions, after meeting with these people and explaining to them where we fit in the puzzle and what we do, we also wrote to every profession by formal letter and asked them to provide us with some indication of the number of complaints they receive each year per profession. Interestingly, nine professions decided not to respond to us. All others did, and those people that responded to us provided us with some statistical information. We're anticipating all of this, and we're trying to be sort of reasonable in our anticipation. In any event, what we found interesting was that there were 682 formal complaints registered with these various professions and 500 additional complaints registered with the College of Physicians and Surgeons, which totals 1,182 complaints by the public to these various professional people and then, of course, their investigations.

Now, we anticipate, just from getting that kind of a figure, that we're going to be not necessarily doubly busy, but we really believe the phones are going to be ringing off the lines when people find out that they can go to the Ombudsman. They're going to have to go through a process prior to that before they can get to the Ombudsman, but we are in fact included in the draft legislation that is proposed for the health professions Act. So we have a responsibility to explain to the public, by getting out and publicly meeting with people and all the professions and so on, what we do, where we fit in the puzzle, what is available, and how people can complain to us. So we're going to be busy, but we don't know how busy. We feel that at the start we'll be very busy and it may taper off.

MR. DICKSON: My question, then, is on the \$274,000 of projected additional cost. Is that all preparatory work, or is some of that \$274,000 what we might describe as just part of the normal operating cost that's going to apply once you have the expanded jurisdiction?

MR. CARVER: We believe this figure is for the period for that year, 1998. It's not start-up. It's for start-up but including all of the things that we believe may be necessary for us to have funding for in the event we are included in this legislation which we understand is going to be passed.

MR. DICKSON: In doing that estimate, presumably you had to say this is going to be one month, two months, three months with the expanded jurisdiction? That's what I was trying to discern before.

MR. CARVER: Yeah. I think it would be more than that for this particular year. I'm not sure when this will go, when legislation will be passed, so it'll be anytime from there through to the other end of that fiscal year that our role will be changing.

MR. DICKSON: I was just trying to understand what assumption you had made in coming up with the number \$274,000.

MR. CARVER: Dixie broke this figure down in detail. We have copies of all that as well, which I brought in the event that you felt you wanted to see more detail as to how we arrived at these figures.

MR. DICKSON: I'd appreciate that.

MR. CARVER: Sure. This is for the new initiatives?

MR. DICKSON: Right.

MR. CARVER: The other thing Dixie was just explaining to me – and I'm sorry I didn't make it clear enough – is that this would be effective April 1, 1998, for that fiscal year.

9:46

MR. DICKSON: Thanks very much.

THE CHAIRMAN: Okay.

Yvonne, you have some questions?

MRS. FRITZ: Thank you, Mr. Chairman. I'd like to begin by thanking Mr. Carver for the work that you've done over the past nine months and longer as the Acting Ombudsman. It hasn't been an easy time – we're hearing that this morning – under the new initiatives, with the expansion of the health care jurisdiction and the number of professions that can apply to the Ombudsman's office for review under the new initiatives. I have heard that you've done an excellent job. I can see here today with this budget why, with both of you working together and with what you're presenting, that's quite true.

I have a couple of questions on your letter for your budget submission. One was that you've highlighted four points about manpower costs that had to be absorbed. I was interested in the first: "All staff, with the exception of management, are entitled to annual merit increases for satisfactory performance." Is that built into the core budget? When staff are entitled, Dixie, is that built in?

MS WATSON: Yes. Their annual merit increases: we know when they are coming. Every employee in government is entitled to a merit increase annually until they reach the top of their pay scale.

MRS. FRITZ: Okay. So that's not a pressure that's added on after the budget's been approved?

MR. CARVER: No. We have that included.

MS WATSON: No. That is anticipated.

MRS. FRITZ: Okay. So when it says "had to be absorbed," that was already in the budget though?

MS WATSON: Yes.

MRS. FRITZ: All right. Thank you. The other two you've addressed.

"A new government-wide employee benefit plan was introduced – employer costs are higher than the previous plan." What was the percentage? How much higher was that?

MS WATSON: With the new plan now we are calculating at 17 percent of payroll. Last year we had built in, I believe, 16.3 percent.

MRS. FRITZ: So it's up another .7 percent of payroll costs. And that's built into the budget?

MS WATSON: It is built into this . . .

MRS. FRITZ: Into the new budget. Okay. So that won't be – okay.

MS WATSON: If you look at line 711E, you'll see there that that's where the additional costs are.

MRS. FRITZ: Okay.

MR. CARVER: From \$130,000 to \$145,000.

MRS. FRITZ: Yeah. Great. Thank you.

The other question I had on the next paragraph.

Overall, manpower costs represent 85% of our budget. As our mandate is to provide a single program, we have had to reduce operating costs in order to accommodate manpower costs.

You're bringing that to our attention because "if the financial restraints remain, in the not too distant future, this Office will have insufficient funds to operate." I wanted to talk a bit about that paragraph because I think you're sending us a very clear message here, and it's something that you want us to really pay attention to. The reason I say that, too, is when I reviewed your – I know they're both under operating, but you've separated the two in that paragraph between manpower and supplies and services. So have you incorporated into your new budget what you consider to be sufficient funds, then, to operate?

MR. CARVER: Yeah. Dixie has a handle on that.

MS WATSON: Basically, I think the point we're trying to make there, Yvonne, is that we are obligated, as I said, to provide merit increases. For an investigator each year that increase can range between 4.4 and 4.7 percent. For administrative staff it's 3 percent to 3.3 percent.

MRS. FRITZ: Right.

MS WATSON: Unlike a big department, we don't have any grants we could cut, downsize, or anything. We have one program and that's all we provide, so we don't have a lot of financial flexibility. I think our concern this year is that if you look at 1997-98 compared to 1998-99, in 1997-98 what we're referring to as supplies and services, operating, represented 18 percent of our overall budget. Now we're down to 15 percent. If we have to keep decreasing the supplies and services to compensate for manpower – that's the point we're trying to make, that we have concerns that down the road this is obviously going to have a major, serious impact.

MRS. FRITZ: I'm concerned about that as well, and you have highlighted it for us. I know an earlier question had related even to the database equipment, and that's a zero increase. We're seeing that supplies and services have decreased, as you said, Dixie, by 3 percent. One of the areas I was concerned about was 712H, the telephone communications being decreased by over 50 percent. I mean, that to me would be one area where, quite frankly, it's necessary to be communicating with one another and the public, et cetera, and the complaints, and what not. How can you . . .

MR. CARVER: Our phone system changed, and it changed to an

advantage of considerable money in costs per month.

MRS. FRITZ: So it's okay then.

MS WATSON: This is one shining light in our whole budget.

MRS. FRITZ: Oh, okay.

MR. CARVER: Could you explain how much that was, Dixie?

MS WATSON: Well, the government brought in this real-time dialing – it's a government-line process – in conjunction with the 310-1000 number, and that has significantly reduced our long-distance costs. So that is not something that we have had to cut. It was a governmentwide initiative that actually benefited our office.

MR. CARVER: It benefited us. Also, in terms of providing telephone service and communication, it is still holding its own very well. In fact, we just got a new phone system in our Edmonton office which now enables us to do a 1-800, if necessary, with our Calgary office so that we can all be hooked. Anybody that phones can be assured that they will be talking to a warm-bodied person.

I think that's another thing I'd like to mention. We strongly believe, when serving the people of Alberta, that they talk to a real person on the other end. We do not have voice mail. We feel very strongly about that. When somebody phones, they talk to an investigator or a manager.

MRS. FRITZ: Immediately?

MR. CARVER: Immediately.

MRS. FRITZ: Yeah. That's good news.

MR. CARVER: Yeah. But the phone system was something that was a shining light.

MRS. FRITZ: Okay; thank you. Thank you, Mr. Chairman.

THE CHAIRMAN: Mary, do you have some comments?

MRS. O'NEILL: Yes. Thank you, Mr. Chairman. Brian and Dixie, I have a couple of questions. They pertain to number 712C, with regard to the advertising. Under "new initiatives" it is considerable, the \$40,000. So I thank you very much for this printout information.

MR. CARVER: This little extra.

MRS. O'NEILL: Yes, it helps a bit. But relative to the past, I would ask you: has the public or other public bodies or constituency offices been communicated with or advertised to or for, whatever you would say, in the \$5,000 budget in the first column, which was there before? It seems to me that under the new initiatives you've got a target group, which are the RHAs and the health professions. Am I right?

MR. CARVER: Under advertising, yes.

MRS. O'NEILL: So are you saying by this that you have underadvertised in the past?

MR. CARVER: I personally believe we have. I really believe that

serving the people of Alberta requires us to get out into not just urban Alberta but rural Alberta. I believe that one of the things we need to do is to get out, one on one, to an MLA's constituency office, sit down with the secretary and the MLA and say: "Hi. I'm Brian Carver. This is what we do. This is what we provide." I believe there's a lot of constituents who come to MLAs complaining about things that MLAs are unable to assist people with. If they can be redirected – we get a lot of MLAs who phone us saying, "My constituent phoned me about this." We invite the person to phone us so that we can talk one on one with them. I think we're short on that, and we've got to get out and talk to the people. I think that's one way we can do it.

I think we also have to get out and explain to all of the health professions and also the regional health authorities who we are, what we do, that we're not a confrontational group. We're very facilitative, and we do the investigations that we do in a very unbiased and neutral fashion. Dixie and I felt that we probably could be spending a fair amount of money in advertising alone by just changing our method of approach to the people. I'd have to admit that in the last nine months I haven't been out there beating the bushes because of the situation as it is. But I think it's very important that we keep in contact with people, and we haven't been doing that. I don't know if that answers . . .

9:56

MRS. O'NEILL: Yes, it does. I applaud anything that enables people to know what they can access and of course of what service you are. You are in essence soliciting business, which is a little bit of a catch-22 in one sense.

MR. CARVER: It's a free service; that's another thing.

MRS. O'NEILL: I still feel it is important that people know that the Ombudsman's office is there to serve them in their needs as properly identified.

Then if I may, Mr. Chairman, I want to move to one other question. Yvonne referenced it on the bottom of the first page of your notes, the message clearly being that you're going to run out of money, you foresee, in order to keep the operation of the offices. My dilemma, sitting here looking at this, is: what do we do in light of this? I've never liked being in a holding pattern, but I can appreciate that that's what you are in and that's what this budget reflects. However, with the added responsibilities and the new initiatives, if you will, should that indicate for us the fact that next year we could be sitting around this table with an enormous budget simply because of the added demands, the antiquation of the facilities, particularly computers, and the new initiatives as you've defined them here, what can we do – I'm looking in the budget for where the figures can point to the fact that there will need to be an increase. It's terribly difficult to settle on a big one which might hit us next year if you haven't at least given indications or haven't asked for it, I guess is what I'm saying, the previous year.

The answer to it? Am I asking a question? I don't think I am, but I've got a dilemma in front of me here.

MR. CARVER: I really appreciate your concern about it, because it would be difficult to make a presentation the following year of an enormously big change. We felt that if the committee was agreeable to our presentation of the new initiatives, this amount of money, this \$274,000 that we're asking for, would enable us to take ourselves through and beyond this fiscal year for sure, but then I wouldn't see that there would be a need for the Ombudsman to come forth with greater expectations.

I think we have to be quite conservative in everything we do and provide a premium service, but we just felt that the new initiatives and the amounts we've asked for were sort of a reasonable request and feel that that would be adequate for us for the coming year. Beyond that, though, I think maybe you were talking, too, about if it would necessitate quite an additional or substantial increase in areas.

MRS. O'NEILL: If I may. I just found your last sentence very alarming, quite frankly: "In the not too distant future, this Office will have insufficient funds to operate." You know, whenever I come across those terms, I see bankruptcy written across them, from my old profession.

MR. CARVER: Operating costs, as we all know, seem to be always on the rise. Like you were saying earlier, Howard, about computers alone: it's scary when they give you an estimate of what replacement costs will be just for that alone. But it is a reality that these things become obsolete quickly, and for us to keep up – I mean, because they store all of the statistical information we require and we are now 30 years old, we have quite a bit of data in our system.

MS WATSON: If I could add one thing. I think you're looking down the road and sort of saying: what's coming towards this committee in future years? I think our major expense over the next two or three years is our custom database system. The engine was built 10 years ago by public works. It has since been upgraded and ported and upgraded. We have 30 years of complaints in that database system, and it will have to be replaced. We've done some preliminary exploring in terms of what options are available, but we don't have a firm proposal at this point ready for this committee nor for the new Ombudsman. We have started looking at it because it is a critical need that we are definitely going to have to look at within the next year or two.

MRS. O'NEILL: Thank you. I don't wish to belabour it. I just wanted to solve my dilemma.

THE CHAIRMAN: Gary, I appreciate that you are able to join us. Do you have a question or some comments?

MR. FRIEDEL: Yes, I do, and I apologize for being late. When this meeting was called, I already had two commitments for the day. One of them I just got done with, and I do have to leave for about three-quarters of an hour at 11 o'clock, so I'm going to apologize for the interruption. I hope that I'm not going to dig up something that you've already discussed for the last hour.

On the new initiatives, the question I would have – this is being dealt with by several departments, molding an extension to the office of the Ombudsman. We, I guess, presume that all the homework is done and we'll sort of move it through the Legislature, even going so far as to assume that everything will be passed. What percentage of the year would you anticipate that this would take up? In other words, if it were approved perhaps in April or May, how long would the logistics of actually putting it in place take, to the extent that it's effective, that you would set up the office? Are we talking a partial year here? Is this a full year, or have we dealt with that? So give me a quick answer.

MR. CARVER: Subject to the approval of it in legislation, I suggest that as soon as that's made public, we'll be very busy. So it would probably be the first half of the 1998 year. This is designed for the

fiscal year 1998-99. Well, actually, it would be more than that.

MS WATSON: We budgeted for April 1.

MR. CARVER: April 1 we budgeted for.

THE CHAIRMAN: So it's designed for one full year.

MR. CARVER: One full year.

MR. FRIEDEL: Okay. I won't go a lot further than that because I'm assuming you've dealt with that one.

THE CHAIRMAN: Yes, we have.

MS WATSON: There's a handout as well.

THE CHAIRMAN: Did you get the handout?
Yes, Howard.

MR. SAPERS: Thanks. I thought I'd signaled you before. I wanted to come back to a couple of things. I appreciate the additional detail. It also generated another new question; that's what happens.

Dixie, I think you had said before that the new cost of benefits was just slightly in excess of 17 percent?

MS WATSON: Yes, 17 percent is correct.

MR. SAPERS: When we were talking about the remuneration for the Ombudsman, you mentioned that it was calculated at \$98,100 plus 9 percent, and I notice in the handout you say that employer contributions are calculated at 15 percent. So we've got three different benefit costs here: 9 percent for the person in charge, 17 point something percent for some people, and then 15 percent in the new initiatives. Now, I'm wondering why.

MS WATSON: Okay. The 17 percent on salaried staff: we can track that, and I do track that monthly to see where we're at. The Ombudsman: that was set by this committee with the last Ombudsman. That 9 percent figure was what was in the contract. Now, you may or may not set a different figure. We based it on our best information, which was the last two Ombudsman contracts.

MR. SAPERS: Which was five years ago. That was the last time that was reviewed.

MS WATSON: No. It was renewed two or three years ago, 1995. So that was set by this committee, and we went with that. I think that is also fairly standard through government with contract employees.

The 15 percent that we have for the new initiatives: if you notice, those are wage employees. We're intending to hire those at wage. So we have, again, different sets there. Wages are entitled to, I believe, 11.6 percent to cover their holiday pay and some of their benefits.

10:06

MR. CARVER: No. No benefits on wage, at least at the start.

MS WATSON: Right. They're paid 11.6 percent on top of their salary, and then we have an employer component for CPP and employment insurance. EI now it's called. So that's why there are three different amounts we use and that vary.

MR. SAPERS: All right. One last question. Thanks for your indulgence, Brian. The new initiatives, which I'm quite excited about as well and wish you and all the other staff luck with the phone ringing off the hook, as you put it – the new initiatives that you budgeted for the full fiscal year at \$274,000, without getting out a calculator, looks like about 20 percent, let's say, of your previous year's operating budget. But that volume of work could very nearly reflect a doubling.

MR. CARVER: Yes.

MR. SAPERS: Now, I know that some of these are fixed costs and there are incremental costs when you get more people through the door. I appreciate how parsimonious you're being, but I'm very concerned that you've really lowballed the costs. I mean, bless you if you can do it. But it seems to me that if you're looking at perhaps a doubling of volume and you're hiring so few new people and you've built in so little in the way of additional resources, I'm just wondering how realistic that is. If you could just give us an assessment if what you're trying to do is, you know, sort of keep things on low heat until the Ombudsman is hired and let that new person come to bat for additional resources or whether you honestly believe that's going to be enough.

MR. CARVER: Well, there are a couple of things. One, I feel that with the appointment of the new Ombudsman, that would be something I would like to see, if necessary, the new Ombudsman present, in terms of additional funds, if it was needed.

MR. SAPERS: Like an interim budget?

MR. CARVER: Yeah, if that was possible or needed.

The other thing that we're really conscious of – and we want to be so very upfront and straightforward about this – is that this is anticipatory. I mean, we're anticipating this, and we believe that it's going to go through. We have been working steadily with the Department of Labour and Alberta Health for over six months on this. We're really encouraged by it. In fact, Ms McHugh has been invited and has been working in helping with the draft legislation so that it dovetails with the Ombudsman Act and so on. So we feel that with this we can manage and do a good job.

We do believe also that it's going to greatly increase our workload, but we're prepared to accept that. We have a lot of experience in the office, and the investigators that we have have been in the office for many years and are used to heavy workloads. I've always believed that it's better to be a bit lean and mean – no, I don't mean it that way, but to be lean; that way you have the enthusiasm of everybody – rather than having not enough to do. In my experience it's better to be that way, and it seems to be more of a cohesive unit of people doing the job. So I didn't think this was too conservative a presentation.

I must say, though, that in our meetings with the two authorities they wondered. Because they were having to come up with figures too, they thought the office of the Ombudsman would need about \$500,000. I discussed that with Dixie and Ms McHugh, and we felt that that was quite a bit too high. So what we presented to you is a much lower figure, but we feel we can manage.

MR. SAPERS: Well, thanks for that. Thanks for your enthusiasm and thanks for your candour.

Mr. Chairman, I'd just like it noted that it's exceedingly difficult as a member of this committee to pass judgment on this budget

without the benefit of perhaps information that other members may have about this draft legislation. Not being familiar with the intent or the scope of what the government's proposing, I can't determine whether or not the presentation that we've received reflects that intent and that scope. That's not an issue for the budget, but it's an issue, I think, for this committee and perhaps something that we should discuss in another agenda.

THE CHAIRMAN: Thank you, Howard.

We've had a discussion for over an hour now, and on behalf of the members of this committee and on behalf of all the members of the Legislature I'd like to extend to you, Brian, our appreciation for handling the office in an acting position for nine months. I think you've done an excellent job. I'm not receiving any complaints. I don't know if other members are, but I think you've done an excellent job with the support of Dixie and the other people in your office.

Also, I appreciate the way you presented your budget and the way you were straightforward with your answers and satisfied all the questions here this morning. I know there's a question about this new initiative. I certainly am not privy to when this law may be passed. I don't have a hundred percent assurance that it will be passed. There might be a question there on that amount; otherwise I feel quite confident on the 1998-99 operating estimate of \$1.186 million. It's only an increase of \$11,000 over the previous year. You did take into consideration the 3 percent in that figure, and you did take into consideration that there may be higher wages for a new Ombudsman. I think you've covered all the bases, and I congratulate you on that.

MR. CARVER: Thank you.

THE CHAIRMAN: I don't know how the committee wants to proceed from here.

MR. CARVER: One of the things I'd like to point out with respect to the new initiatives in our presentation for this amount of money is that I strongly believe that subject to approval of this figure, we would be able to determine in our work whether or not the increase in workload and so on – if it was such that we required funds from this, then we would expend it. But at the same time if we were able to manage within our core budget, it would be understood, of course, that the moneys would be returned. We want to be prepared, and that's why, I guess, we've made this presentation, appreciating that we're not able to give the committee a total package of statistical information that would fully support this at this stage. One year from now we'll have lots of information to provide to you all for sure.

THE CHAIRMAN: I appreciate those comments.

Gary, you had a comment or a question.

MR. FRIEDEL: Yes. Mr. Chairman, today is the day that we have to approve some kind of a budget, I take it, in order to meet the requirements for including in the provincial budget. That's a question to you.

THE CHAIRMAN: What was the question?

MR. FRIEDEL: Is today the day that we have to actually approve these budgets?

THE CHAIRMAN: Well, the intention is that if we're prepared, we should, because we have to have some kind of a supporting motion before it can go to Treasury. If we're prepared to do that, I would appreciate that very much. Otherwise, it's going to mean more meetings.

MR. FRIEDEL: My inclination – and I did actually go through all of this stuff, you know. I'm sorry that I missed the actual debate here. I'm assuming that the budget itself is relatively in line. You can gather from my earlier question about the new initiative that I have some reservations about how that's going to be handled. I would be prepared to make a motion, if this would be in order, that the budget be approved, that the 1998-99 operating estimates be approved as presented, and that the new initiatives proposal be approved subject to the passage of the necessary authorizing legislation and then proportionate to the remainder of the fiscal year relative to the actual date of implementation of the initiative.

I would throw that out for some debate. I don't know if that would fit in.

10:16

THE CHAIRMAN: So that's your motion then. Thank you very much.

Yvonne.

MRS. FRITZ: Thank you, Mr. Chairman. I'm pleased to hear the motion on the floor. That's the type of motion that I was actually going to make and had written out. I know Howard had said earlier that other members here in our committee may have seen this draft legislation and be aware of it, but I'd like it on the record that I have not seen it – I don't think other members have either – just so you as Acting Ombudsman know. That's why I think the motion is so appropriate, until we are aware of what the future does hold. I appreciate that this budget has been very well thought out. I trust the numbers that are here for the new initiative, the \$274,000. I'd support the motion to approve it in principle until we actually are aware of the legislation.

MR. DICKSON: I'm very much in sympathy with the last two speakers. I wonder if Gary Friedel would be amenable to slightly revising his motion. Rather than just making the passage of this new law, which nobody has seen, the trigger, what about providing that we would have an opportunity to come back and reassess at the end of the spring session whether it's passed? There may be some changes to it that are either going to expand or shrink the scope of responsibility. I'm thinking that you could adopt the budget subject to an express review at the end of the spring session. We'd then know exactly what we were dealing with. I think it gets us to the same place, but it just creates a little more flexibility than making passage the only condition. I haven't seen it. It's important to me not just that it become law but that we get a chance to get some sense of what's in there, how broad, how expansive the responsibilities are. Then we'll probably have some much clearer notion, too, from RHAs and people who will continue to be trying to identify and quantify the demand.

MR. FRIEDEL: Gary, I have no problems with the concept of what you're talking about, but the problem I think would be: how do you deal with it after the budget is approved? In fact, this is why this has to be dealt with today. It has to go into the actual budget estimates. After that point the only way to deal with any changes would be by supplementary estimates, which, by virtue of how it's dealt with, would be something that either this committee or whoever is going

to make the presentation would have to go to cabinet and Treasury Board with. So I'm not sure how you'd build that in. I'm assuming that even with the fact that there are conditions, that the Ombudsman would come back and work with the committee as to, you know, what the logistics are of dates and things like that, if it meant adding more money to it, I don't think we could physically do it. If it meant reducing it by virtue of a lesser involvement, then I would agree with you, because we could physically do that with this committee.

MR. DICKSON: If I can, Mr. Chairman, just in response to Gary Friedel's concern. It seems to me that really what we're trying to do is signal to the Assembly and to people that are ultimately going to be signing the cheques that there is a huge variable here and that we don't know exactly what the definition of that variable is going to be until after the end of the spring session. I recognize it's going to be a question of perhaps seeking supplementary funding, but you've signaled to everybody in a very clear way that that's a contingency, that that's a possibility. That's all I'm trying to achieve.

MR. FRIEDEL: I'm assuming – and maybe I could ask the question again – that this is the estimate for the year's operation. Since Brian is actually working with Legislative Counsel and the department people, you would have as good an idea as anybody as to what the intent is, how that unfolds in terms of the draft legislation and how it eventually goes through the approval process and through the Legislature. This is anticipating the kind of program that is being discussed as of right now. This would be as accurate information as we can have. I'm assuming that this thing wouldn't balloon by virtue of the legislation into a much bigger project than is being proposed. That's usually not the case. So the alternative would be paring it back somewhat or actually dealing with the implementation date. If that happened to be the 1st of May, well, you know, then the budget isn't very far out, but if the actual approvals didn't kick in until about the 1st of January of the next year, it would be a significant amount. That's why I was talking about proportions.

THE CHAIRMAN: Following up on Gary Friedel's comment. In your motion you have it proportionate to the amount of time the new law would be in effect, and there's definitely some initial cost here. If you divide that by 12 months and come up with \$274,000 – if the law is proclaimed six months into the year and if you divide that in half, it might not be enough, because there'd still be possibly the same start-up costs. The proportion might not be 50 percent, so it might be hard to divide it exactly by days and say: well, you operated 200 days; here's a percentage of that budget. So maybe – I don't know – to follow up on Gary, instead of saying proportionate to months with further discussion with the Ombudsman at the time of implementation, we could sit down as a committee and say: well, it's now September 1; what proportion of this do you need?

MR. FRIEDEL: What you're suggesting, then, is adding something to it that would say subject to the approval of this committee and, as long as it stays within the limits of this budget, approval of some start-up costs, which may come into effect prior to the actual implementation date.

THE CHAIRMAN: It would do two things. It would give the new Ombudsman a chance to come and discuss the implementation of this with us, and it would also give us a chance to re-evaluate it. "There are so many months gone. You can deduct these as a percentage, but you can also adjust the percentage to include some start-up costs."

MR. FRIEDEL: Is that the kind of thing you were talking about, Gary?

MR. DICKSON: You guys may be better crystal ball gazers than I am, but I'm trying to impart some flexibility. Rather than making it too prescriptive and too narrow, the point I think we're trying to make is that we don't have all the answers. We're trying to spend money as prudently and as wisely as we can. We just signal to the Leg. that we want to come back and review it after the legislation is passed.

THE CHAIRMAN: If you want to make a friendly amendment to your motion, just add "subject to further discussion with the Ombudsman."

MR. FRIEDEL: What is the process? I would move an amendment or just add to my motion?

THE CHAIRMAN: If you accept that as a friendly amendment, you just add it to your motion. We don't have to have a motion to amend and then vote on that and then another motion.

MR. FRIEDEL: Okay. I would revise my motion, then, to include:
subject to the approval of this committee and within the limits of the
budget proposal of \$274,000, pre start-up costs could be authorized
if warranted.

THE CHAIRMAN: Is that okay, Gary?

MR. DICKSON: I'm sorry; I'm not trying to be difficult. To me it's too limiting. We're trying to limit our discretion because we don't know exactly the way this is going to fall out. I was prepared to pass the thing subject to a review immediately after the end of the spring session. We're going to have the same limitations, then, in terms of what we can do.

THE CHAIRMAN: Yeah. But that may open the door for more money also.

MR. DICKSON: Well, it may. We've heard evidence already that the budget requirements, I take it, of the Capital and the Calgary health authorities may double. There had been some reference, some indication, some advice to the Acting Ombudsman that the cost of this may be \$500,000. That's what I understood. I perhaps assumed incorrectly that was the two largest health authorities giving you that information.

MR. CARVER: No. This is the Department of Labour and the Department of Health.

MR. DICKSON: Okay.

MR. CARVER: Under that, of course, we all know there are 17 regional health authorities and contracted-out agencies for every one of those authorities. In our meetings with them they felt that possibly what we would need is \$500,000, but when Dixie and I started figuring things out, this is the figure we came to, and I don't believe that we'll require any more than that. In fact, I think it'd be less.

10:26

MR. DICKSON: And that may be.

THE CHAIRMAN: Gary's motion would cover that amount or less, if it's less.

MRS. O'NEILL: I have a problem. I liked your initial one with the exception that I would prefer that it be altered, not prorated timewise or whatever. I would like that adjustment. In the detail that you've just amended your motion to, I think we are tying ourselves up. I think we're silly to do that. I would like your initial one reread, and I would endorse it with the change that it come back here for a review with the Ombudsman rather than being prorated. Otherwise, we've got a motion that is too detailed.

THE CHAIRMAN: Okay. We'll have Gary read it again. I think he took out the prorated. He said: up to that amount but with further discussion with the Ombudsman.

MRS. O'NEILL: Not the amended part. You didn't have the "up to that amount" in the initial one.

MR. FRIEDEL: Unfortunately I didn't write down the amended part.

THE CHAIRMAN: Okay. Will you read, then, what you mean to say? Then we will have something.

MR. FRIEDEL: Okay. The portion relative to the new initiatives, regional health authorities:

... subject to the passage of the necessary authorizing legislation
and then proportionate to the remainder of the fiscal year relative to
the actual date of implementation of the initiative.

That was the original motion.

THE CHAIRMAN: That was the original. Okay.

Now, further to our discussion are you prepared to change the proportionate part to "subject to discussion with the Ombudsman at the time of implementation"? That means that when the law is proclaimed, we would get back into discussion with him and see what part of that \$274,000 he feels he needs for the rest of the year.

MR. FRIEDEL: I think the proportionate part is critical.

MR. SAPERS: Gary, the difficulty with the proportionate part – and the chairman referred to it directly. It's not pre start-up costs. You're going to have some front-end costs; for example, the \$40,000 for advertising. I don't imagine that's going to be equally spent over the 12 months. There will probably be an initial campaign saying that the Ombudsman is now open for health-related business. If you prorated that, you're going to short them on those front-end costs of providing the expanded service. There may be some contract costs in getting the computer database changed, and if you simply do that, divide it by 12, they're not going to have the cash they need to pay for those contract services. So simply prorating it to the remainder of the year is not going to provide the necessary budget.

I think everybody on the committee agrees with your intent, and perhaps the simplest way to deal with it is to pass the \$274,000 contingent on the legislation and then a budget update from the Ombudsman so we know what those front-end costs are. Some of them you might be able to divide by 12 and then just spend for the remainder of the year, but for the others clearly you won't be able to. Certainly I understand your motion and I understand your intent.

MR. FRIEDEL: In the proposed friendly amendment was the addition – in other words, adding to that proportionate amount the

pre start-up; you can call that whatever you want, front-end costs – not added on to the proportionate allocation as long as it stayed within the \$274,000?

MR. SAPERS: It's just that I found those two clauses contradictory. I don't know how you could say we'll make it subject to front-end costs and proportionate. It just seems to me that those are somewhat competing, and since we all know what we're trying to accomplish here, we could make the motion simple so people outside this room could understand it too.

MR. FRIEDEL: Well, it seems quite simple. If the initiative kicked in exactly halfway – let's say, for the sake of argument, six months into the fiscal year – there would be six months of an operating budget proportionate to \$274,000, whatever the quick math is on that, added to that the advertising costs, the office expansion costs, the actual costs of setting this up prior to that six months kicking in. That seems fairly simply. You can't go over the \$274,000. This committee does not have that authority.

The big difficulty would be that if it was approved prior to April 1, kicked in on April 1, you would still have start-up costs. Then we would have to go back and try and get start-up costs. I think realistically that isn't going to happen, so it's not a risk. I believe there is money in here to add those pre start-up costs. I don't think the proportional operating costs are going to change much whether they're six months or eight months or 12 months.

MRS. O'NEILL: There is a motion on the floor, and in the interests of time – I like the intent but I disagree with the extensiveness of your motion. I would propose an amendment to the motion that would be your initial comment: subject to the return after the passing – I can't remember the exact words, but you initially stated it – and then taking out either the prorated or the proportional amount and just saying, "Upon completion or passing it would return to this committee for consultation."

THE CHAIRMAN: In order to get everything clear, I think what Gary should do is read the whole motion starting with the budget. Once we have it down in words, then we can accept an amendment. Right now I think it's getting foggy because we have different terminology.

MRS. O'NEILL: Mr. Chairman, do we have a record by any chance of the original one? Because it was in so many ways so comprehensive.

THE CHAIRMAN: Yes. I don't think they can produce that at this time, but Gary will write it down. Once he reads it, we will understand what the intent of his motion was. If at that time you feel that you still want to make an amendment, then I will accept your amendment, but we will wait. What Gary could do is initially say: I withdraw my original motion, and here is the motion that I am tabling so there would be no confusion. Would you withdraw your first motion and then read this one?

MR. FRIEDEL: I will withdraw the first one and propose this one. I'm going to have to go back and include

approval of the 1998-99 operating estimate of \$1,186,500 and the tentative approval of the new initiatives, regional health authorities proposal of \$274,000, subject to the passage of the necessary authorizing legislation and then proportionate to the remainder of the fiscal year relative to the actual date of implementation of the

initiative and subject to the prior approval of this committee for start-up costs,

which would be in addition to the prorated amount and within the limits of the \$274,000 total. This is just an explanation. The start-up costs would be in addition to the proration.

THE CHAIRMAN: I think it's quite clear now.

MRS. O'NEILL: Mr. Chairman, I am going to excuse myself for five minutes, but I would say not just approval of the additional program but including the proposal. In your initial part you approved the budget, but that does include – you're saying "and," so your motion suggests there are two budgets. You read there "with the approval of the \$1 million such and such and the approval of," when really you want to say, "including this amount, the \$200,000 and some." Am I right?

10:36

MRS. FRITZ: No. You need the \$1,186,500.

THE CHAIRMAN: I think he has it right.

MRS. O'NEILL: Okay. I'm sorry to discriminate, but it has too many things that I don't agree with. I just think that what we want: we approve it with this consideration and that it come back here within the parameters of the budget.

I'm sorry to break the quorum here, Mr. Chairman.

THE CHAIRMAN: Thank you.

I feel that the motion, though, is very clear, that it does say that it's going to come back here, then, so many months into the year, and the officer needs dollars to implement the new program that we will discuss in the committee. We will have that open discussion, and it's possible to do it under that motion. So I would like to call the vote on the motion. All those in favour of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? The motion is carried unanimously.

Thank you very much, members, and thank you both for coming today, Brian and Dixie. We appreciate meeting with you.

[The committee adjourned from 10:38 a.m. to 10:43 a.m.]

THE CHAIRMAN: I'd like to welcome you this morning, Bob, to present your budget, and I apologize that we're running a little late. It took us a little more time with the first one than we anticipated. I'd like you to start and introduce your staff. I don't know if your staff know all the members here.

MR. CLARK: I don't think Leanne does.

THE CHAIRMAN: Maybe we'll do the full introduction, so I'll ask you to start. We do have a couple of members who had other obligations. They're just gone for a few minutes, and they'll be back as soon as they can.

MR. CLARK: Thank you very much. I think it's safe to say that you all know Frank Work. Frank is a director on the IPC side and my right hand there and, in addition to that, provides legal services on the ethics side of the office.

To my right is Leanne Levy. Leanne is the administrator in the office. She is really the person who started up the administration

side of FOIP for us, and she now does most of the budget work as far as the ethics side is concerned also.

THE CHAIRMAN: Okay. We'll start the introductions with you, Gary.

MR. FRIEDEL: Gary Friedel, MLA for Peace River.

MR. DICKSON: Gary Dickson, chairman of the Calgary opposition caucus.

MRS. FRITZ: Yvonne Fritz, Calgary-Cross.

MR. SAPERS: I'm Howard Sapers, MLA for Edmonton-Glenora.

THE CHAIRMAN: I'm Paul Langevin. We just met.

Okay, Mr. Clark, if you want to proceed with your presentation of the budget.

MR. CLARK: Thank you very much. What I'd like to do is make a few comments about the year that has been, then talk directly about our budget for this upcoming year. I know you've already looked at the budget, and you notice that there's a significant increase over what we had projected there would be a year ago. I'd like to address that right at the outset.

Looking back at this year, the percentages stay much the same. Close to 90 percent of the requests which come to the various public bodies continue to be dealt with, resolved at the public body level. Ten percent of the requests that are initially made to the public bodies come to our office. I give our four portfolio officers a great deal of credit for their ability to negotiate and to resolve a significant number of the issues. About one in 10 that comes to the office then ends up getting to the commissioner, and those generally are resolved in one of two ways. They almost always end up being an order, though there have been some occasions – I can think of two or three occasions this year – when an issue has come to me as far as an inquiry is concerned, and during the course of the inquiry the two sides have agreed to a solution or agreed to take a recess in the course of the inquiry and come back with a solution. On those occasions I've not issued orders.

One of the other events that took place during the year was the judicial review, and it's my expectation that we'll have one or two more judicial reviews in the upcoming year.

As far as orders are concerned, we have received a considerable amount of recognition from outside the province for the manner in which the staff have dealt with, in a very orderly and very comprehensive way, our orders. For those of you who follow the orders carefully, if you look at the order on the CUDGC, which really is the Credit Union Deposit Guarantee Corporation, that order certainly stands out in that area.

One of the new things we've done, the first time it's been done anywhere I believe, is a privacy audit, an audit in co-operation with the Auditor General's office. The Minister of Municipal Affairs asked us to look at the Alberta Registries, and we're doing that in co-operation with the Auditor General's office. They may have more to say about that this afternoon, but we're looking at it from the privacy point of view and how Alberta Registries are maintaining the privacy standards there. The Auditor General is looking at it from the standpoint of financial management. It's been a great asset to our office because we've been able to learn a great deal about the whole auditing process from the Auditor General's people. It's been a very good experience as far as we're concerned, and I give Peter

Valentine credit for the initiative in moving on this.

Bill 30 – that's the health legislation – has taken considerable of our time this year. You'll see that in our budget for next year we've put another \$100,000 in there, not knowing what's going to happen in that area but certainly having an indication that it's the desire to have us very much involved.

From a hosting point of view this year we were busy. We hosted the COGEL conference here in Alberta. It's only the second time it has been held in Canada. I think our staff did a very good job in hosting that. On the Sunday before that conference we hosted all the conflict of interest commissioners from across Canada, and there were nine of them here. We spent all day Sunday discussing what was happening in each of the provinces, how they were dealing with various issues. Then on the 1st and 2nd of October we hosted the information and privacy commissioners from across Canada. So from a hosting point of view we had a tremendously busy September and early part of October.

On the issue of paramountcy, that had to be dealt with this year. I guess one of the regrets I had in the course of the year is that that was done by regulation as opposed to legislation. The legislation clearly permits it to be done by regulation. I've had the opportunity to talk to the minister, and he understands my disappointment in the way in which it was done. On the other hand, I will say this: we did have an opportunity to be involved in a number of the discussions and were successful at the end of the day in getting some kind of a sunset clause included in the regulations. I say that because of the Member for Peace River being here, and in two years' time that will be on the horizon again. That would be one of the areas that if I had it to do over again, I would have tried to have things work out differently, but things were beyond our office's control.

On the public education side we will be releasing very shortly a pamphlet from the office aimed at students as far as privacy is concerned. Another publication will be coming out saying to people that when you're dealing with your personal information, protect it like you do when you lock your car. Protect your own personal information; don't go releasing it.

One of the issues that's coming before us all across the country and that we've got a particular interest in is the possibility of a new common identifier, a common client identifier package being put together by the federal government and some of the provinces. This common identifier would take the place of social insurance numbers, and as commissioner I have a very real concern about the impact of that. It's one of the reasons why I put some additional money in our budget, to keep on top of that. That's a point of view that's shared by Bruce Phillips and most of the other commissioners across the country.

So that's a very quick look back at the year. One other thing I should mention, and this may be of the most interest to the Member for Calgary-Buffalo. We have an – what's the term, Frank?

MR. WORK: Annotated freedom of information act.

MR. CLARK: We helped financially a student at the University of Alberta complete that. It isn't in print form yet. The Queen's Printer will have it printed shortly. It's part of the public education side of the office that we've undertaken during the course of the year.

Now, as far as the challenge for this year, the most significant event was the decision by the government that three of the four MASH sectors come under the legislation during this upcoming year. You'll recall that on September 1 the grades 1 to 12 system comes under FOIP. On the 1st of October the health system does, being the regional health authorities. Then on January 1 the

universities and colleges do. Then on October 1 in '99 the municipalities do. So we have three of those four sectors coming under the act in the upcoming year.

10:53

MRS. O'NEILL: Mr. Commissioner, would you give us those dates again, please, just so I can reference them here.

MR. CLARK: Sure. September 1, the 1 to 12 system; October 1, the regional health authorities; January 1, the universities and colleges.

MRS. O'NEILL: Of '99.

MR. CLARK: Yes. And then on October 1 of '99, the municipal governments.

MRS. O'NEILL: Thank you.

MR. CLARK: Now, in British Columbia – more in Ontario than British Columbia. In Ontario, when the MASH sector came under the legislation, initially there was a great increase in the number of requests that came to the commissioner's office. That's leveled off somewhat now, but they virtually doubled their volume of work when that happened. In British Columbia it was in their second year of operation that the MASH sector came in there. The commissioner and his staff there indicated to us that there was a significant increase in the volume of work in the office. The exact percentage as far as B.C. is concerned I think is open to conjecture, but in Ontario it virtually doubled the volume of work in their office.

What we have done in attempting to prepare for this – I think I mentioned this a year ago to the committee, but it bears repeating. Because of our investigative responsibilities in the office and also because we know that municipalities are coming under the act sometime down the road and because in British Columbia and Ontario both a large number of the activities that have come to the office deal with police commissions, one of the people that we hired is a retired staff sergeant from the city police in Edmonton who has given us really good strength in the investigative area, who also has developed a very good relationship with the Attorney General's department. So in fact a lot of things don't get to the inquiry stage. They're able to be resolved much earlier than that. Quite frankly, thirdly, he talks the language of the law enforcement people. So I think we're well positioned to be ready well before 1999. One of his big jobs during the course of the upcoming year is going to be to develop a rapport with the senior people in the law enforcement community across the province.

So as far as this upcoming year is concerned, a significant portion of our increase is in the area of prep for the MASH sector coming under.

The second big item for the upcoming year, of course, is the anticipated review of the act. This is the year for the three-year review of the act. I don't have a sense as to what form that's going to take, but I have included some money in our estimates in the eventuality that we would be involved in that. Quite frankly, Mr. Chairman, it would be my hope that we would.

The third potentially big and totally new area for us in the upcoming year is Bill 30 and WellNet. The government has announced that there's available between \$200 million and \$300 million for the technology and systems as far as health information systems are concerned. We're committed to the idea of doing privacy impact assessments, and the minister has certainly been agreeable to that. Then not knowing what direction Bill 30 is going to take, other than the fact that we've been asked as recently again as

yesterday to play a very active role in whatever is going to happen as far as Bill 30 is concerned, we have put an extra \$100,000 in our budget for involvement there.

The fourth area where there's a significant increase this year deals with the area of audits. We are getting towards the conclusion of our audit on registries. We hope that the exit conferences will be finished by the end of January. They are expensive. We're doing this one jointly with the Auditor General's people. If we do two next year, we're likely looking at \$50,000, \$60,000 an audit, so we've included money for that in the budget for next year.

Just before I deal with the particular votes, Mr. Chairman, we've included in the package for members section 51 of the legislation. The reason I included that in there is that I've been doing some preparation for the budget, and one of my staff, who is not here today, said: well, what outside responsibilities does the commissioner have other than holding inquiries? I thought, having regard to the fact I'm talking about audits and I'm commenting on government initiatives and research, that this would be a way to remind everybody of our responsibilities there.

Now to the nub of the issue. Last year I told you in my presentation that my budget for this year would likely be a little less than \$1,100,000. I'm back this year saying to you that the money that I need to fulfill the responsibilities of the Information and Privacy Commissioner is \$1,583,000. That's \$561,000 more than I told you a year ago we'd be needing. The reasons for that vary directly, and I've alluded to them already. One, in the rollout of the MASH sector I anticipate taking on two new portfolio officers and taking some of Ms Levy's responsibilities away from her so that she can take on some more personnel and financial responsibilities for us. We would take on an intake officer. That person really looks after the requests which come in, puts them into our system, manages them, and follows them all the way through. For those three people, when you consider not only their wages but consider their benefits, when you consider the training and equipment and furnishings and that kind of material, that will cost in the vicinity of \$190,000.

The second item. There's been a change in the way that the Treasury Department wants us to handle vacation pay. We're not the only ones. They want included in the budget a valuation adjustment. On the IPC side the valuation adjustment is some \$62,000.

The third item is compliance audits. I talked about the audits area, the one we've done with the Auditor General co-operatively. If we do two of those next year, I've added \$110,000 in our budget for that area.

We have to make some additions and some changes to our system and to our server in the office. That's about \$25,000. We have included some money in the estimates for the salary increase, but that won't be done until after the government settles with the public service.

We have an increase between \$10,000 and \$15,000 for legal services. It's my anticipation that we will be in court, as I indicated earlier, a second time this year. We have one client who had three issues before me as commissioner. One order is out. The second order will be out this week. The third order will be out very shortly after that. There's every indication that all three are going to go to judicial review.

MR. WORK: I might add, Mr. Chairman, that it is not government this time that's taking us to judicial review. It's an applicant.

MR. CLARK: Yes. I'm trying to be somewhat prudent, trying to speculate at this time.

The last item that I have as a reason for the increase is I've included \$100,000 in the budget this year for looking at this whole WellNet issue, to hire some consultants perhaps. If that's the direction in which we go, \$200 million to \$300 million is available for technology that the Department of Health has approved.

So when you look at all that, Mr. Chairman, sir, those are the reasons for the significant increase over what we projected a year ago.

Is it preferable that I just start now, Mr. Chairman, with account code 511 and go through each of the codes? How would you like to proceed?

THE CHAIRMAN: Account 511 is what?

MR. CLARK: Salaries and earnings. I guess salaries; no earnings.
11:03

THE CHAIRMAN: I wonder: do the members want to proceed with what Bob is suggesting, or do you have some questions at this time on his opening remarks?

MR. DICKSON: I have a number of questions, Mr. Chairman. I can ask them now or later.

THE CHAIRMAN: Okay. Maybe we'll go through the accounts then.

MR. CLARK: Okay. Frank and Leanne, don't hesitate to add in.

Item 511 really is the salaries for the office. It includes the money for two new portfolio officers plus the intake officer. That also includes a portion of my salary. I should say that in the organization of the office I have assigned some additional responsibilities to Mr. Work. When the legislation is being reviewed, it is my intention to ask that some changes be made from the standpoint of organization of the office so that we can transfer some additional responsibilities to Mr. Work. Also under 511 is the \$62,000 for the valuation adjustment for the vacation leaves.

Item 511E, as it says, employer contributions.

MR. SAPERS: Excuse me, Bob.

MR. CLARK: Yes.

MR. SAPERS: Our sheets don't have the benefit of those budget codes. You just said 511E. On mine 511E is audit of public bodies, not benefit costs. So maybe we're not on the same page.

MRS. SHUMYLA: There may be a bit of confusion only in that the Ethics Commissioner's budget was placed in front of the employees' budget.

MR. SAPERS: No, no. I'm looking at the IPC budget, but under what you just read out, you said it was benefits. I have audit costs.

MR. WORK: That looks like the right page now.

MS LEVY: The middle column, top line, Mr. Sapers.

MR. SAPERS: Okay. I've got it. It just doesn't cross-reference to the spreadsheet they gave us. That's all. I've got it now.

MR. CLARK: The sheet at the front, Howard, very frankly was to try to summarize why we're asking for \$500,000 more.

Item 511F. Part of this is for training and development. The \$5,000 there is for the gentleman who looks after the system in our office to take a course so we can upgrade the whole network.

As far as conference costs, conference fees are concerned, that includes training for two new portfolio officers. We do send people to conferences. In fact, one of our people just returned from a conference in Toronto last Friday, where they introduced new health information legislation in Ontario. He spent two days in Ontario looking at what they've done in Ontario. This is happening all across the country. British Columbia is starting to do the same thing. So is Saskatchewan as far as health information is concerned. So that's the reason why he was down there. We try and pick strategic issues of the time. One of the issues on the horizon of course is this whole smart card thing. One of the areas we're looking at is services to children, the concern for the privacy of information regarding children who are wards of the province. That's one of the issues that the minister has indicated to us is a priority for him in the upcoming year. So if and when we see a conference dealing with those kinds of issues, it would be my intention to have one of our people go there so we get a handle on it so we're one step ahead. I should tell you also that the \$5,000 – that's under the estimate – really ended up being \$13,000 this year. We shifted some funds from other areas. So it's an increase from \$13,000 to \$29,000.

If I could move over then to 512A. As far as this is concerned, this includes the vehicle which I have as commissioner. Halve it. In-province travel: we've increased that somewhat because of the school jurisdictions, universities, and colleges coming under the act. Also, with the review of the act we had anticipated there may be some hearings across the province, and that we would be a part of that.

The third item that you'll notice is a trip to Madrid. From time to time there are these international conferences that some of the other commissioners across the country have found to be valuable. I've not gone to any. I'm not saying that it's my time to go. If I could take just a moment and say that the European Community has a directive in which they have agreed, come the year – isn't it the year 2000, Frank, when the directive is in place?

MR. WORK: That's right.

MR. CLARK: If there aren't privacy provisions within a nation, the European Community is threatening to cease allowing commercial transactions, information transactions, and this can have a considerable impact on Canada.

Now, the former Minister of Justice announced that Canada will have something in place by the year 2000 to deal with this. There certainly can be a significant impact as far as business is concerned, the private sector. This all deals with the private sector. Quebec is the only province in Canada which has legislation dealing with the private sector. Two or three years ago I was not convinced that the private sector should come under this kind of an umbrella, but it certainly is the way Europe is going. Australia is moving in that direction. The Americans are simply refusing to do anything and are saying: we aren't going to cave in to the European Union. As I see more and more people really getting caught in the binds of trying to deal with business and having no place to go to get complaints dealt with, more and more I'm inclined to say that I think in Canada we have to look at this. We certainly have to be very conscious of what's happening in Europe, and that's why I put that in for Madrid. The cost would be \$2,500, by the way.

The Ottawa conference: that's the common client identifier, which I indicated earlier was on the horizon. The trip to Toronto: that may

or may not be Toronto but primarily about health information. It appears to me that all across the country this year there will be a lot of activity in that area. The trip to Whitehorse, Yukon: for two people to go up there. The IPC commissioners met in Alberta this year. It's in the Yukon next year.

So that basically covers 512A.

Item 512C. If we're going to hire people, they tell me we have to advertise, and that's what it costs to advertise for three people in the Calgary and Edmonton papers.

Risk management, 512D. Leanne, what's risk management, please?

MS LEVY: That's our premium for insurance for the premises as well as the commissioner's vehicle. In the past the commissioner's vehicle was insured 100 percent under Ethics, but we're transferring the charges to Information and Privacy because most of the travel in the province has to do with that commission. It's an \$800 premium.

11:13

MR. CLARK: And 512E, postage and courier; 512G, photocopier and fax machine; 512H, telephone; 512J, repairs.

Item 512K. One of the lawyers who works in the office is on a fee-for-service contract. There's no increase in that fee-for-service contract. As far as consultants are concerned, I've got \$30,000 in there for outside consultants on a variety of issues. Legal fees: I've already mentioned the judicial review. We do go outside to get legal opinion, a second opinion, on a section of the act or what's happening in other jurisdictions. Communications plan: we anticipate three brochures next year, and our annual report, given the fact that the MASH sector is going to be part of what we deal with, will be broader, and there will have to be more copies of it. Privacy impact assessments: we put \$30,000 in there. Compliance audits: an additional \$20,000 there. Then audits of public bodies: we've got money to do two of those. Where those will be I don't know. There are several suggestions, but I would not want to pinpoint them right now until we've talked to the departments and there's been some agreement and the minister and the deputy minister have been part of it. Then, also, the health information bill, Bill 30.

Okay. Over to 512L. Leanne, can you help me out here again, please?

MS LEVY: Okay. Our subscription costs. We subscribe to QuickLaw, the database where the commissioner posts his orders. The subscription costs have gone up this last year. We do have a contract with this entity. As well, there's an item – do you want to address that one?

MR. CLARK: Yes. Finance and human resources. The way in which the province's public accounts are presented is going to be changed next year. One of the changes affects us. No longer will this office and the Ethics Commissioner's office be included in the public accounts statement, as they are now. So we're going to have to change our accounting procedure a bit and present our own report to the Legislative Assembly. We've included \$4,500 in there as a part of preparing for that.

Item 512M.

MS LEVY: A decrease.

MR. CLARK: What are we decreasing? We really should highlight this one.

MS LEVY: It's decreased, Mr. Chairman, because we're not hosting

the Information and Privacy Commissioners' Summit in 1998-99. Since we hosted it this last year, I had built in a little bit of extra funding, but we're not going to have any hosting charges associated with that because it's occurring in the Yukon this next year. So the budget has decreased.

MR. CLARK: Okay. Item 512P. The purchase of two new computers for the two portfolio officers and a new computer for the intake officer. Office supplies for adding three people to the staff will go up. Furnishings for two portfolio officers and an intake officer: Leanne, how do you go about this furnishing issue?

MS LEVY: All right. Mr. Chairman, in the past when we've added staff to our staffing complement, the first point is to go to Alberta Public Works, Supply and Services to see if there's any surplus furniture available and through many contacts there on an ongoing basis. In the past we've found that there was not furniture available when we needed it, when people were coming into the office. When we do hire this next year, that procedure will be followed as well. We'll be checking to make sure. If there is surplus furniture available, we'll take that on, but if not, we'll have to purchase desks and chairs for the individuals coming in.

MR. CLARK: And we have to do an upgrade of our server, which means some new software, and that's almost \$23,000 there.

Mr. Chairman, that's hopefully a fairly good overview of the budget for the upcoming year for the IPC.

THE CHAIRMAN: Thank you very much.

Now we'll open it up for questions. Gary, you had a question?

MR. DICKSON: Thanks, Mr. Chairman, and thanks very much, Bob, for coming and giving us such a thorough presentation. A number of questions I've got. The annotation I'm looking forward to seeing I haven't seen yet. Is that just the first 20 orders? How current is the annotation going to be?

MR. WORK: Mr. Chairman, it would be up to orders issued by the end of September of this year. We have agreed with the chap that did the annotation that he will reannotate or update the thing next summer, and if he doesn't, we will take it back from him and find someone who will. So we're going to try to keep it current.

At the same time, since you ask, Mr. Dickson, the annotation is his, not ours. We funded it, but for obvious reasons we didn't want it to be: this is the Information and Privacy Commissioner's view of the act. I mean, it would be unpleasant to have someone come into an inquiry and say: "Well, you said in your annotation that it means this. Now you're telling me it means what?" We wanted someone independent to do the annotation, but as I say, if he's not in a position to do the update, we get it back from him. So we will make sure it's updated.

MR. DICKSON: But he has a copyright.

MR. WORK: Yes.

MR. DICKSON: I'm interested in an update. Back on November 13 of '96, Bob, when you reported to us, you told us that you were averaging about three months from inquiry to publication of the order. You expressed a concern that you wanted to maintain that, avoid the Ontario situation with sometimes a half-year lapse. Can you update us on the typical turnaround time?

MR. CLARK: Gary, the three months we've been able to maintain with one exception, and that's three cases from the same applicant which dealt with massive amounts of documents from one particular department. Even after the inquiries were over, we continued to get more documents from that department. Then they had to go back to the applicant, and it went back and forth. Those particular three are longer than three months – aren't they, Frank? – in fact, one case getting dangerously close to nine months. But other than that, we've been able to stay very, very close to that three months, and it's our plan to stay at that level.

MR. DICKSON: I can think of a freedom of information request that had been brought to the attention of your office in the spring of 1997. There was a reference for the appointment of an adjudicator, and then no facility was discovered to be able to do mediation. I'm wondering if you've had any discussions with Justice Cairns. Is that something your department has addressed? The whole purpose of the act, of course, was a 60- or 90-day turnaround on a request for review. We're now talking about a half year going by, and there's still some attempt made to try and mediate, and there's no facility in the statute for the appointment of a mediator. Now, is this something that your office has addressed, and if so, have you got some remedial action identified?

MR. CLARK: Frank may have had some discussions with Mr. Justice Cairns. I did just on one occasion, and that was prior to him taking on the assignment. I've had no discussion with him since. It may very well be an issue, Mr. Dickson, that we need to look at.

MR. DICKSON: Okay.

11:23

MR. CLARK: Frank, do you have any . . .

MR. WORK: The issue of mediation when a file is sent out is on the list of things that we would like to see discussed during the three-year review of the legislation. I think, as you alluded, Mr. Dickson, it will probably require some legislative remedy. We had mentioned to Mr. Justice Cairns on a previous occasion, as well as this occasion, that our office would be available to him should he need it, but we haven't had any contact from him. Our view is that once we've triggered the sections of the act that require the commissioner to send something out, unless we're invited back in, we're out.

MR. DICKSON: I know others have questions. Let me just ask two or three things very quickly. Firstly, in November of '96 there was some uncertainty in terms of what your relationship was going to be with the council of information officers, the thing headed up by Mr. George Samoil. Can you give the committee an update in terms of what relationship your office has with these very senior government employees who are involved with, for the most part, marketing government information for commercial purposes?

MR. CLARK: Mr. Work sits on that council now.

MR. WORK: As an observer – that's right – so we get regular notices of their meetings and their agendas. I try to attend most of the full council meetings. The commissioner actually has been invited to talk to the CIO Council, I guess, on December the . . .

MR. CLARK: Next week.

MR. WORK: Next week? Yeah.

At a more working level we also are often invited as an observer to listen in on federal/provincial discussions respecting what you might call access or privacy initiatives. So I guess we have a good pipeline, but in most of these cases we have an observer's status. We're not a sort of voting, participating member on the Chief Information Officers' Council.

MR. CLARK: Which I don't think we should be either. The pitch that I'm going to make next week to the committee is that they should be as concerned about – naturally, they're concerned about technology, about getting good use for money spent. I want them to add at the same level a concern for privacy. I'm going to offer the services of our office to work with the chief information officers in the various departments so they develop some kind of privacy guidelines and criteria at the outset.

One of the things that I find happens so often is that people get going down the road interested in some new technology or a new way of doing things, and it isn't till almost the end of the day that people realize we haven't stopped to think out the privacy implications. So my pitch to them next week is going to be, you know: "Put a third hat on. Make that third hat an interest in privacy. Don't just be concerned about the best bang you can get for the buck or the newest or latest technology you can use. Right at the very outset we'll help you develop some privacy criteria that you should be considering on every occasion." If you talk to George in the meantime, don't give him the speech, please. That's basically what I'm saying to him.

MR. DICKSON: If I may, commissioner, I'm puzzled as to why it's only the two offices you're part of that aren't part of the Legislative Assembly web site. I'm wondering why it is that you're not using the Legislative Assembly site to distribute your IPC orders but rather using the government of Alberta network, the ACN, which has been the subject of some correspondence. It would seem to me you could do what the Auditor General, the Ombudsman, and the Chief Electoral Officer do in terms of using a neutral Legislative Assembly facility and being able to distribute your orders, information, advisory notices, and so on in a way that would more sharply respect the independence of your office.

MR. CLARK: I'll certainly take that under advisement. Frank or Leanne, any particular reason why we're not doing that?

MR. WORK: Yeah. It wasn't a high priority for this past year. Setting up a web site even with the help of the LAO, the Legislative Assembly Office – and they've been very generous to us – costs money, and it takes a fair amount of time. Our technical person who will be doing this for us – and we will be on the LAO web site probably by the end of this fiscal year – has been so involved in the Alberta Registries audit that I just haven't been able to ask him to take a couple of weeks to design, to do what's necessary to get us on there. You're right; we should be there. We will be before this fiscal year is out.

THE CHAIRMAN: Yes, Howard.

MR. SAPERS: Thank you. Thanks for being here and thanks for the detail. Now I'm on the right page, thanks.

A couple of questions, first of all about personnel costs. When was the last time in the office that there was a merit increase given to staff and to management?

MR. CLARK: This summer.

MR. SAPERS: Was that a merit increase, or was that the reinstatement of the 1 and a half percent?

MR. WORK: I don't think that was called a merit increase. The Public Service Commissioner and cabinet in I believe it was September authorized up to a 3 percent increase for management employees who were not topped out, so that's why I hesitate to say it was a merit increase. You took 3 percent of your management salary budget, and you were allowed to distribute that . . .

MR. SAPERS: Within range to management.

MR. WORK: Exactly: within range to employees. You could do that, we were told, to adjust inequities, to some extent for merit, and there was a third criterion that you were allowed to use for that. I guess the third criterion was to try to compensate where there were private-sector inadequacies or shortfalls. But that's been it, that 3 percent.

MR. SAPERS: So no direct merit increase for how many years?

MR. WORK: Well, since the office started, two years and some.

MR. SAPERS: You've got one information technology specialist in the office?

MR. WORK: That's correct.

MR. SAPERS: Any concerns?

MR. CLARK: Yes. It's going to be hard to keep him.

MR. WORK: Yeah. We're worried.

MR. CLARK: He spent a week in Calgary with – I forget which firm it was.

MR. WORK: Price Waterhouse.

MR. CLARK: Price Waterhouse. I mean he came back; Boris is very loyal. But loyalty will only last for a . . .

MR. SAPERS: How much is it going to cost to keep him? I'm asking . . .

MR. CLARK: I'd just as soon not have that on the record.

MR. SAPERS: I know, but I'm asking seriously because I know information services people are being recruited out of government by the busload.

MR. CLARK: Frank's already had some discussions with him about refocusing his role somewhat in the office with the view in mind of us being able to retain his services, because it's a tremendous challenge out there. Those people are in great demand.

MR. SAPERS: Any guesstimate as to how much under the market we are on those positions compared to what those personnel could receive in the private sector?

MR. WORK: It's really hard to say. It depends on who's making the offers I guess. Certainly anyone who – I mean, government is a major consumer of information technology wares, hardware or software. I think government as well as our office will find that anyone who knows, who gains a lot of experience in that area, is going to be pretty valuable in the private market, but I couldn't give you a salary range for that kind of person.

So far he likes what he's doing, and we're challenging him sufficiently that he may not have had time to think about the alternatives.

11:33

MR. SAPERS: All right. I won't push that.

MR. CLARK: We've only got one person as it is.

MR. SAPERS: Well, yeah, which is another concern that I have.

MR. CLARK: But he's that much more valuable to us because if he leaves, we're SOL.

MR. WORK: But it's true that there is a discrepancy between the private-sector salaries now and the public-sector salaries. There's no denying that.

MR. SAPERS: The commissioner's contract, when was the last time that was increased?

MR. CLARK: I don't think it has been. That's one of the issues I've been in discussion with the chairman about. At some time I would like to ask the committee, in whatever form is appropriate, to review that.

MR. SAPERS: But that's not reflected in this budget?

MR. CLARK: I put nothing in the budget. That's accurate, Mr. Chairman, of our discussion; isn't it?

THE CHAIRMAN: Yes. We had this discussion, and I know that Bob or the other officers, I understand, are not to be putting anything in their budget. If we go back to the act, it says:

The Commissioner must be remunerated as determined by the Standing Committee, and it must review the remuneration at least once a year.

I don't know what happened in the previous year. I don't know if that was done, but I want to mention today that we as a committee will have to follow this process. Later we'll have to have a meeting, talk about that, and see what we're going to do with the remuneration of all four officers. I don't think any change has happened in about the last four or five years for any officers.

MR. SAPERS: Well, that concerns me if it's not reflected in the budget because that will put pressure on other areas, perhaps in the budget or supplementary estimate, neither of which I think would be the way to do it.

MR. CLARK: My only plea would be if you could meet quickly on it so that if you did make a decision that I'd be overjoyed with, you could include it in the estimates, because there's no padding anywhere I hope. That was certainly not our intention. I really would earnestly appreciate your looking at that.

MR. SAPERS: I only have two other very quick questions, and as a

committee I guess we're going to have to come back to that, Mr. Chairman.

The question I have is: do you have the ability right now, with the existing complement of staff, to do a review of the retention and destruction schedule and the adherence to the retention and destruction schedules governmentwide?

MR. CLARK: No.

MR. SAPERS: At this point if somebody had a concern about a government department or agency not complying with a schedule, they would have to come to your office, make a complaint, and that complaint would drive an investigation.

MR. CLARK: That's right.

MR. SAPERS: But you can do nothing proactive?

MR. CLARK: We haven't been doing anything proactive, if that's what you're asking, Howard.

MR. WORK: Well, if I may. I sit on the senior records officers' management committee, I think it's called, again with the same status as the Chief Information Officers' Council: as an observer. This isn't going to answer your question satisfactorily. We get their agendas, and we are aware of generally what's happening with records management in government. In fact, we've got our own records management schedule that we brought before this committee today. We try to flag issues where we see the senior records officers' committee doing something that concerns us or puzzles us. We follow that up, but that's as proactive as it gets, Mr. Sapers. As the commissioner said, the simple answer to your question is no, we don't have the ability to do an across-government review or audit of records management practices.

MR. CLARK: Howard, what we have done, though, in dealing with our own records management is we got an outside consultant, and that person worked with Leanne. In all likelihood, what we would do is go out and get the same consultant to work along with one of our portfolio officers and Leanne to deal with the complaint.

MR. SAPERS: I appreciate that.

Well, let me ask you this then. First of all, do you think it would be worth while to do a compliance check across government? Second of all, if you thought it might be worth while, do you have any idea of what it might cost?

MR. CLARK: The answer to the second question is: no, we have no idea.

The answer to the first question, to be very frank, is that I've never had a complaint in that area, Howard. We have relied upon Frank's involvement with this committee to flag things for us, but we have not been proactive. We haven't gone out and done an audit there like we are doing with the Alberta Registries, as an example. It may very well be an area that we should be more active in, but we haven't done that to date.

MR. WORK: I think that based on our experience with our audit of Alberta Registries, particularly the MOVES system, the motor vehicles information system, that kind of across-government review of records management policies would be extremely expensive. I think the audit we're doing now – and we're not talking about an

audit per se – will probably run close to \$100,000, \$125,000 for our office alone, and that's one database. Now, to look at records management systems for a large number of departments, especially considering a department like Health, it would be very expensive. As the commissioner said, we've budgeted some money for a couple of specific audits, both compliance audits and information systems audits. What was that item?

MR. CLARK: About \$110,000.

MR. WORK: About \$110,000. So to go across government on records management, we're talking a lot of money; probably our entire budget again would be my ballpark.

MR. SAPERS: Therefore, there's also been no comprehensive risk assessment done on the information management or information systems side. So if I were to ask you for a summary of what the points of vulnerability were for breaches of privacy, it would be a general response I would get.

MR. WORK: No. I think we could pinpoint a number of areas with pretty good accuracy. The way we would be able to do that is because of our knowledge of what's going on with the chief information officers, coupled with the very good relationship our portfolio officers have with the departments they deal with. I don't know what you'd call it – the jungle telegraph or whatever – but we've been very fortunate compared to some jurisdictions in that the portfolio officers in our office have a fairly high degree of confidence with their government counterparts. The result of that is we often find out what a department is doing even before they actually do it.

You know, privacy is often lost in slivers, not in chunks, and just something as simple as the introduction of a new computer system in Family and Social Services can have an impact on the clients' privacy. Most times we know about that before it happens. Either it will come to chief information officers or someone will tell a portfolio officer or – and this has surprised me – government managers will contact the commissioner and say: listen; we're thinking about doing this.

MR. CLARK: Another advantage we have, too, is that our office has an excellent relationship with the Auditor General. That isn't to say that we don't have an excellent relationship with the other three legislative officers too. But if Peter gets a sense of something that would impact us from a privacy point of view, he on more than one occasion has said: you know, this is an area that you may want to have a look at; this is an area that could be on the horizon. That relationship has been very, very helpful to us.

THE CHAIRMAN: Excuse me. Yvonne, you have a question?

MRS. FRITZ: I do. Thank you. What does a portfolio officer do?
11:43

MR. CLARK: When someone asks in our office for a review, after they haven't been able to get the information they wanted from a public body, they sit down with the applicant and with the public body and attempt to work out a settlement, try to get the information, perhaps refocus the request, Yvonne. Each of those people would deal with five, six, seven, or eight public bodies. So that's five, six, seven, or eight departments or government agencies.

Also, when a privacy complaint comes in to us – let's say that as a portfolio officer you had law enforcement. If there was a

complaint about a law enforcement matter and that was your area, the portfolio, you would investigate the complaint, meet with the people involved, do a report for the commissioner on the complaint, make a recommendation to the commissioner. Then after I've looked at the report, I would decide whether to accept the report and then send the recommendations out to the minister and wait for the minister to agree to implement those recommendations.

Also, they go out and meet with various groups that are involved in the portfolio areas that they deal with; for example, the chap who deals with Education. He's dealing with the 1 to 12 system in various areas across the province and trying to help them be ready for September 1. That's a quick overview, Yvonne.

MRS. FRITZ: So is it much like an investigator in the Ombudsman's office?

MR. CLARK: It would be quite a bit more than that.

MRS. FRITZ: Oh, it is more?

MR. CLARK: Yes. They'd be more than that. When we put the portfolio officer concept together and when we had to go through this great classification process and so on, there was a bit of a discussion as to: should they be at the same level as the investigators in the Ombudsman's office, who have an important responsibility too? At the end of the day it was my decision that they should be somewhat above that classification because of their other responsibilities.

MRS. FRITZ: So you've determined the educational requirements. What would those be?

MR. CLARK: Well, they'd have to have at least one degree. In some cases they'd have to have two. They'd have to have considerable work experience in the area that they're involved in. Their ability to deal with the public would be really important. What has been important too, Yvonne, is someone who's got a knowledge of how the government operates, because for someone to come in totally without any idea of how the government operates, they'd spend so much time just turning their wheels.

MRS. FRITZ: Okay. Thank you.

Also, on (c), the explanation of difference in salary, the salary increase for permanent staff was \$41,000. What was that increase for? Was that a grid system or merit increase?

MR. WORK: What we're doing is we're mirroring what we anticipate the Public Service Commissioner will seek from government for equivalent public service positions. The guideline that we've been given is possibly 6 percent, but of course that was given on the understanding that it'll depend on what happens with the AUPE negotiations as well. But as Mr. Sapers mentioned, we have to put something in the budget in case government does grant increases, so that's the amount we chose.

MRS. FRITZ: For how many permanent staff is that? I notice the contracts here as well.

MR. WORK: Permanent staff is 12, not counting the lawyer; she's on contract.

MRS. FRITZ: So you didn't count her.

MS LEVY: Thirteen, with one retainer agreement.

MRS. FRITZ: Okay.

MR. WORK: The other thing with the portfolio officers. I'd just like to add that part of the reason they're classified slightly higher than the Ombudsman people is the mediation function. We felt that because there are cases that come before them which they can resolve without the commissioner seeing them, that requires a degree of independent judgment and commensurate responsibility which justified more money than a pure investigator would, because they can agree to a settlement between the two parties, the public body and the applicant.

MR. CLARK: The person who gives the immediate supervision to those people is Frank. As commissioner I'm not involved with the portfolio officers on specific cases, because if they're not successful in being able to resolve that case, then it comes to me as the commissioner. So they do work with a great deal of independence, and we expect them to handle themselves in that way.

MRS. FRITZ: Are they included in the salary increase for permanent staff? Does (a) go to (c)?

MR. WORK: I think the answer is yes.

MRS. FRITZ: So when you say there are 12 permanent staff, they're going to have their salaries increased another 6 percent if that comes about?

MR. WORK: Yes, that's correct.

MR. CLARK: They are permanent staff.

MRS. FRITZ: They're not hired yet though. These are new positions; aren't they?

MR. CLARK: Two new positions.

MRS. FRITZ: Right.

MR. WORK: We have four, and we're asking for two.

MRS. FRITZ: Yes. But when you said 12 staff, you haven't included the two new portfolio officers and the one new intake position in that number.

MS LEVY: No.

MRS. FRITZ: Okay. Thank you, Mr. Chairman.

THE CHAIRMAN: Mary, do you have any questions?

MRS. O'NEILL: No. Thank you.

THE CHAIRMAN: Gary, you had a second question.

MR. DICKSON: I did, Mr. Chairman, thanks.

I can attest, Yvonne, to the effectiveness and the ability of the portfolio officers during mediation. I've seen it firsthand. It's been very effective.

MR. CLARK: Who was the portfolio officer?

MR. DICKSON: John had been involved in mediating one of the disputes.

I guess the concern that you've heard before and that has been raised to you is about the importance of ensuring your portfolio officers are genuinely seen as being independent of government departments. There had been a concern in the past where there had been the possibility of having people being seconded by a government department to work in your office. Can you just confirm that that no longer exists, that all of the portfolio officers currently have severed any connection with government departments?

MR. CLARK: Yes.

MR. DICKSON: Then further, in hiring two new portfolio officers, I ask you to confirm that you make it a requisite, a condition that they have severed any connection with any department of the government of Alberta.

MR. CLARK: Yes. Just a little bit of background – and I hope I'm not stepping out of line, Mr. Dickson. One of the very early portfolio officers that we took on was on a secondment from one government department. The arrangement was that after one year that secondment would be finalized. It has been. It was Mr. Thackeray. We have no one who has any employment obligations in any way with the Alberta government. In fact, if you attend one of my inquiries, I spend some time at the start saying, "This is a legislative office; everyone who works in this office is an employee of the Legislative Assembly, not of the government of Alberta," for the very reason you mentioned: it's important people understand that that independence is there. Certainly in the hirings that we anticipate doing in the upcoming year – well, I can make the commitment to you that we would not back away from that.

MR. DICKSON: Is the \$100,000 you're projecting for further WellNet/Bill 30 work exclusive of the \$30,000 that was paid for the opinion you just published within the last number of weeks?

MR. CLARK: We have that. This is looking at next year.

MR. DICKSON: Okay.

MR. CLARK: Yes. The work that we did on the opinion was a combination of consultants that we hired and our own staff and people going hither and yon. Yes, that's this year, Gary. The \$100,000 is for next year.

MR. DICKSON: I just wasn't sure when it had been paid.

Then finally, you talked about the very substantial cost involved in doing a privacy audit, even copartnering with the other legislative officer. Can you offer your best advice in terms of how much more expensive an audit is when you have a privatized service? In other words, when delivery of a service is being dispersed widely, like registry offices, what does that do to the cost of the kind of audit you're undertaking as opposed to simply having all of those records contained within a single department?

11:53

MR. CLARK: I'll make two or three observations; then Frank, I'm sure, will have some more specific observations. Number one is that one of the things we did on this audit was to go out and hire a firm

who virtually lived with the Systemhouse people in Calgary who have the background for registries. Second, I'd say that it was more expensive because just last week, for example, we had people – one in Devon, someone in Edmonton, someone in Calgary – who were at individual registries seeing, in fact, how they were adhering to the contract which is in place. Thirdly, one central data bank – let's say to be in Edmonton or Calgary – I suppose in theory is easier to keep an eye on. But having talked to a number of people in this area, I'm convinced that one of the dangers of having one massive data bank for everything is that if anybody ever gets into that one major silo, everything's gone. I tend to lean more towards a number of kind of independent data banks as opposed to one massive one, because the ingenuity of people to break into those systems is amazing.

Frank?

MR. WORK: What's really cost us a lot, both us and the Auditor General, with respect to the motor vehicles database is not so much the physical aspect of it as the system aspect. So the more complex an information handling system is, the harder it is to audit. Now, I'll give you an example. As you quite rightly said, motor vehicle registries is a database that's widely dispersed. It's got a central silo. You can go and look at and ask for their manuals and talk to their systems people: "What are your security measures? What are your fail-safe measures? What are your retentions?" and so on and so forth. Then you do have a number of arms of this, but the people at the end of the arms are still operating a system that fundamentally emanates from one place, so you're primarily looking at the source of the information. It is important to also look at what those agents do at their end, but the theory is that you can control to some extent what they do at their end by how you regulate the information silo that they're plugged into.

Take another example. If we were to audit Alberta health care, even though that's a very narrow system in terms of the number of operators – they don't have agents all over the place – that's something that Alberta WellNet would be concerned with. That's just sort of one or two big, huge computers in one place. That would be an incredibly expensive audit as well, and the reason there would be because of the size of the database and the complexity of it.

So I tried to give you an example of one that is physically a little bit dispersed and is expensive and of one that's very centralized and would also be expensive. I don't think you can say yes or no, that it is or isn't more expensive with privatization. It depends primarily on the nature of the database.

MR. DICKSON: Thank you.

THE CHAIRMAN: We've had several questions. I don't know if there are any others. When we send this to Treasury and they look at \$950 million and roughly \$1.6 million . . .

MR. CLARK: That's \$950,000.

THE CHAIRMAN: Sorry; \$950,000. Let's take a couple of zeros out. Now, this year's budget is close to \$1.6 million. I can understand that somebody there may have a hiccup, and I hope that they don't totally pass out.

What I'd like to know from you is: if you did not have any added responsibility this year, if you weren't looking at the MASH sector, Bill 30, the WellNet system, and all these added responsibilities or obligations you have that you told us you have to assume this year, what variation of the budget would you roughly have? At the present time it's 60 percent, but a high percentage of that is because

of the added work you're going to be facing. I know that you're doing a bit of computer upgrading and that you're adjusting some wages at 3 percent and all these items. Could you just give me a ballpark figure?

MR. CLARK: My sense is that if it weren't for the moving of the MASH sector and the other things that we talked about, we'd be not too far away from the \$1,022,000. I would think we'd be in the \$1,100,000 to \$1,200,000 range.

THE CHAIRMAN: That's \$1.1 million to \$1.2 million.

MR. CLARK: Yes. In an effort to help the breathing problems over in Treasury, I have mentioned this to the Deputy Provincial Treasurer as to the reasons why he might have some concern. I hope I wasn't stepping out of place in doing that, but I realize it eventually gets there anyway. It was over lunch, and he still paid for lunch.

THE CHAIRMAN: I realize that a lot of this added process is because of legislation that we as members of the Legislature have passed or will be passing and that you have an obligation to assume and to live within the law of this province. In many of these issues you have no choice at all as the commissioner. That's why I wanted to have roughly the two figures, because if I'm called in and asked to give some explanation . . .

MR. CLARK: We can help you there, and we'd be more than pleased to do that.

THE CHAIRMAN: If that happened, I might have to call on you to break this down. Because sometimes if it's one ballpark figure and they see a 60 percent increase, it's a lot harder to explain than if we had it broken down and said, "Here's what your component in the department is, and here's what it would be if it was the same as last year."

MR. CLARK: I certainly would do that, yes.

THE CHAIRMAN: Thank you very much.

MR. WORK: Yeah, we can, Mr. Chairman. On the explanation page of the spreadsheet we did tag three of the bigger ticket items for you. That was (d), (e), and (f) on that list, and we can certainly break that down more. You'll notice, as he said, that we budgeted \$100,000 for WellNet alone. That's a big piece of our budget; that's 10 percent of our budget there. Similarly with the MASH sector; if they weren't coming on, that would be another 15, 17 percent.

THE CHAIRMAN: Thank you.

Ron, I'm glad you were able to join us. I appreciate that you gave us a message that you were going to be late. I don't know if you had enough time here to review this or if you have any questions or comments on this budget.

MR. HIERATH: I don't.

THE CHAIRMAN: Okay; I appreciate that.

MR. CLARK: Could I ask you, Mr. Chairman, if it's an appropriate time to deal with this question of record retention and disposition?

THE CHAIRMAN: Yes. How much time will that take?

MR. CLARK: It should take about one minute.

THE CHAIRMAN: Okay. First of all, before we move away from this budget here . . .

MR. DICKSON: I was going to move the adoption of the budget that's been distributed and the subject of discussion.

THE CHAIRMAN: Thank you. Any discussion on the motion? Question?

MRS. FRITZ: It's okay.

THE CHAIRMAN: Oh, sorry.

MRS. FRITZ: No. I just need to speak to the motion, and my comments are going to be brief. I listened very carefully to the budget that was presented this morning and know that in this area we've heard two budgets today. The previous was the Ombudsman's and now the office of the Information and Privacy Commissioner's budget. The office of the Ombudsman had budgeted for half the costs for increase of what they were saying was doubling their workload as to what you have budgeted for. It'll be interesting a year from now to see in the balance of things exactly what is needed and what is required.

Now, in reviewing your budget, I do have some concerns. I did ask questions about the portfolio officer position, but I have concerns about the three positions taking almost \$200,000 of the \$500,000 increase, because that of course is straight into the operating and manpower, et cetera – that always increases – and knowing that there's a 6 percent that you've budgeted as well, anticipating what can happen with regards to increases required for the permanent positions.

I can see why you've taken the direction that you have, though, because you've explained it very thoroughly in what you've presented. You've documented it as well as explained it, but I still have concerns about the amount of moneys that are required. I would hope next year, too, when you come back, that what you've put into the core budget, for example, just with the increase in office furniture, et cetera, that those capital costs would not be part of the core budget, as it is here. I think it was about \$30,000, that I, looking at it a couple of days ago or whatever, felt was actually capital costs and not operating. I know it's very minimal, but you might look at that.

I will support the motion. I'm having some hesitancy with that, though, and I'll certainly be reviewing it next year in detail as to what was necessary. I appreciate the workload you're doing too, though. You know, this is major work. You're doubling your workload.

12:03

THE CHAIRMAN: I will also support the motion, but I'd like to mention that this is really going to be a different year because it's going to be the first year of this major expansion and all these other facets of responsibility that were not in your office before. I think I would appreciate, as we progress through the year – and it might require a little more input – if maybe this committee could call on your office to come in on a few occasions to update us on how this is progressing. Are the costs in line with what you need, or as you start to get into the work, is it going to be a little more than what you need? How are you going to pan out? Because these are, for sure, estimates to the best of your ability, but not having been involved in the MASH sector and the others that you're assuming responsibility

for, I think there are a lot of unknowns here in the future.

MR. CLARK: I would be more than pleased to do that, Mr. Chairman. We can tell you what's happening in the MASH sector and also what's happening in this compliance audit area and also what's happening in the area of . . . [interjection] Pardon?

MRS. FRITZ: The health one.

MR. CLARK: Yes, the health one. That is somewhat of a changing area all the time. How much we'll be involved there is a good question.

THE CHAIRMAN: Okay. We have a motion on the floor. I guess we're done with the discussion. All those in favour of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried. Thank you very much.

[Budget estimates for the office of the Information and Privacy Commissioner in the amount of \$1,582,724 were adopted]

THE CHAIRMAN: Now I'll pass on to this other issue that you need about a minute for.

MR. CLARK: Leanne, would you do that, please?

MS LEVY: Indeed.

Thank you, Mr. Chairman. We've developed records retention and disposition schedules for the office. We worked very closely with a consultant and spent many, many hours going over this in minute detail to make sure that all the records were accounted for. We've come up with a very good listing, which takes into effect our transitory, our operational, or our administrative records.

Due to the changes made to the Government Organization Act in 1995, legislative offices are exempt from the government records management committee's review per se. So they do not have the ability, if I may say, to comment on our records retention and disposition schedules. They've been brought forward to the committee for you to take a look at for your approval.

Due to the operational requirements of our office and our specialized records, we've developed our records schedules in accordance with what government has done, but we've taken a very close look at them to make sure that the retention periods reflect longer periods than what government records do. As a result, if you decide to approve our schedules, what we would like to do is enter into an agreement with the Alberta Records Centre and Provincial Archives to house our records. We would have to enter into an agreement with each of these entities. Since this is the first Information and Privacy Commissioner for the province, our records hold a significant historical value to the province, and the Alberta Provincial Archives are very interested in keeping our records long term. We need a place to physically store our records so that they are secure, so we would like to send them to the Alberta Records Centre, where government records are kept.

THE CHAIRMAN: Thank you.

Are you prepared to make a motion?

MRS. O'NEILL: I'll make the motion. I move that . . . What did you just say?

MRS. FRITZ: That we adopt the records retention and disposition schedules as presented.

MRS. O'NEILL: Okay. I move that

the records retention and disposition schedules for the office of the Information and Privacy Commissioner be adopted and approved and that the office enter into agreements with the Alberta Records Centre and the Provincial Archives.

And subsequently we might get a new archives building.

THE CHAIRMAN: Okay. We have a motion. Any discussion on the motion?

Yes, Gary.

MR. DICKSON: Just a query. For the most part five years appears to be the longest retention period. There may be a couple of sevens in here, but most of them are shorter. I'm just wondering particularly in terms of the things that you would have relative to the section 31 application. There's a thing about worksite health and safety, 0150-60, and a five-year retention period.

MR. WORK: Item 0150-60?

MR. DICKSON: Worksite health and safety records, 0150-60. I take it that's a five-year retention.

MS LEVY: That's on-site retention, sir. After that they would be transmitted to the Alberta Records Centre for an additional five to seven years.

Administrative records hold a little bit less of a retention period than what operational records do, and that particular item that you're addressing would be more on-site, our employees' worksite safety concerns, versus case files of what we're looking at. That would be our administrative records versus our operational.

MR. DICKSON: Oh, okay. So this wouldn't have anything to do with that section 31?

MS LEVY: Not at all. If one of us gets hurt at work, that's what would happen with that particular record. It would be held on-site for the five years. It would be transmitted over to the Alberta Records Centre and go through the normal retention and destruction process. But that does not touch our case files at all. Our case files have very large retention periods, and after they actually go to the Alberta Records Centre, they're sent on to the Provincial Archives for—I believe they'd be sealed for 50 to 75 years, case files, and then opened up. Yeah, it's a very long retention period. We've safeguarded our records very carefully.

MR. DICKSON: Since we've changed the Limitation of Actions Act and there's now the 10-year drop dead cutoff, I'd simply want to make sure that the retention would at least cover the 10 years.

MS LEVY: Oh, yes. On-site plus the retention period at the Alberta Records Centre would absolutely cover that.

MR. DICKSON: Fine. Thanks very much. I appreciate the clarification.

THE CHAIRMAN: Okay.

I'll call the question. All those in favour of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: None opposed. It's unanimous. Thank you very much.

Now if we can quickly move on to the budget from the Ethics Commissioner.

MR. CLARK: For the Ethics Commissioner's office there's a small increase this year. If any action takes place in the court after the first of the year this year, we may have up to \$10,000 or \$15,000 to pass back at the end of this year. But basically this is what we've done this year. We have to do some repair and maintenance work on our system. For the data processing there has to be some upgrading there, and the rest of the office stays basically the same. Karen has taken on some additional responsibilities within the office, doing more of the administrative work.

If you look at 511, right after the front page – it's page 2. This adjustment for vacation leaves, the \$10,000, we had to add in to the budget for there for the change in the way in which things are being accounted for now.

Then I'd just flip along to 511E and 511F.

Item 512A. Last year with both conferences being held here, we didn't travel outside the province. Items 512D, 512E, G, H. Item 512J: our systems hardware is off warranty, so we've put some more money in there.

12:13

Professional and legal fees. We've added \$5,000 there. That's a guess, but we do have a court case that could be coming up in the early part of next year. It still sits there.

Item 512L. The comments I made about financial and human resources and the way in which public accounts are going to be structured in the future – I made those comments about the IPC office, and the same thing holds for the Ethics Commissioner's office. So we'll be making those statements in whatever final form to the Assembly itself. They'll not be included in the public accounts in the future because of some changes taking place there.

And 512M and 512P. Leanne, in 512P what's the \$1,000 increase for?

MS LEVY: For upgrades to computer hardware and software. The computers will have to have more memory put into the hard drives, and the software is getting a little bit outdated. We're going to have to buy a couple of software packages.

MR. CLARK: So in a very quick form, Mr. Chairman, that's the budget for the Ethics Commissioner's office.

THE CHAIRMAN: Thank you.

Reviewing your budget here, you have an increase of about \$29,000 over the 1997-98 estimates; \$10,000 of this is asked for by the Auditor General for the accounting of vacation pay.

MR. CLARK: Yes.

THE CHAIRMAN: That brings it down to a \$20,000 difference. You also said that there's a possibility you may have an overage of \$15,000. So you're pretty well within the same budget, and I commend you for that.

Any questions on this budget?

MR. DICKSON: I'll move the adoption of the budget.

THE CHAIRMAN: I have a motion by Gary to adopt the budget. Any discussion on the motion? If not, those in favour of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried. Thank you very much.

[Budget estimates for the office of the Ethics Commissioner in the amount of \$197,732 were adopted]

THE CHAIRMAN: We thank you for taking the time to come and meet with the committee today. I apologize that we're running late a little bit and held you up, but in turn you're holding the next group up. It all balances out.

MR. CLARK: Thank you very much.

THE CHAIRMAN: I look forward to meeting with you, like I said, further in the year on how we progress with the implementation of all these extra responsibilities.

MR. CLARK: Okay.

THE CHAIRMAN: Thank you.

[The committee adjourned from 12:16 p.m. to 12:30 p.m.]

THE CHAIRMAN: Well, it's my pleasure to welcome you to the Leg. Offices Committee today, Derm Whelan and Bill Sage and Brian Fjeldheim. We appreciate you coming to meet with us to table your 1998-99 budget estimates. I apologize that we're running late. We started a little late this morning, and some of the budgets took more time than we had scheduled.

If you'd like, we can start with some introductions. I don't know if the delegation knows all the members. So if you want to start with your people, and then we'll go around the table and get all the rest.

MR. WHELAN: This is Bill Sage, who's the director of financial operations with Elections Alberta. I think everybody knows Brian Fjeldheim, the Deputy Chief Electoral Officer.

THE CHAIRMAN: Thank you very much, and I'll start with Ron.

MR. HIERATH: I think all you gentlemen know me, Ron Hierath.

MR. SAPERS: Good afternoon. Howard Sapers.

MR. DICKSON: Hi. Gary Dickson.

MRS. FRITZ: Yvonne Fritz.

MRS. O'NEILL: Good afternoon. Mary O'Neill.

THE CHAIRMAN: Paul Langevin. And Diane is our . . .

MRS. SHUMYLA: Water girl.

THE CHAIRMAN: Now, Derm, if you'd like to proceed with your presentation. We apologize; there are a couple of members absent. They had to go to other functions, but they'll be back here as soon as they can.

MR. WHELAN: Yes, I understand. Well, the first page of the document is a summary, and on the summary page again, as usual, the election office budget is in three parts. The first is the administrative part of the election office. The second part deals with elections, and we usually budget for three by-elections in any given year when a general election is not expected. The third of the three items is the register of electors. Our estimates for this year total \$1,761,000, roughly, and the three elements are \$500,000, \$436,000, and \$806,000. We're showing also on this page a revised '97-98 forecast and the original '97-98 estimates as well. If there are any questions on this page, I'll attempt to answer them, or Bill or Brian will answer them, one of us.

THE CHAIRMAN: What we may want to do is what we've done with the other budgets. If you want to present it whole, members will form questions as we go, and then they can all ask them at the same time.

MR. WHELAN: Okay. In the election office element of the budget the amount requested for '98-99 is \$518,666. Under salaries there is an increase because I am recommending to the committee that the director of operations position be filled again. While I mention that, I might refer to *Hansard* of January 18, 1995, just a brief reference.

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.

What I'm recommending is that the position be put back as well as another position, that of an admin support person. That makes a difference in the forecast for '97-98 of \$288,967 to \$320,003. The actual salary that was paid for that position at the time of Mr. Arnott's retirement was \$50,244, and his benefits, meaning pension and other benefits, were an additional \$15,158, for a total of \$65,402. To put back the two positions that I'm recommending, I'm estimating \$45,000 for the director of operations and \$31,000 for the admin support, for a total of \$76,000 in salaries and approximately \$14,000 for benefits and pensions. So that would come to approximately \$90,000. So the difference in the budget in 1994-95 and this recommendation would be \$25,402. That's if the committee sees fit to approve the funding for the two positions. I'm recommending them mainly because I feel that the work with the register, with reworking the maps and preparing new manuals for the next election, and the operation of the register and revision will make these very important positions to fill.

The only other large item in this element that perhaps I should deal with is – well, perhaps I'll leave that. I'll answer your questions and move on to the next item, which is actually the elections element. Here the wages are very small, as are the other items. The significant item is contract services. I want to tell you what's involved.

I've moved onto page B, the contract services element item, \$314,475. The amount included in that is really to cover off three by-elections should they occur. This has been regularly done in the last three or four budgets that I've prepared, because it's no longer possible to obtain special warrants for these purposes. So a fair amount of that money is for the possible event of three by-elections, and that has been the standard practice. I think it evolved because once there were three by-elections in one year.

The other element in contract services has to do with mapping.

We had to, as the committee knows, deal with improving our maps and making sure that they will serve the purposes they're intended for. So the cost of the mapping, including revisions and so on, makes up the balance of the amount of \$314,000.

The last element in the budget is the register element. Again, the significant amounts are under contract services and materials and supplies. Under contract services we have an amount of money for possible enumerations so that the register is now ready if there are by-elections. Also, we had to resupply the electoral office with the forms that are needed for electoral purposes.

In the contract services there is also the front-end load for the establishment of the register of electors; that is to say, the inputting of the data that we have already acquired and also the updating of the register. So there will be a front-end load. My estimate is that over a decade this should cost approximately \$200,000 a year, but there will be a front-end load, at least in the first year and in the second also. I'm estimating \$440,500.

In addition, there is maintenance for the computer equipment involved. We've thought that the estimate in the amount of \$56,000 should cover that.

Also, we have to print and supply the list of electors in the coming fiscal year to all registered provincial parties, so that's a very expensive printing bill and electronic format bill also. In these contract services that's covered as well.

I think that having gone through the contract services, you'll notice that the issue of the amortization of the equipment is here again. That brings the total to \$806,350.

So that's a thumbnail sketch of what we're proposing. The total amount estimated, as I have said, is \$1,761,021.

THE CHAIRMAN: Thank you very much.

Are there any questions on the budget? Ron.

12:40

MR. HIERATH: Yes. Derm, I was kind of anticipating that the register of electors would be a little cheaper to operate. You just stated that you thought that probably contract services after this year would be a couple of hundred thousand dollars for the register of electors to maintain the voters list, rather than the \$617,000 that you're budgeting this year for that service. Is the extra money mainly for compiling the information that you have now? Is that mainly the cost of the contract services under the register?

MR. WHELAN: Well, what we're estimating, first of all, is that we have to make sure the telephone numbers in the register match those that were gathered earlier, during enumeration. The telephone number update will not be available from Elections Canada. They're not collecting that data. That's an anticipated extra expense with respect to the register, and we have to respect the consent that was given with respect to telephone numbers. We have to match it to the individuals who agreed to have it listed in the first place. So that is in there as part of the register cost, which is \$440,000.

In addition to that, we have to load all the data we have, both electronic data and paper data. We felt that this amount would be required, and I don't mind saying that part of the thinking is a worst case scenario. We really don't have it pinned down precisely, and one cannot come back for a special warrant. So this is a worst case scenario that we're putting forward here. If the register proceeds as it ought to, without great difficulty, that amount may not be spent. When you put loading the computers with the data for the first time, the testing, the confirmation that it's working properly, and the pilot runs of the list of electors on the front end of the register, there are no costs that should be repeated year after year after year. So that's

the reason, and the construction of the figure, I admit, is a little bit of a guessing game. We thought that if you took 1.7 million electors at a dollar an elector, divided by four, it would give you roughly what it would cost to load it. So it's very much an estimate, and we don't have any hard data to support it.

MR. HIERATH: One other question if I might, Mr. Chairman. Some of the costs of running the election were paid for out of the '96-97 budget. If someone were to ask one of the committee members the question of what the election this time cost Albertans, would you have a figure for that?

MR. WHELAN: Yes. Can I have the financial supplement, Brian? Do you have it with you?

THE CHAIRMAN: You mean that the total cost of the election is included in the two budget years?

MR. WHELAN: Right.

MR. DICKSON: Exclusive of enumeration?

MR. WHELAN: Yes. Well, in the report, in the financial overview of the election, the account summary indicates that election officials and the fees associated with them were \$3.9 million and the office of the Chief Electoral Officer was \$688,000, for a total of \$4.6 million roughly. It was actually \$4,641,417. The enumeration cost in total in the field work was \$2.221 million. Our office was \$1.305 million, which included data entry, for a total of \$3.527 million, but we recovered a significant amount of that cost from the Chief Electoral Officer of Canada, because the list was shared for the federal election. So the cost per elector went from \$2.14 down to \$1.23. Our actual cost would have been in the order of \$2 million for the enumeration and, I might say, not only for the enumeration but also the foundation of the register, because the data processing has been done.

MR. HIERATH: All right. Thank you.

THE CHAIRMAN: Yes, Howard.

MR. SAPERS: Thank you, Mr. Chairman. Derm, thanks for your presentation. One thing I was anticipating in the presentation that I didn't see and thought would probably come under the elections element is the beginning of electronic filing and electronic disclosure. I'm wondering if you could let us know what your plans are when it comes to getting Alberta on-line when it comes to electronic filing of election contributions and election results and whether or not you think it would be a good time to start doing that. We're between elections as opposed to in a year anticipating an election.

MR. WHELAN: Well, first of all, Mr. Chairman, I should say that we have not anticipated that in this particular budget. But the long-term plan after the register is established and the election management system that goes with it is established is to computerize, or use information technology, for processing election financing, perhaps even to the point where political parties and candidates may be able to file electronically as they do with the Federal Elections Commission and also with Elections Canada. In this budget at this time it is not presented because we have enough on our plate just to get the register of electors up and operating.

We'll try to have a system that can match or integrate with or have the potential to accept software for that purpose, perhaps in next year's budget or the budget following; I'm not really sure. But we didn't put it in here this year because very likely getting the register up and established and having the list of electors available by March 11 of next year will be as much as we can handle in a very small office.

MR. SAPERS: Have you sought any outside advice from systems people as to whether or not it would make sense to run those two projects in tandem, or does it make sense to step them the way that you are?

MR. WHELAN: Well, we haven't hired any consultants or done any studies on the point, but other jurisdictions in Canada keep them separate. I believe it's because the type of software needed to maintain a list or to run data related to an election is sort of very different from that needed to keep track of political contributions and filing requirements and so on. Also, there are two different pieces of legislation. One is the Election Act, with its requirements, and the other is the Election Finances and Contributions Disclosure Act. Quite frankly, we really haven't discussed implementing that at this time, and we have not involved outside consultants in an attempt to determine whether it's feasible to go forward in tandem with both at one time. I think it's probably a little bit beyond our small shop at the moment, beyond our ability.

MR. SAPERS: From a personnel sense, like staffing?

12:50

MR. WHELAN: Yes, I think so. I mean, it will take a concerted effort among all staff, and that's why we're recommending these other two positions, just to get this registry up and running. It really is a considerable amount of work.

Furthermore, the election has finished, and all the candidates have filed, so we would only be left with the registry of political parties and constituency association filings at the end of this year. That would be, Bill, less than 500 filings?

MR. SAGE: Yeah.

MR. WHELAN: To operate a computer system for that alone, you know, quite frankly, we haven't planned it at this time. We haven't ruled it out in the future.

MR. SAPERS: So is it in your planning that you'll be doing that before we enter the next general election if the general election is in the normal sort of pattern?

MR. WHELAN: Yes, if the committee approves the funding for the purpose. It will probably come forward in next year's budget. I don't think there will be an election before the year 2000, but there might be, and at that point, of course, we would hopefully have such a system in place, because I think it would assist candidates.

How many filings do we have, Bill?

MR. SAGE: There are 10 parties. There are 350 candidates and about 300 constituency associations.

MR. WHELAN: We're talking about less than 800 filings. It's not a big amount of work, so the focus at the moment is trying to get the registry established.

MR. FJELDHEIM: If I might, Derm. Just further to that, in talking to the people in Ontario who have this system, you still have to have the paper system in place because everyone does not have the capability to file electronically. So it's a tandem system. That would be an add-on. We'd still have to keep the present system as well.

MR. WHELAN: This year for the first time you could file your returns as a candidate electronically with Elections Canada. As a matter of fact, they even supplied candidates who asked for it with the software that was needed, but it was voluntary. I mean, they didn't impose it on anyone. If people wanted to use paper to file their returns, they certainly had the opportunity to do that. I'm told that most candidates – more than 50 percent is what I mean by most – filed electronically.

MR. SAPERS: I would certainly see it as an advantage.

MR. WHELAN: Well, it is a definite advantage.

MR. SAPERS: Doing revisions as well.

MR. WHELAN: The biggest advantage with it is not the act of filing. The biggest advantage is that the information is in the sunshine, on computer, and can be accessed from any part of the province. You don't actually have to come into our office, or we don't have to make a photocopy of a record and fax it out. People can go through the financial records by modem. So it's the disclosure aspect more than the filing aspect that's the great advantage. People will be able to see who contributed to which party or to which candidate. So it's in the disclosure part of the software that the greatest benefit may be achieved, because not only will the present filings be on the computer, but historically we will probably go back a number of years or maybe even a number of elections. So that's the advantage, then, the disclosure part of it.

The biggest systems I've seen for filing electronically are actually in the United States. The Federal Election Commission in particular has a gigantic mainframe computer for the purpose. Some of the larger states, like New York and Hawaii, have electronic filing also.

THE CHAIRMAN: I have a couple of questions, Derm.

MR. WHELAN: Yes.

THE CHAIRMAN: If you look at registry and contract services, which I think is 712K, we went from \$1.3 million down to \$737,000 and now \$617,000, which is the estimate for 1998-99. In your comments – and maybe I missed something – you're talking about the telephone numbers. Did you indicate that that cost was 400 and some thousand dollars? Or did I miss something there?

MR. WHELAN: The contract services with respect to . . .

THE CHAIRMAN: The register of electors element.

MR. WHELAN: The contract services are not only for the register. They're also for returning officers and possible enumerations if the register is not ready, the enumeration fees that would be associated with that, printing of the lists by returning officers, support staff that they might need, the supply of the list of electors to candidates and so on. That brings the total to \$617,100. But the register cost is \$500,000 – I have some notes – out of that total of \$617,000. Is that correct Bill?

MR. SAGE: Yeah.

THE CHAIRMAN: Okay.

So what was the comment about the phone numbers? I thought it was tied to that 400 and some thousand when you were in your initial statement.

MR. WHELAN: Well, the annual ongoing operating costs of the register will have to include the acquisition and the loading of telephone numbers because we won't get that data from the federal jurisdiction. They're not collecting it. As a matter of fact, they're prevented by their law from collecting it. So we'd have to try and match the telephone records that we have to be sure that only the numbers of people who have consented to have their numbers listed on a list of electors get listed. What I'm saying is that we have to match up any new records where the telephone numbers have changed with records from the same electors who consented to have the phone numbers published. That was unexpected. When this was being designed and planned, Elections Canada had the intention of getting phone numbers.

THE CHAIRMAN: Why do we as a province have to have the phone numbers? It seems to be an enormous task. You have to have consent from all those whose phone numbers you will register. If a large percentage say no, then we have an incomplete list anyway. We can't do it against their wills. So why did we get into it?

MR. WHELAN: Well, when these discussions began, the idea of including the phone number actually came from the people sitting at this table. It didn't come from me or from Brian or from Bill. In its wisdom the committee thought that including telephone numbers would be very helpful to any candidate or any registered political party. So the legislation went forward, and it was passed. In due course we collected approximately 65 to 70 percent of the telephone numbers. So that's why it went forward.

Quite frankly, I've always had misgivings about the telephone numbers, but I think they were useful. They're already a matter of public record. You know, we only have published telephone numbers. I know campaigns. I know that candidates generally spend a lot of their volunteers' time looking up numbers and filling them in so people can be contacted and so on. It did have a political campaign purpose. Also, it was an additional identifier. So when the committee directed us to do it that way, that's what we did. But I want you to clearly understand that that came from this committee, and it was not unanimous. There are members sitting here that did not agree.

THE CHAIRMAN: Thank you for those comments.

Getting back to election office element 711A, salaries. You covered that somewhat, but it goes from \$236,000, last year's estimate, to the \$288,000 forecast now and an estimate next year of \$320,000, so that's about a \$93,000 increase. You mentioned these two extra positions that you want to fill. Is that dollar amount the total for these two extra positions, or is there something else in there?

MR. WHELAN: Well, it's the salaries for the two positions, which are \$45,000 and \$31,000 respectively, for a total of \$76,000.

THE CHAIRMAN: Forty-five thousand and . . .

MR. WHELAN: Forty-five thousand and \$31,000. Of course,

whoever wins, if this competition is approved, we would negotiate. It may not necessarily be that high. So it's \$76,000 in salaries plus another \$14,000 in benefits; that's to say, pensions and other things that generally go with a salary package. So the two positions would cost \$90,000. The position that we've temporarily suspended and that I alluded to when I quoted *Hansard* was costing us \$65,402 already. That was \$50,000 in salaries and roughly \$15,000 in benefits. So the net change, if you look back to 1994-95, is \$90,000 less \$65,000, or an increase of \$25,000 roughly. That will put the necessary people in place to deal with this register and any other work that I described.

1:00

THE CHAIRMAN: Thank you. My last question is on travel, the register of electors element. That's all done in-house here in the province; is it? I'm just wondering about that figure.

MR. WHELAN: Mr. Chairman, I didn't understand your question.

THE CHAIRMAN: The travel under the register of electors element, 712A.

MR. WHELAN: Item 712A, yes.

THE CHAIRMAN: This register of electors, you have done most of it. Now you're saying you're still gathering phone numbers and a few things and that it's all done in-house here in your office in this province.

MR. WHELAN: Agreed.

THE CHAIRMAN: I'm just questioning: what's the need for the travel there?

MR. WHELAN: Well, actually it's comprised of three separate figures. The Chief Electoral Officer and, you might say, staff travel from our office is \$7,500. I'm sure that we will have to deal with Ottawa as we get on with trying to forge this joint venture with them, and there will be travel back and forth. And \$1,500 is for returning officers' travel in case enumerations are needed. Of course, if enumerations are needed, there will have to be some money for enumeration officials, so \$6,800 is there for that purpose. The total then comes to \$15,800.

THE CHAIRMAN: Any further questions? Yes, Mary.

MRS. O'NEILL: Yes. Thanks. I have several. Derm, you mentioned it earlier, and I just need you to explain again to me your reason for keeping the position available and the time period – I know that the work is being done – the one position that you have open and you've kept on the books here. Could you just repeat that, as to why?

MR. WHELAN: Okay. Well, in 1995 we didn't fill the position when the incumbent retired. The duties of the position had to do with the logistical preparation for elections. The duties of the officer were to plan and direct operations, to prepare the logistics that are required by the different acts that we have or enumerations – and that would be the registry now – elections, and plebiscites. The person was to ensure that the enumerations worked properly. The person was responsible for designing and developing the required forms and also the preparation and printing of instructional handbooks, guides, check lists, and training material.

In the specs for the position this person would personally train returning officers and other election officials in their responsibilities according to the requirements of the act. Further, the person had the responsibility to manage and direct warehousing our inventory. Then, to that now would be added also the data that we've acquired on both paper and electronic format.

MRS. O'NEILL: If I could just interrupt. It was '95, then, when the person retired, and there has been nobody filling that position.

MR. WHELAN: No. Well, we have done it jointly, mainly through Brian.

MRS. O'NEILL: I'm trying to find the justification for it being factored in the budget.

MR. WHELAN: Well, I believe that with only two managers for the election and the register project, the last enumeration, we were understaffed from a managerial point of view. I think that in the future, with even more work coming to our office, it would be very wise to fill that position. That's why I'm recommending it.

MRS. O'NEILL: What I want to know is: has it been on the books all along?

MR. WHELAN: Oh, yes, it has been.

MRS. O'NEILL: Okay. All right. Thank you.

MR. WHELAN: The quote is in *Hansard* of January 18, 1995, where our budget is being presented. It's transcript 23-2-4. Unfortunately, on this photocopy I can't see the page.

MRS. O'NEILL: My concern is that if it isn't being filled, we must justify the expenditures, and if hasn't been filled, I just wanted to know if the intention is to fill it. That's fine, but I wondered how long it had been on the books and not filled.

MR. WHELAN: Well, since 1995, so it's been three years.

MRS. O'NEILL: Since 1995. Okay.

I have two other questions, Mr. Chairman, if I may. However unparalleled it might be due to inflation, et cetera, could you tell me what would have been the last year of an election-free fiscal year? What I'm looking for, really, is your projections for 1998-99. I don't have in the three columns that you've provided a comparison for a year when there weren't election expenditures. If you could just tell me what that budget was.

THE CHAIRMAN: To follow up on Mary's question, with the other officers it's easy to compare the previous year. It's easier than with your department because you have an election year that falls in there, and we have no basis to compare the increases.

MR. WHELAN: Yes. Actually, that was the decision that we took because we wanted to present the revised forecast. But if I could answer your question first, the 1992-93 actuals for the electoral office were \$479,881; for the elections component, \$296,732; and for the register of electors, \$314,822, which is a total of \$1,091,000 and change. We prepared the estimates this year in this manner because of the forecast being less than the original estimates.

MRS. O'NEILL: You're saying 1992-93 was . . .

MR. WHELAN: That's the benchmark year that has been used traditionally for budgeting.

MRS. O'NEILL: I'm looking for the last election-free fiscal year.

MR. WHELAN: You mean a general election?

MRS. FRITZ: It would be a long time ago, maybe about four or five years ago.

MR. WHELAN: Well, I think it was 1992-93.

THE CHAIRMAN: She's looking, I believe, for '94-95, which would be the year before the '97 election. For the '97 election part of it was covered in the 1996-97 budget, so Mary is looking for the '95-96 budget, which was the last year before the election year.

MR. WHELAN: I have '95-96 with me also.

MR. SAPERS: Redwater, Paul. The Redwater by-election was '95. It would have been in '95-96.

MRS. O'NEILL: By-election isn't my issue. I should have said excluding by-elections. I'm just trying to get a grip on a comparison of a year when we weren't dealing with such expenditures of election time, generally speaking, because this estimate is inclusive of possible by-elections.

MR. WHELAN: Well, these are the 1995-96 figures.

MRS. O'NEILL: What's your bottom line there, Derm?

MR. WHELAN: It's \$890,014.

MRS. O'NEILL: Okay. Thank you very much for that information.

The other thing I wanted to ask you is with regard to the partnership that we have with the federal government. It was nice to see a copy of the cheque for 3 million plus dollars. I've never seen one before in my life, so it was nice. My question is: will that ever come to an end, or is that onetime? What percentage of that partnership payment or expenditures are we involved in at this time in the calendar?

1:10

MR. WHELAN: Well, we have an agreement in principle – we have not signed off under that yet – to acquire the updated federal list from the June 2 election for \$10,000. The federal jurisdiction won't have updates from Revenue Canada, Immigration Canada, or from any other sources on computer until July of next year. That's their forecast. At that point we will be acquiring our data from them. I don't anticipate that the cost will be much more than it will be for the first run of the list based on the June 2, 1997, election, but it may be. We haven't negotiated that yet.

MRS. O'NEILL: Okay. So the loop is that from the provincial enumeration we provided them help for the federal.

MR. WHELAN: Yes.

MRS. O'NEILL: And for that amount of money, for the \$3 million and such. They paid for their part of that.

MR. WHELAN: Yeah.

MRS. O'NEILL: Now you're saying that after the agreement in principle, we will then be accessing their information for \$10,000. Is that what we're talking about?

MR. WHELAN: That's right. The information from June 2, 1997, the revised, the most up-to-date data they have.

MRS. O'NEILL: Is that going to affect, then, anything with regard to enumeration in next year's budget? Or is that included in your recognition of possible by-elections?

MR. WHELAN: No. I mean, the figure to maintain the registry is not including possible by-elections and possible enumerations being necessary because the registry may not be ready.

MRS. O'NEILL: Okay. That's what I wanted to know. Thank you.

MR. FRIEDEL: Following up a little bit on Mary's first question, lining these numbers up with some comparative years, do you have figures beyond 1998-99? What you have here is a one-year budget, and we were looking, I think in most cases, at three-year business plan budgets. The ones we looked at earlier today and the one that's coming up show the extension. Now, again I'm going to have to apologize for having an earlier commitment and coming in late again, and I promise to stay here for the rest of the day. But as far as comparing them, I'm gathering from the conversation I've been part of here that there are some extensions for this one program, the register of electors, and once it's completed, it will phase down. Are there any projections at all as to how that will translate into 1999-2000?

MR. WHELAN: Well, the average that we had worked with in the research was over a decade. We felt that \$200,000 a year on average over the next decade would maintain the registry, but there will be a front-end load. We have to get the information on the computers, and it is an estimate. I mean, if we have additional unanticipated data to capture, that figure of \$200,000 could change. I'm referring specifically to trying to keep telephone numbers on the list, because they're not available from the data source that we will have the partnership with.

To get to the question, we've talked about developing a business plan, but we have not put a three-year business plan in place as yet. Our research has been connected mostly with the register project and not with other parts of our budget because we don't know when elections are going to be held. A business plan for an election office is not impossible, but given the fact that in 1996 we had an enumeration that took all our resources and in 1997 an election that took most of our resources, we haven't really had a lot of time to prepare a three-year business plan. We have talked about it. Brian, would you agree that that eventually will be in place? But right now it isn't.

MR. FJELDHEIM: Yes. I think, as Derm has mentioned, these three by-elections and the three enumerations that go with those by-elections are sort of a static thing that we brought forward over a number of years. It's the register that's the new wrinkle.

THE CHAIRMAN: I have one more question. I'm looking at the page "elections element." If you look on the last line describing the '98-99 estimates, the first subtotal is \$5,850. The second subtotal

down the page is \$580,155, and then we come up with a grand total of \$436,005. I was adding that up, and there's something wrong with the addition or we're short by \$50,000 there. I'm wondering what happened.

MR. SAGE: Actually, if I could handle that one, there's \$150,000 that has come out of that, and the \$580,000 doesn't show that. So I think that if you add \$150,000 back to the \$436,000, you're going to get very close to those figures that are showing there. The \$580,000 – it doesn't add up to that. If you add those eight or 10 lines above it, it doesn't add up to that either. The mistake is in the subtotal figure. The figures that we're showing on the individual lines are correct. The subtotal is incorrect, and the total is correct.

THE CHAIRMAN: It's just a typo?

MR. SAGE: Yeah. Probably Bill Sage didn't read it very carefully. The \$436,000 is correct, and as I say, the \$580,000 is the one that's wrong.

THE CHAIRMAN: It's out by \$50,000.

MR. SAGE: By \$150,000.

THE CHAIRMAN: Thank you.

MRS. O'NEILL: Paul, could you do that so we could correct it here?

THE CHAIRMAN: Pardon me?

MRS. O'NEILL: Could you tell us where the correction should be?

THE CHAIRMAN: The \$580,155, which is . . .

MRS. O'NEILL: We're on . . .

THE CHAIRMAN: You're on the elections element, and you're down to the last subtotal on that page, not the grand total but the subtotal.

MRS. O'NEILL: Yes.

THE CHAIRMAN: The \$580,155 is \$150,000 higher than it should be, like Bill explained, if you add all of the figures from 712A down to 712P.

MRS. O'NEILL: So the correction should be – I'm just trying to correct it here. I'm sorry.

MR. SAGE: It should be \$430,155.

MRS. O'NEILL: Rather than \$518,666.

MR. SAGE: Rather than \$580,155.

MR. WHELAN: Then it should be \$430,155 plus the \$5,250.

THE CHAIRMAN: Which will make the \$436,000 line total.

MRS. O'NEILL: Sorry. I'm under the other element.

MR. SAGE: You know, the figures shown on the cover page are

correct.

MRS. O'NEILL: Sorry. Thank you.

MR. SAGE: You're sorry?

MRS. O'NEILL: I was on the wrong page. I was looking for it but couldn't find it.

THE CHAIRMAN: Yes, Gary.

MR. DICKSON: Mr. Chairman, I'm curious. Members will remember that there was a September 25 letter we received from Derm. It went to members of the committee. This had to do with an adjustment for the compensation of returning officers in the last election.

Now, my first question: is that reflected in the budget we're dealing with, or is that entirely a collateral matter? And if it's a collateral matter, then I guess I'm going to ask the chairman for some suggestion in terms of how that's going to be dealt with relative to the budget that we're reviewing and approving now.

MR. WHELAN: Well, that matter is not under the estimates for '98-'99. It's actually in the forecast for '97-'98.

THE CHAIRMAN: It's included in the forecast?

MR. WHELAN: In the forecast for '97-'98.

MR. DICKSON: Is that in the elections element then?

MR. WHELAN: Yes, I think it would be in the elections element. The matter hasn't been discussed by the committee.

THE CHAIRMAN: Gary, you have that letter handy. What was the total amount?

MR. DICKSON: The aggregate amount, Mr. Chairman, was \$136,950.

1:20

THE CHAIRMAN: Thanks, Gary. This \$136,950 is included in the total amount of . . .

MR. WHELAN: The 1997-'98 forecast.

THE CHAIRMAN: In the present year's budget.

MR. WHELAN: Yeah.

THE CHAIRMAN: Thank you very much.

Gary, we're going to have to make a decision on this, and maybe we could add it to Other Business on today's agenda.

MR. SAPERS: On today's agenda?

THE CHAIRMAN: If we have time at the end.

MR. DICKSON: Okay.

MR. SAPERS: Will we also be discussing the matter of the Chief Electoral Officer's reappointment on today's agenda?

THE CHAIRMAN: We can do that.

MR. DICKSON: I'll move that the committee approve the budget we've been discussing.

THE CHAIRMAN: As tabled.

MR. DICKSON: Yes, as circulated.

THE CHAIRMAN: Any discussion on the motion? I'll call the question. Those in favour of the budget?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Agreed. It's approved unanimously. Thank you very much.

[Budget estimates for the office of the Chief Electoral Officer in the amount of \$1,761,021 were adopted]

MR. WHELAN: Thank you, Mr. Chairman.

THE CHAIRMAN: We'd like to thank all three of you for coming today. We appreciate the time that you have taken to come and meet with our committee. We will be discussing these other issues, and we'll let you know the outcome of those discussions.

Any final comments?

[The committee adjourned from 1:21 p.m. to 1:31 p.m.]

THE CHAIRMAN: Mr. Auditor General, as chairman I welcome you and your staff here today to present your 1998-99 budget. We appreciate the time that you're taking to meet with committee members. As you walked in, I think we all did the introduction thing, so that's all covered. So I invite you to proceed with the rest of your presentation, and then we'll have some questions.

MR. VALENTINE: Thank you, Mr. Chairman. Before we start this, do you need to know who's who? Jim Hug is on my right. On my immediate left, Nick Shandro. Down there with all the hair is Kelly Aldridge, and Merwan Saher.

UNIDENTIFIED SPEAKER: What exactly do you mean by that?

MR. VALENTINE: Merwan and I are the only two guys in the office who can get their hair cut in the same half hour.

Well, thank you, indeed, for this opportunity to share with you the challenges that we're currently facing in the office of the Auditor General and the approach that we're recommending to ensure that the mandate of my office is fulfilled and achieved in the most effective and efficient manner possible.

Simply put, our mandate has two major components. First, we provide assurance that management's representations on performance, which includes fiscal performance, are accurate. Secondly, we review and recommend improvements to the province's accounting and management control systems. The scale and the scope of this mandate is extensive. We audit revenues of \$17 billion, expenses of \$14 billion, assets of \$20 billion, and liabilities of \$28 billion. I guess we hope to look forward to the day that those two numbers are the other way around.

Our track record, I believe, is very good. Since 1992 we've provided significant recommendations, by far the majority of which

have been accepted by the government. We have achieved these outputs with significantly reduced resources, most notably a decline in staff from 164 in 1992 to 123, which is our suggested manpower complement, all of which is a reduction of 25 percent.

Because of the changing public-sector environment the demand for our services is ever growing for three primary reasons. First, as the public sector changes the way it conducts its business, there is an increased need for more statutory audits, particularly with the introduction of departmental and ministerial financial statements. Second, with the creation of new organizations to improve the cost-effectiveness of public services, there's an increased need to provide assurance on the accountability information and to examine management control systems, thereby ensuring that provincial goals are achieved. Thirdly, there is an increased demand for the Auditor General to support the Legislative Assembly, departments, and agencies as they continue to search for new ways to make better use of public resources.

Today I will share with you what we propose to do to ensure that the integrity of our work is not compromised due to these changes in our environment. With your indulgence I will highlight the three most significant elements of our budget: first, the increased cost of external services; secondly, our projected manpower requirements; and thirdly, our need for capital investment. So unlike in the usual tradition of accounting let me begin with the bottom line.

The costs of providing the required professional services are projected to increase from \$9.9 million to \$12.8 million, an increase of \$2.9 million, or 30 percent. Now, let me break that down for you into its constituent parts on the first slide. Kelly failed the first test, which is how to turn on the overhead. The second test is to focus it. Bring us into the picture; would you, Kelly?

By far the largest component is the increased costs associated with external accounting firms. Our budget anticipates increased hours and fees in the amount of \$1,023,000, 35 percent of the total increase. The second important component is the costs associated with additional manpower needed to address the increasing demands on our office for both attest and systems audits. To meet these demands we anticipate adding nine permanent staff at a cost of \$558,000, 19 percent of the total increase. We also anticipate salary increases of \$813,000 based on the gap between public- and private-sector salary ranges, 27 percent of the increase. Part of the budget increase represents funds required to attract and retain professional staff, and since a picture spares you a thousand words, I would like to illustrate the challenge we face by showing you several graphs.

The first one is a chart of our full-time equivalent positions, and you'll see that in 1992-93 we had 164 full-time equivalent positions. In the year 1996-97 we were down to 106. While there was a measured effort to reduce the size of the office and appropriately so, we went into the ditch, the proverbial ditch. As we sit here today, we're at 114 people, and we believe, after a thorough assessment of our work, that the appropriate level for the size of our clients today is 123 people.

The second graph is going to show you something about the turnover of professional staff that we've experienced in the office. This graph tracks the turnover rate, which has increased from 5 to almost 30 percent in a four and a half-year period. The loss of top managers, including a Deputy Auditor General and two assistant auditors general, one to retirement and the other two out of the three to the broader public sector, as well as four principals creates some very difficult circumstances for the office. While we have promoted some individuals to more senior positions to fill our vacancies, these promotions do not fill the experience gap resulting from the loss of senior, experienced professional staff. The two senior people who

left our office joined the broader public service and thereby were able to increase their incomes by a substantial amount.

The next graph depicts our retention of graduates from 1990 to 1996. The names in red are those who moved to other areas in the public sector. Those names in blue went to the private sector, and the black names are the retained graduates, eight out of a total of 49 over the period 1990 to 1996. But more important to notice from this chart is the number of months that they stayed past their graduation. You'll see that in 1990 they stayed an average of 19 and a half months postgraduation, but in 1996 the average person left one-half month before he or she received their exam results, in anticipation of favourable exam results no doubt. That is a very serious aspect to what has happened within the office and to some extent within the profession too. So my budget also proposes that our management salaries move closer to market rates.

Let's look at the rates per hour. On this graph we track the rates per hour that we pay to our agents on the top line, and on the bottom line is our average cost per hour. You'll note that it's moved from 1993-94 where there was a relationship of about \$62.50 to \$70 through to our relationship today which is in the order of \$75 compared to \$90 – actually I think it's about \$73 to \$90 – and what we project it to be: \$84 compared to \$95. This graph illustrates our issue, and you'll recognize in the graph the wage freeze that occurred in 1991, and it continued for some time. So our line goes along at a flatter rate of incline, whereas the private sector line starts to climb. It also reflects the salary rollback. Also embedded in that are some substantial savings in our other overheads. I think our salaries are about 70 percent of our total costs, something in that order; aren't they, Kelly?

1:41

MR. ALDRIDGE: Yes.

MR. VALENTINE: We made a major rent saving when I joined the office in 1995, and that's embedded in there too. I guess that's the end of that slide, Kelly.

The last component that I'd like to highlight for you is the capital investment necessary to improve and to maintain our audit efficiency, and the majority of our capital costs that we require are required to upgrade our computer technology.

In closing, there are two final considerations that I want to bring to your attention. First, our expenses for this year are over the estimate by \$250,000, which will be offset by additional revenues, which go to the general revenue fund, in the amount of \$350,000. In other words, we will close the year being under budget by \$100,000. However, the system doesn't allow us to spend the revenues. Therefore I need to ask the committee to refer a supplementary estimate to Treasury in the amount of \$350,000 for the current fiscal year.

The second item involves a revised order to charge fees in accordance with our present practices. By way of background, order AG 1, approved in December 1995, enabled us to charge all our clients for the full cost of the services that we provide. Unfortunately, the government mechanism to allocate full cost to all of the constituent parts of government is not yet in place and will not be for some time. As a result, then, I need to request that the order be rescinded and replaced with a revised order to allow us to charge fees in accordance with our present practice. Copies of those orders were included in your handout package.

Let me close by saying that I believe that audit saves money. I believe that accountability costs money but nowhere near as much as the lack of accountability costs money. You as Members of the Legislative Assembly of Alberta require quality information to fulfill

your role. Good decisions flow from good information.

Mr. Chairman, that concludes my remarks, and now I or my colleagues would be pleased to answer any questions you might have.

THE CHAIRMAN: Thank you for your presentation.

We're going to start with Mr. Jacques.

MR. JACQUES: Thank you, Mr. Chairman. Peter, as I understand it – at least, I'm making the assumption – you were probably given a copy of the government Treasury guidelines as they were issued to government departments with regard to '98-99. In that three-year period of time, as you are aware, basically they were recommending a maximum 1 percent increase. As you've indicated earlier and certainly in terms of your presentation, you made it very clear on the amount and the percentage increase, in the order of 30 percent. If I take it out to the year 2000-2001, that translates to your total professional services being about 62 percent, say, compared to '96-97, which was kind of the first actual number that was shown on the page here. Having listened to your introduction today, I'm having difficulty matching the incremental requirement that you've identified in terms of more staff – that's one of the big costs; there are really three components to it – but particularly with regard to the increase in FTEs related to outcomes, performance measures. I guess what I'm saying is that I couldn't find really a good case for it in here, and I was wondering if you could elaborate on that.

MR. VALENTINE: Well, we have a slide. Do you think it would be appropriate to put that slide up now, Merwan? Put up the significant work delay slide; would you, Kelly? This work here is work that we have delayed as a consequence of not having the available resources this year. It has been delayed for a variety of reasons, but not having the human resources is part of it. Not having the monetary resources is also part of it. Within the system we need to have a very good look at the accountability framework and the three-year business plans and processes soon because that forms the basis of where we start auditing. We are doing a systemwide human resources management audit, which we would like to be further ahead on than we anticipated – we thought that we might have three or four people working on it; we've got one at the moment – which is dragging its weight.

In Treasury, which in a sense is systemwide also, there is a large devolution of activity going out to all the ministries, as you are well aware. We've just been through the first year of ministerial financial statements and departmental financial statements. As you may be aware, there are a number of issues to be dealt with on that: the accounting for it and whether or not we can render an opinion on those financial statements. So that changes the role of Treasury substantially.

As well, it's appropriate now to have a better look at the budget process and the system supporting the province's quarterly financial statements. The quarterly financial statements do not get prepared on the full accrual basis as the annual ones do, and there are some significant issues surrounding those. Of course that, again, is systemwide.

Health is a big consumer of our resources, and I don't have to tell you why that happens, because I think you read about those kinds of things in the paper all the time. We put down four things there that we need to have a greater involvement in: the issue of population funding, costing of health services – you're aware of the criticism that we have published in our report with respect to the information system in the health care industry, and you'll be aware of prior work

we've done reviewing the budget system at the Capital health authority. We have recently been asked to be involved in the Crossroads health authority and their financial management system. We had anticipated that by this time we would have had a pretty good look at the systems in about a third of the RHAs. We've been busy, you know, reacting to requests rather than actually planning the work appropriately and going out in a proactive way.

In public works there are a couple of issues. Though a significant one is contract management, it's the lack of contract management that got the Department of Municipal Affairs into difficulty with the CKUA thing. We see some of those signs in other places. That would not surprise you, I'm sure.

We are still keen to get to the point where we're satisfied that the full costs of the operation of a particular department or agency or corporation contains the full cost of that activity so that the outcomes can be measured in an appropriate way with all the costs. Our own financial statements do that. You may be aware of that.

Then lastly, there's a field of work that is being called for by the colleges in a review of the financial statement preparation process and to create what they are very keen to have: a level playing field. They're concerned about the use of the KPIs, that if the information doesn't come together on the same or similar basis, then the KPIs will be distorted, and they will either win or lose on that due to the lack of a level playing field. So that gives you some idea of what's in our inventory.

Our current budget provides for our catch-up on a number of those activities. That's one of the principal reasons that we're over.

MR. SAPERS: In the current budget? You mean this proposed budget?

1:51

MR. VALENTINE: This proposed budget, yeah. Not the current budget. We're almost finished that one.

That gives you an idea of the scope of our activity that we think should be there. I can tell you that I'm impressed with how the process works in the office – and it's unchanged from the time that I came in – to determine what we should be doing. Each ministry's audit team must prepare a plan, and that plan must be defended in front of everybody else in the office. So the resource allocation that we do is a result of a vigorous preparation and defence process. At the end of the day we translate that into hours which we think we can provide through our own resources in the office and then hours that we would provide through the use of agents. Agents are used for a variety of reasons; one of them is to reduce travel costs. When you get into communities like Lethbridge and Medicine Hat and Grande Prairie and Fort McMurray, you'll find that all those jobs are done by agents. We don't do any of them. So people are not traipsing back and forth every Monday and Friday. But we do visit at the beginning and at the end of an audit, of course.

So that, I hope, has given you some picture of where we are with the demands on us. I think it's healthy, when we get called in to do something, to participate in a management review or a financial review process in anticipation of dealing with issues rather than going in and being the clean-up artist. So to some extent we would like to be in better control of our own agenda than just reacting to, you know, a serious thing like CKUA was.

Have I answered your question?

MR. JACQUES: Yeah. There would probably be some questions I'd have on some of the things you put up there.

MR. VALENTINE: Well, you know, we could probably debate

which comes first, the chicken or the egg, that sort of thing.

MR. JACQUES: No. That gives me an overview. Thank you.

MR. VALENTINE: I don't sit in these challenge meetings. I sort of end up being the referee at the end of the day. But I found the process that goes on in the office very refreshing when I found out what they were doing.

THE CHAIRMAN: Mr. Hierath, you have some questions.

MR. HIERATH: Yes. Peter, I wasn't aware that you had significant delays in work. It was the first that I've heard that you do have a backlog of work to do. My impression was that the committee was investing or giving you the go-ahead for large dollar inputs on computers and computer workstations with office furniture in the past few years so that the efficiency rate with the staff that you have would rise and you would not have to have an increase in full-time equivalents. I have heard you in the past, of course, make the statement to the committee members that you have a difficult time keeping qualified people because the private-sector wages are substantially higher than the government pay scale. I guess I thought your office was going to get to full-cost recovery for government agencies such as colleges and irrigation districts and a whole, wide spectrum of government-related agencies that you have to audit. Why is it that you've not been able to get there yet? I kind of asked two or three questions in the middle of that thing.

MR. VALENTINE: I was trying to keep track here.

Let me deal with the computer issue first. We will abandon this year the large Data General computer, which lives in an air-conditioned room and has its own auxiliary fire department sitting beside it in a big space about 50 percent of this room, maybe even larger. We will be done with that. We'll be entirely on a server network system, and it's planning for replacement of that that we're dealing with. So that, together with what I think is probably an appropriate amount of annual upgrade, represents our capital investment. I can tell you that with respect to the capital investment, if we follow the government's rule of charging to income as it's spent for all capital assets that are less than \$15,000 per item, there would be no capital budget here because all these items are less than \$15,000 each. However, we don't think that's the right way to do the bookkeeping, so we've given you what we think are truly assets that will benefit our service delivery over a period of time.

You mentioned the salary comparison to the private sector. I have to also compare to the broader public service. I can tell you that there was an individual that left my office in the last year who walked across the street for a 12 and a half percent wage increase. I know and I satisfied myself that that individual was at the right level in my office. That's a competition that I have to face every day. It's perhaps even more real than the private-sector one is, because my staff are visiting our clients, some number of whom are in the broader public service, on a regular basis, and they get to know the clients very well. That always precipitates some sort of conversation about: how would you like to come and work for us? So I need you to fully understand that the broader public service is competing against us for our people in a very aggressive way.

Full cost recovery. I would have to stand corrected, Ron, because I believe that what we want is a full-cost application in all of the financial statements of the entities in the government's group. We want their full costs in their income statement. To me it's an allocation issue; it's not so much a cheque-writing issue. The

government has not yet in their budgetary process completed a change that would allow that allocation process to work, and I can only go as fast as they provide the road for me to go on that issue. I would like it to go faster. I think that full-cost financial statements are where we should be, and an example of how strongly we think about it is that that's the way we do our own statements. We have some methodology which seems to work. The Treasury people will tell you that they haven't figured out how to get that into the estimate process yet, so we lag behind that process.

We don't do irrigation districts anymore, except we do one where they've asked us to do it, and that's the one east of Calgary at Strathmore. It's done by an agent, in fact, and they pay a fee, so it's no cost to anybody. It does keep us in the loop of understanding what that sector is all about, though, so it's to some advantage.

Now, I hope I've answered all your questions. Remind me of which ones I didn't answer.

MR. HIERATH: Well, just a little further on that. You know, from your perspective it's an allocation problem. Of course, with irrigation districts and maybe with some colleges and other agencies, Treasury or the Alberta government was paying the audit fees some years ago. So from your standpoint it may be an allocation thing from a bookkeeping side. I guess from our side it has to do with some of these institutions of government or legislative agencies collecting money from user fees in their irrigation district or things like that to pay for audit costs. You have in your financial statement: audit fee revenue. Is that the line, which I'm talking about, where you recover costs? Is it not a goal of yours or should it be a goal of government in some of these cases to have audit costs covered?

2:01

MR. VALENTINE: Well, as I said, I think it's an allocation issue more than it is a cheque-writing issue. If the Legislative Assembly thinks it's appropriate that a university, for example, should pay for all of the services that they receive from whatever departments they interact with, including my office and including public works for design of the buildings and management of the construction and the rest of it, then something else has to happen in government for that to happen. I don't write those cheques. I don't think that we have the philosophy of this cost allocation well enough understood in the broad cross section of people. I think the fault with the program seems to lie in the fact that my office didn't have particularly good intelligence as to the general acceptability of the fee concept by clients of the office. I think that's one thing.

I know there's no generally accepted mechanism for the transfer of previously budgeted amounts from my office to others, to the users of the services of my office. There is no mechanism to transfer costs incurred by public works either, which are far greater than the audit fees. I mean, the audit fees are a minutia compared to rent in a variety of circumstances for – pick a number – departments that live in upscale buildings in the downtown area. I can name a few, and so can you. That rental charge doesn't move across, which is far greater than the audit fee will ever be. In fact, I should substitute. Maybe I should collect the rent and get out of the audit business.

MR. HIERATH: More room for revenue on that side.

MR. VALENTINE: Yeah.

What we have here is an issue which doesn't have a mechanism to work it. Mr. Chairman, we are not going to stop advocating for the full disclosure of the costs of doing business by a particular department or agency or corporation in order that you can measure

the cost of their outputs. That's where we are going, and we will seek any amount of co-operation to try to get there. At the moment we're not there.

THE CHAIRMAN: Mr. Sapers.

MR. SAPERS: Thank you, Mr. Chairman. Peter, I have four questions at this point. The first one is: could you give me some detail about the \$250,000 over budget, and why is it you'd be looking for a supplementary warrant of \$350,000 when you've only exceeded your budget by \$250,000? I heard you say that you had \$350,000 in revenue. Is that yours or the Treasurer's?

MR. VALENTINE: No. That's the Treasurer's. The revenue is not mine.

MR. SAPERS: Right.

MR. VALENTINE: Okay. Well, the principal reason for the \$250,000 is that we've experienced substantial costs in hiring temporary staff throughout the year. They came at a much higher hourly rate because they could command that kind of a rate in the private sector, and I was competing for people to get the work done. We had a number of temporary people on staff as we concluded the work on the audit of the province's accounts, and they just came at a higher amount. With the attrition we've had, we've stayed in the marketplace trying to hire full-time replacements for our staff that were leaving us, and we paid a substantial amount in head-hunter fees to try to attract people on a full-time basis.

The last point, although I can't give you any particular mix on this, would be that we used agents in a variety of circumstances. We co-did the CKUA work, for example, with the former agent on that board. They had a background in the entity, in the Access organization, so we took two of their staff and two of our staff, put that together. Now, they came at a higher fee this year because the private-sector fees have increased. So those are the three principal reasons that I would say we were over our budget.

MR. SAPERS: Okay. And why the \$350,000 instead of the \$250,000?

MR. VALENTINE: Well, this is the second day of December, and the end of the year is March 31. It's an estimate. I don't want to come back a third time.

MR. SAPERS: All right. Thanks.

My second question has to do with the management pay increase that's proposed at 27 per cent. I understand your presentation and hear that message loud and clear. We've had presentations from other Leg. officers today. They're facing some of the same competition, particularly when it comes to information systems people, but so far none of the other budgets that this committee has looked at have asked for management pay increases. So I'm wondering if you can tell us: is the competition that much more extreme in this particular area? Going from zero in other areas to 27 percent is a pretty big step. The final part of that question is: does that 27 percent increase also reflect an increase in your remuneration?

MR. VALENTINE: Well, let me tell you how I've approached the problem. I am aware – but I'm not part of the government – of some initiatives that are ongoing with respect to dealing with this matter.

I have had some very high-level and not terribly detailed discussions with the Public Service Commissioner to the extent that we needed to know enough to put together a budget that made sense. So that level of information has been available to us, but we are not familiar with the intimate details. We were losing a person a week for awhile. I honestly did not want to come to work on Monday mornings for awhile there. Nick and I were running around trying to keep the doors closed so they couldn't get out the door. We decided we'd better get some real assistance on understanding what the marketplace was for staff and to do some research in the matter. So we hired — what's he called? — a human resource consultant who has a substantial amount of experience in both the private and the public sector, and he has prepared a report for us which tells us what we have to do to meet our competition. In the course of preparing that report, he's visited every one of the top seven agents that we have, which includes the old big six soon to be the big four. It will go along with the building of the stampede in Calgary, and we believe that this is the amount of money that we would need to solve our problem.

Now, I am respectful of and can also tell you that we understand what Mr. Dixon is doing. We believe we can continue to live within the system. We're not asking to be taken out of the system, and that's an important point. The number in there, which of course couldn't be spent and wouldn't be spent until such time as there is a new system, is our best estimate of what we would need to do to become competitive.

Now, talking about our competition, I'd like Kelly to put up a slide which demonstrates that our competition is not only next door, is not only in Calgary. My old firm, in the Houston office, is looking for staff and manager level people. This ad appeared in the *Calgary Herald* just last week. Now, I can assure you that the salary levels in the Houston office would get your attention. So that's the market that I'm competing with. You know, on Friday we had some very happy news for seven young people in our office who are now chartered accountants and weren't last Thursday. This kind of an ad has got a certain amount of appeal to it. Isn't it timely that it appeared in the paper just a few days before the marks came out?

So we've tried to approach this in a very intelligent way. We believe that our consultant has provided us with a very good picture, and that's, as I say, the number which could well require further adjustment once we're able to be in the full picture of what the plan would be.

MR. SAPERS: Does the 27 percent budgeted allow for an increase in your position?

MR. SAHER: Actually, just for the record I think it's important to point out, Mr. Sapers, that the 27 percent number is 27 percent of the increase.

MR. VALENTINE: Of the total budget increase.

MR. SAHER: Of the total budget increase. Just for the record. As to whether it includes Peter, I'll defer to Kelly.

MR. ALDRIDGE: If it includes which?

MR. SAHER: Would it include Peter's remuneration?

MR. VALENTINE: I think the idea is yes.

2:11

MR. SAPERS: I've been asking everybody.

MR. VALENTINE: That's fair enough. Let me say that I think the number is good enough that we won't be back on that number.

MR. SAPERS: Okay. Thanks.

Two more quick questions. My third question has to do with computers. I know you've talked about moving from a mini to a LAN. I note that over the last couple of years and including the '98-'99 estimate, it's about \$600,000 in capital costs for computer hardware and then about another half million dollars that you projected over the remainder of this business plan. That's well in excess of a million bucks in four years on computers. We don't have the estimate for 2001-2002.

MR. VALENTINE: Nor do you have a number of years leading up to 1995, when I joined the office, in which the investment was zero.

MR. SAPERS: Thank you for saying that. I was going to.

Do you see that we're going to get back into that cycle? Or in your best estimate now is this, roughly speaking, quarter million dollars the cost of keeping abreast of technology change in information systems, and should we be looking at that and expecting that year after year?

MR. VALENTINE: I think that's the intelligent way to approach it. I had some experience in my former firm in the same way. We went through a process of trying to justify putting a computer on every employee's desk. That was going to be a onetime deal, and all the partners were told that it was not to be so bad next year. The profits would be up sort of thing. You know, we came to the realization pretty quickly that this kind of equipment has a life of three to four years. If you miss a year or two, you have a big, big catch-up to do, and our experience is that we need to be renewing our hardware on a three- to four-year basis and that we need to be renewing our software on a regular basis also. I suspect, although I don't know for sure, that if you were to go into almost any department of government, you'll find the same sort of thing going on.

MR. SAPERS: So if you were auditing a department or an agency that had a system that was 10 years old, as an auditor what advice might you give them?

MR. VALENTINE: The first thing I'd be saying is: don't wake up on January 1, 2000. You know, many people are saying that in order to deal with the Y2K issue, you just throw that stuff in the wastepaper basket on January 1 and get your order in right now for the new stuff. There will be a large number of people do that with a variety of systems equipment, but everything that's in our office now is year 2000 compliant. Our 2000 compliant bill was about \$56,000, which wasn't really terribly bad.

We've got some system development going on in our very powerful search program called John Jr., and that will be completely migrated to the local area network system, and then we get out of the big computer. I think the annual saving, Kelly, in getting rid of that big computer, is in the order of \$38,000 a year.

MR. ALDRIDGE: That's right, yes.

MR. VALENTINE: Yeah. You know, it even makes sense just to get rid of it.

MR. ALDRIDGE: Most of that is in maintenance costs that we don't have to pay on the minicomputer.

MR. VALENTINE: That's where we are with computers, and I guess I would have to say that if I saw that a client was not looking seriously at an annual charge for the maintenance of the status of their system, I'd be worried about it.

MR. SAPERS: Thanks.

THE CHAIRMAN: Mr. Dickson.

MR. DICKSON: Thanks, Mr. Chairman. Peter, a couple of questions. When you were in front of us in November of '96, you talked about a very conscious move to try and flatten your organization. I guess I'm curious, given the kind of turnover that you've reported here this afternoon, whether that's in fact forcing it to that state faster than you'd intended or whether that's created some other kinds of problems in terms of trying to flatten your organization and reduce the number of very senior people.

MR. VALENTINE: Kelly, can you put the slide on which shows our manpower going down to 106?

MR. SAPERS: I don't know whether I'm enjoying or resenting the fact that you anticipated our questions so well.

MR. VALENTINE: Well, I don't come at this issue lightly.

I joined the office right here. Here's where I joined the office, and there were a little over 120 when I joined the office, I remember. As we lost the next 10 people, we lost people in an area that I wasn't uncomfortable with losing. Then, as you know, Andrew Wingate, who was the Deputy Auditor General, went to Alberta Treasury Branches. Well, we loaned him there for a while thinking we'd get him back, but I guess I didn't have the hook in deep enough, because he left. Frankly, I don't hesitate telling you at all that he got a much better compensation package there than he was getting in our place. Then Mike Morgan retired at age 55 with all of the full benefits of retirement from the public service. Now, Mike chose to do that, and I respect him for it, but he clearly could have made a super contribution for another five years or so. Then Mr. Wingate came along and stole one of our very best prospects, who had just recently been promoted to the level of Assistant Auditor General. That really took out the top strength in the office, and had I had any idea that we were going to lose all that, then I don't know what I would have done. I didn't have any dollar bills to throw around anyway.

I think we still have flattened the office in a great way. We've greatly reduced the number of people that are involved in the internal administration and the support area for the practice itself. But more importantly, I think people generally in the office, in the hierarchy of assistant auditors general to principals to managers and then to staff accountants, have more authority. When I talk about flattening it, I'm expecting people to make a decision, have it reviewed by one person, and then it doesn't get reviewed again. It goes on then. So we have been empowering people in an effort to create that flattening so that we achieve the measure of efficiency that I think is appropriate for the office.

MR. DICKSON: Another question I have. Also last year we talked about regional health authorities. My recollection is that you were then providing audit services for nine RHAs, representing about 88 percent of the beds in the province. There was some expectation you would be doing David Thompson, the Red Deer health region, as well. I'm just wondering if you can give us an update in terms of how many RHAs are now being audited by your office.

MR. VALENTINE: Well, I'm going to let Nick answer that question, because he's going to tell you everything you wanted to know about health care.

MR. SHANDRO: The situation hasn't changed. We did some systems work at David Thompson. That was a successful project. As you saw on the board, we were asked to work with the Crossroads health authority, and even though they're now moving towards the possible transition of services to other regions, we just received a request in the mail a day or two ago . . .

MR. VALENTINE: Yesterday.

MR. SHANDRO: . . . that we're still desired out there to review some issues surrounding the possible transition. So the work doesn't seem to go away.

One of the big disappointments from my point of view has been that we haven't had the resources to support the RHAs in the larger way that we had hoped for. I mean, we just delayed some of our work, as was noted up there, and hopefully we'll be able to catch up what's on the ground in the next fiscal cycle. We're still doing the nine, the 88 percent of the work there.

MR. VALENTINE: Gary, the important ones that we're doing are Calgary and Edmonton. The tough issues are in Calgary and Edmonton. Things flow from there. I think my office has very good relations with all of the key people in both of the major health authorities, and we're in touch with them on an ongoing basis and working with them.

MR. DICKSON: Thanks very much.

The other question I have has to do with the audit that's been undertaken jointly with the Information and Privacy Commissioner on motor vehicle registries. Incidentally, your counterpart had some very kind things to say about the kind of support he received from the Auditor General's office. I'm interested in what sort of cost would be involved in doing what is, I think, probably a fairly ambitious audit there with all of the various private outlets and then the central office. What size of project would that be for your office? What kind of costs would be involved there?

2:21

MR. VALENTINE: Just to review the computer systems was \$70,000. I would guess the rest of it will be in the order of \$100,000. I'm guessing what Bob's costs would be. They wouldn't be an awful lot different than ours. I mean, we've got the same basic salary-type costs.

MR. DICKSON: You figure you've expended \$70,000 and there's a further \$100,000?

MR. VALENTINE: We have \$70,000 to an agent. The computer review we shopped out to get the technical expertise, so we know what that is: \$70,000 to review the computer system, all the controls over it.

MR. DICKSON: So the anticipated element costs?

MR. VALENTINE: Well, I think the total job might be \$170,000.

MR. DICKSON: Okay.

MR. VALENTINE: I don't want to be held to that necessarily. You

know, the worst thing you can do is be 95 percent finished a job and say, "Here's what the cost is," and then find that the next 5 percent of the physical work is going to take you a lot more than that.

MR. HUG: The numbers that Peter gave were actually fairly accurate. The difficulty is we still have to go through the reporting phase, and if you follow the one-third/one-third/one-third – one-third planning, one-third execution, one-third reporting – there's probably a significant amount of work yet to be done.

MR. DICKSON: Okay. Thanks very much.

My final question. You had one slide where you identified work deferred or the things you haven't been able to get to yet. You had four items under health care. One of them was costing health services. Can you just give me a little more explanation in terms of what's subsumed or caught in that?

MR. SHANDRO: Right now costing health services is important because it's used in the adjustment of interregion funding. At least one of the reasons is for that purpose. The current method being used is to take, I think it is, 1982 Maryland data in terms of relative values, cost benchmarks, and project what those costs might be in the Alberta environment. So it's a process of estimating and guessing. Alberta Health has been working for some time to try and resolve this issue, and they've also been looking towards us assisting in the review of that issue itself.

Now, one of the risks that we see here is that the system itself has to consider what the costs might be in terms of services provided, whether they're provided in rural areas or urban areas, and what the cost differentials might be. So I think what we need to do is get a better understanding of what the cost drivers are when performing specific types of services, and I think that's where we can make a major contribution. Unfortunately, we were only able to sort of participate to a small extent during the last year, but that work still has to be done from our point of view.

MR. VALENTINE: The other thing that is important from our standpoint is the fact that the management information system in the health care sector is not good. It is at best just the assembly of a whole lot of systems that used to exist when we had 200 hospital boards. The propensity to have each health authority generate its own new management information system is fraught with a whole lot of dangers, not the least of which is one where they wouldn't talk to one another. The opportunity to embark on the development of a very large scale system – large scale systems have a habit of having serious problems in the course of their development and run up huge costs. So we are playing the role of watchdog, if you like, on the full issue of the development of the management information system in the health care sector. It is important that we continue to be involved, because as you people well know, and as we've said in my report, the information system surrounding natural gas royalties has been huge dollars and not a pleasant experience.

MR. DICKSON: Is your office represented in Dr. Tom Noseworthy's senior resource group doing the WellNet?

MR. VALENTINE: Yes, it is.

MR. DICKSON: Okay.

Thanks very much, Mr. Chairman.

THE CHAIRMAN: Thank you.

Mr. Friedel.

MR. FRIEDEL: Yes. Thanks, Mr. Chairman. A couple of things. I fully recognize that there's been some growing disparity between government and private-sector wages, one of the main concerns that you addressed, but I was of the impression that salaries in other government sectors and departments were basically under the same hold-the-line pattern as they would have been in your office. I'm wondering why there should have been, say, a widening wage gap occurring there. You used the example of a staff member that kind of went across the street and got a 12 percent increase. Was that the same job at the level he was at, or would that have been a different level of responsibility within the government? In other words, did they start at the same level when the freeze happened, and then when he decided to move over, did he step into an equivalent job in the government sector? Or did he move into something recognizing more expertise or skills or experience?

MR. VALENTINE: Well, I guess it's dangerous to use an example like this.

MR. FRIEDEL: I don't want the name or anything.

MR. VALENTINE: No, you're not going to get the name. The individual is an auditor; he was an auditor in both places. I saw no grounds for promoting him to a higher position, and somebody else saw those grounds I guess is the sum and substance of that. But, you know, when resources are short, there is a propensity to make the system work, and I'm not being critical of the person that hired him. They had a resource need and a position to fill. The problem is that I couldn't have kept him by offering the same amount of money. There was no mechanism for me to do that. I just used it as an example. Our office is fairly vulnerable to it for a number of reasons. One, our staff know our clients. When they bring someone in on a full-time basis to their operation, he or she is a known quantity and she or he has a level of business knowledge about that entity that would be much greater than someone off the street, so they're attractive. But I lived in that atmosphere for the prior 38 years of my life as an accountant, where one of the greatest tributes that would happen to a young person is that he would get courted by one of his clients. So there's some natural part of that.

I just used the example, Gary, to show you some of the pressure that my office is under on the manpower issue. We have the only store in the government group that has an inventory of trained professional accountants. If you like, we become the one-stop shopping bureau for people that are in need. Now, on the other side, the client's side, there are 17 ministries who all of a sudden are looking at ministerial financial statements, departmental financial statements, three-year business plans, and a whole lot of things that never occurred prior to revising the way government decided it was going to work. So all of a sudden, someone in a particular department, department X, wakes up and says: "Gee, I haven't got a financial accountant in here. I need one. Well, what about that young man that was over doing our audit last year?" Bingo. No, we don't have an inexhaustible supply going in either direction.

2:31

MR. SHANDRO: I have an example as well. There's a person in one of the departments that knows our work very well and wants to come and work for us. Unfortunately, we can't put them at the salary they're at because that wouldn't fit well within the equity structure that we use in our office in terms of how we grade our work and so on. Nevertheless, this person is going to be coming on a secondment

basis because they recognize that the type of work we do is challenging and they want to upgrade their skills in that area. So they're willing to come in on a secondment basis, but we can't offer a competitive salary, because if this person came in at the salary they want, that would put her higher than some of the other people that are at least equal to that person and maybe even in advance of that person.

MR. VALENTINE: I should say that while I want to maintain the independence of the office from any government department or official and do that and am very conscious of it, I do consult with Mr. Dixon on a regular basis to get the appropriate assistance I need to know whether or not I'm behaving in a responsible manner.

MR. FRIEDEL: Like I said, I truly recognize that this is a problem. We hear it from other department senior officials and from the ministers themselves. They're losing highly qualified people, probably more often to the private sector because of experience and I would say even certain kinds of connections. The other sector is looking for a particular attraction that individual might have. Sometimes I don't think it matters what the amount of money is. If they want it, then they'll pay any price. The private sector has a little bit more ability, providing they have money to do that, than what government maybe does. I'm not really sure how we're going to address the end of that one.

The second point, and this is my key concern anyway. You mentioned that you had some goals about full costing disclosures, I think you said. I agree with the concept, and I certainly generally agree with the goal, but I'm wondering if it's always realistic. You know, we try and do everything for everybody, but sometimes we have to settle for doing what's reasonable within, say, the limits of our resources. Certainly, as I said, I have sympathy for your problem of the drain of experience, and we're going to have to sit down and I think wrestle with some serious numbers. But I do have to say with all due respect to your and your staff's expertise and the job you're doing that I just cannot see myself in full conscience voting for a 30 percent increase in any budget right now. If we did that across government, we would be talking about a near \$4 billion increase in our total annual budget. I'm not sure where we go from that. If we did it for one sector, I'm sure there would be a lineup of similar requests. Whether we deal with it in this budget or the following one, it's something that's going to haunt us, and I suppose it's haunting us as we sit here.

I also have a little bit of a problem. I'm not sure that I feel totally qualified to debate some of these detailed numbers with you. They're at a level of expertise that I certainly don't put myself into whatsoever. I guess we're here more for policy decision-making than a line-by-line analysis of what you've done. Then when the total thing adds up to 30 percent, that I have real difficulty with. That may be more of a rhetorical statement than a question, but you may want to talk to it.

MR. VALENTINE: Well, to go back to your earlier point, this is the third drought of manpower availability in the CA field that I've experienced in my career. They seem to last about two to three years. There are a number of things that will happen. As a consequence, there'll be more students wanting to pursue the program. That probably won't happen till next year, just in the cycle that I know. We're not here forever, and the disparity between what the demands are for chartered accountants in the employment patch as compared to engineers or lawyers or other professionals – at the moment it seems to be focused on the CAs because most of what's

been going on has had a financial underpinning to it, and the growth in the petroleum sector has driven much of that. Again, I've seen it before, and I know that we'll come out the other end.

I can tell you that as a result of the first round of recruiting of young people from university, the market in Edmonton is extremely tight and we are not getting what we need. On the other hand, in Calgary there seems to be a much greater abundance of young people who are looking for opportunities to pursue the accounting designation. My challenge is to attract some of them to come to Edmonton and therefore help our input side.

On the size of the budget, I have explained to you how it is comprised, the elements of it, the manpower issue, the 106 at the bottom, where we were at the low point of our staff complement, and where we think we need to be, at 123. It would have been a perfect world if we could have slid down that slippery slope and stopped at 123, but unfortunately the elevator didn't stop there.

So I think that's about all I can comment, Gary.

MR. FRIEDEL: I appreciate that, because I suspect you don't have the answer to the qualifications shortage dilemma any more than we do. I think the same thing is going to apply in the area of qualified trades with some of the industry expansion as we see it in the next two- or three-year horizon. I don't think most people, myself certainly, even come close to comprehending the problem that we're going to run into with the growth in this province.

MR. VALENTINE: Let me just tell you that to date, since the base year of '92-93, our office costs have been reduced by an accumulative amount of \$14 million, which is \$6 million in excess of what the request was. Again, I point out that some of that money is money I rather would have been spending, because we got down into the ditch there at 106 people, and that was not a healthy place to be.

THE CHAIRMAN: So following that statement, back in '92-93 your total budget was roughly 28 and some million dollars?

MR. VALENTINE: No. That's cumulative numbers, Mr. Chairman, accumulative numbers over the years. In the first year we had a saving of a million one hundred thousand.

MR. SAHER: Peter, if I can help you, in the base year, 1992-93, the budget was \$12.3 million.

THE CHAIRMAN: Thank you.

Now, Mrs. Fritz, you have some questions.

MRS. FRITZ: Thank you, Mr. Chairman. It's just a bit of a review for my own knowledge. I hope you don't mind. I'm going to ask just a couple of questions that go back a bit. One is that I can recall when I first joined the committee, there was a cost request for a whole new computer system. This was about four or five years ago. It was well over a million dollars, I was sure, at that time. Can anyone here refresh my memory as to what that was? It was a major change in the system that you were proposing.

MR. VALENTINE: Well, what we did was we moved to the windows platform. We moved to laptops so that they could be taken to the field and used in the clients' offices, and we initially acquired enough laptops in the first year to equip all of the field staff.

MRS. FRITZ: Does anyone here recall what that number was that

was in the budget at that time? It was so significant that I thought you might remember.

MR. ALDRIDGE: I don't think it was as large as you said, at least not that recently. Away back when we were still buying minicomputers, the last minicomputer we bought was a very expensive computer. I don't remember the number. I could get you those numbers.

MRS. FRITZ: Okay. Thank you. I'd appreciate that.

2:41

MR. VALENTINE: I will admit that there was a big catch-up. First of all, in the eight or nine years before I arrived in the office, there had been no renewal.

MRS. FRITZ: There was this change in the system, because I can recall that at that time a lot of discussion and debate occurred about the change. It was said that it would really create a lot of efficiencies and help the department to be very effective.

MR. VALENTINE: And it has.

MRS. FRITZ: Also, the next question I have. If you could just refresh my memory about the change that we did in the scale. Was it the management scale last year?

MR. ALDRIDGE: We changed the student salary grid.

MRS. FRITZ: We changed a grid.

MR. ALDRIDGE: We did bring that to you once two or three years ago. We have changed that grid several times since then. The student salary grid we manage with respect to students in the CA firms, and we're quite comfortable with the salaries we're paying our students. They are competitive with the CA firms.

MRS. FRITZ: Was there not a change in management in some way last year or in some salary? There was something that you brought as a new proposal.

MR. VALENTINE: Well, it was the position of Deputy Auditor General, and there's nobody in it now.

MRS. FRITZ: Okay. But we did change the salary within that position at the time?

MR. VALENTINE: We provided for a salary in that new position, yes.

MRS. FRITZ: Okay. Thank you.

The other question that I had was the \$813,000 increase that's proposed for increased management salaries. What is that as a percentage?

MR. ALDRIDGE: I don't know what it is exactly as a percentage. As a percentage of what?

MRS. FRITZ: I don't know. Of the managers' salaries? Let's say that a manager's salary is increased. What would the percentage of the increase be?

MR. ALDRIDGE: We don't know that. What his appropriate salary

was would depend on which manager it was and when he came into our operation. It would be a wide variety of changes, and it would be within a system that the government had implemented. We had said that we would attempt to adhere to the government program.

MRS. FRITZ: So the \$813,000 is an increase of what percent of all the management salaries, then, within the budget?

MR. ALDRIDGE: I don't have that number handy. I can compute it for you.

MRS. FRITZ: But you must have based it on some percentage increase.

MR. VALENTINE: No. I explained that what we did was a market study of our competition.

MRS. FRITZ: Yes. I heard that.

MR. VALENTINE: If a senior manager level person in the office is making \$10,000 and in the private sector is making \$15,000, we have looked at that classification of person and said: in order for us to compete, we're going to have raise that \$5,000. We went through all the categories that way, and we received excellent co-operation from the private-sector firms, because we're all in the same market. That plus what we anticipate for the very senior levels such as the assistant auditors general and myself in total and including all benefits: we think that \$813,000 is the number. I have no idea how it's going to come out in what the government is doing, and it's not proper for me to know that at this point.

MRS. FRITZ: No. But I would have thought you'd know what the total sum is you pay the managers collectively and what percentage this \$813,000 has added to that total global budget.

MR. VALENTINE: Okay. But, Yvonne, we have to understand how you use the word "manager" and how I use it.

MRS. FRITZ: I'm using it just as it is here: management salaries.

MR. VALENTINE: That's right. That's the cross-section of people who recently qualified as CAs right up through me. It's everybody.

MRS. FRITZ: So what is the global budget for management salaries that is right here?

MR. ALDRIDGE: I don't have that information with me. I can get that. We didn't look at it and say: how much percentage did we add to this? We said: what would be appropriate salaries, based on our study that was done by the consultant, for these people? We went through the people and we said: where would we need to move these people, and what would that give us in a dollar figure?

MR. VALENTINE: For example, we're competitive with the recent CAs, the ones that graduated, got their marks on Friday. We're okay there. But two years out we've fallen way behind.

MRS. FRITZ: Okay.

Thank you, Mr. Chairman.

MR. JACQUES: Just on that point. I'm just looking at your office manpower for '97-98, which is \$6.2 million. Presumably that

includes your management as well as all other staff. Is that correct?

MR. VALENTINE: Yes.

MR. JACQUES: The increase of \$813,000, I assume, applies to either all or a significant portion.

MR. VALENTINE: Plus another million dollars for benefits. Plus the next line.

MR. JACQUES: Supplies and services?

MR. VALENTINE: No.

MR. JACQUES: I'm looking at your office manpower, \$6.2 million, page 4.

MR. VALENTINE: Okay; yes.

MR. JACQUES: So my point simply is that the percentage – and I'm trying to get at Yvonne's question – if you take it just on the total basis, is somewhere in the order of about 12 to 13 percent, somewhere in there.

MR. VALENTINE: That would be a fair number, yeah.

MR. JACQUES: I think that's the question you were asking.

MRS. FRITZ: Thank you.

MR. VALENTINE: You see, I was reluctant to just pick a percentage and say: this is what comes from somewhere else. We felt we had a much more fundamental job to do, which was to understand the market we were competing in. Bear in mind that if you go back a few years, we weren't having to compete. We had a higher staff complement. We weren't in the reduction. Then we went through the reduction, and we lost people we didn't want to lose. Now we have to repair some of that. So you go back into the marketplace, and it's a different situation.

I didn't want to just pick a number, because the salaries have been frozen since '91, minus the rollback, plus an add-back. If I just took a percentage, I didn't think I was necessarily getting to the right kind of an answer out there. I had to know what somebody with five years' experience and these qualifications was getting in the marketplace. So that's why we did it the way we did it.

MRS. FRITZ: Thank you.

THE CHAIRMAN: Okay.

Ron, you have a further question?

MR. HIERATH: Yeah, I'd just like to ask Peter about the three-year business plans or the estimates of costs three years in advance. I'm not exactly sure last year at this time what your estimate was for '98-99. I'm sure it wasn't a 30 percent increase. If it wasn't a 30 percent increase, I'm still not exactly clear in my mind as what's changed in the last 12 months to force you into making a budget estimate with a 30 percent increase.

MR. VALENTINE: Well, I lost a considerable amount of experience in the office. I mean, you don't take out somebody like Andrew Wingate, who had something like 18 years' experience in the office

and knew all of the clients, and replace that person overnight. So we had a substantial experience loss in the office. Now, that's a good news/bad news story, because there now become opportunities for younger people to grow up into those more senior positions. It's just that they don't come with the same experience rating. The second thing is that we hadn't seen quite what transpired in the employment market at that time. We hadn't anticipated the ever increasing demands on our services from our clients. The loss of the senior experience in the office with three very senior people and four principals, so seven in total, is part of the reason we've had to delay some of the work we've done, that we should have been doing. So the world moved on quite quickly with us.

There's a considerable quantity of work that we didn't do in the past and we now do. Maybe I'll just put that list up. This is not the deferred work. This is what we're doing that we didn't do in the past but are doing with our present resources. We were through the departmental and ministerial financial statements last year, and we participate with the senior financial officers in the development of the accounting principles that should underlie those. I'm going to tell you that this activity in departmental and ministerial financial statements is leading-edge stuff in the whole of the British parliamentary system. We don't have other organizations that are moving to this kind of accountability.

We have four new Alberta vocational colleges as clients. They used to be part of the Department of Advanced Education and Career Development. We have a number of college foundations which are Crown agent foundations. You'll be aware of those. The universities each have one, and the private institutions have one. We have similar foundations in the health organizations: the Calgary health trust and a number of others that you will be aware of. In fact, I had breakfast this morning with the Deputy Minister of Family and Social Services, and we talked at length about the community-based boards for delivering services to children, and then there'll be the persons with disabilities issue to deal with. We're starting, with those people, to deliver some services with respect to the governance formula that they should be endeavouring to achieve. 2:51

The Alberta Treasury Branch has a number of new subsidiaries, one of which we were working on just today in order to allow them to sell mutual funds. There are five improvement districts that we are now doing the audit of. Four of those audits are done here in Edmonton, and one is done out of the Calgary office, in the Kananaskis area. Then lastly, each ministry and the government as a whole are reporting on performance information, and we are providing assurance services with respect to that information. So that's sort of the new inventory of work we do on top of what we used to do.

MR. HIERATH: So then, Peter, did the cost of doing audits on subsidiaries of Alberta Treasury Branches come out of . . .

MR. VALENTINE: No. I collect a fee for that. They're a very good paying client.

MR. HIERATH: Is that a cost-recovery fee? The improvement districts, which have the right to tax people: do they pay costs?

MR. SHANDRO: No, they don't.

MR. VALENTINE: I can't answer the question, but I suspect they do.

MR. SHANDRO: They don't.

MR. VALENTINE: No?

MR. SAPERS: Nick's saying no.

MR. HIERATH: In the Alberta Vocational Colleges the money to audit their books came from the advanced education department before.

MR. VALENTINE: Well, there was no audit before. It was all part of the department, so it's a brand-new engagement. In fact, what we're doing with them at the moment is trying to decide what the opening balance sheet looks like. When do the assets get transferred over? When do they take responsibility for managing those assets? We're just barely into that issue. I think the date the department has requested a first opening balance sheet for is September 1, 1997.

MR. HIERATH: Thanks.

MR. SHANDRO: Also, this year reports on performance information: all of the postsecondary education institutions will need a report, Ron, for the first time.

THE CHAIRMAN: Clarifying your last statement. The audits which are cost recovery: does that money come back to your budget, or does it go to general revenue?

MR. VALENTINE: That goes to the big pie in the sky.

THE CHAIRMAN: Any further questions? If not, I'd like to thank you all for coming, Peter and all of your staff here today, to meet with the committee and answer all the questions. I know we've had a fair amount of questions on your budget.

MR. VALENTINE: It's very healthy, Mr. Chairman.

THE CHAIRMAN: We'll certainly debate that and decide what we're going to do here, and we will advise you of our decision.

One thing that I would like to clarify – and I think it was brought up – is some increase for your position. When you're talking about increase for the staff, are you included in that or not?

MR. VALENTINE: Yes.

THE CHAIRMAN: I would possibly like to have that figure separately, if that's possible, because we did not in all the other three budget increases include the officer's wage increase. We intend to have a general discussion on that and see. We would like to look at all four positions.

MR. VALENTINE: To be perfectly frank, Mr. Chairman, we have not done it with that level of precision. I don't think it's a presumption that I should make, and if I do make it, I shouldn't make it without a great deal more input and knowledge of what is in the government as a whole, for the whole of the public service. As I said earlier, I don't have trouble living with that, but at the moment you must understand my circumstances. I do not know a great deal about what the government is thinking of and what it has talked about. As I said, I have met with the Public Service Commissioner. In fact, that whole process had been ongoing for some time before we even had any communication from Mr. Dixon. I stay in contact

with him, and I have a high level of understanding. On that basis we have estimated a number. Let me also point out that that number would not be spent unless there's an approval. It's not something where there's a new plan and that we fit within it. In essence, your approval of my budget is only step one. There are further steps outside my involvement that will occur before I get there. So that's the framework in which we're trying to work.

THE CHAIRMAN: Thank you for those comments.

Yes, Gary.

MR. FRIEDEL: Before Peter and his staff leave, Paul – the discussion of this committee is recorded anyway – based on what I said earlier and also following up a little bit on Ron's comments that the numbers we're seeing here today are not the ones we would have expected based on a revolving three-year estimate, I'd have to say at the very least that when I first saw this – you know, we did have the documents a few days ago – I needed some clarification. The remarks you made, Peter, certainly helped clarify some of these concerns, but they didn't, in my opinion, resolve the problem of being totally unprepared to deal with this kind of a change.

I just honestly have to say, while you and your staff are still here, that even though we did agree to recommend some of the other budgets to the Legislature, I need a little bit of thinking time. My guts are just in a knot over this dilemma, and I would feel totally incapable of dealing with it. I don't know how quickly we would have to get the committee back together again or even if that's the consensus of other members. But I certainly feel that I need some thinking time and, you know, a little bit of time for this to settle, and to possibly meet with yourself again would be my suggestion. I don't know; what is the absolute timing deadline before this can be incorporated into the provincial budget? If anyone here has the answer to that – we're not very far from Christmas, and available dates between now and then are somewhat scarce. I just feel that I would need to make that time available to deal with this and would like to suggest at least a very short delay of a few days or a week or so.

MR. VALENTINE: I should tell you, Mr. Chairman, that the numbers you've seen today and the rationale behind them I have shared with the deputy minister of Executive Council and the Deputy Provincial Treasurer. They are the COOs and CFOs, if you like, of the client; it could be described as that. It's very important that they be aware of what resources I have available to fulfill the audit mandate that I have and the expectation that they would expect as a client. So while I don't spread this information publicly all over the place until you've seen it of course, I have seen that those who should be aware of the circumstances in my office are. I'd just give you that as background.

We have the order with respect to the charging of fees, Mr. Chairman, that you may care to deal with.

3:01

THE CHAIRMAN: Yes. I was just going to get to that. Before you leave, I am going to ask the committee. Under your green tab you have a copy of the order to charge fees. If there are any questions for Peter before they leave or if you support this . . .

MR. DICKSON: I'll move it.

THE CHAIRMAN: Thank you. It'll be in the record. It was last changed in 1995. So we have a motion by Gary Dickson to accept the proposed change. Any discussion on the motion?

MR. FRIEDEL: A question on the very first item. What would be the significance of the change? The 1(1) in the old one I presume is a parallel. It says, "the Auditor General shall charge fees."

MR. VALENTINE: "Shall" is must, have to, and "may" is optional.

MR. FRIEDEL: Okay. What is the implication? Why would this change want to be made?

MR. VALENTINE: Well, as I explained, there's no system in existence at the moment to allow me to do this, because the mechanism in the estimates process and the mechanism for the reallocation of the budget that I have doesn't exist to put that resource into the hands of those who are going to pay me the fee.

MR. FRIEDEL: In other words, your office might be quite willing to do this, but there's no physical ability to collect money even if you wanted to.

MR. VALENTINE: That's correct.

MR. FRIEDEL: Okay.

THE CHAIRMAN: Thank you for the clarification.

Any other comments or discussion on the motion? If not, those in favour of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Those opposed? The motion is carried.

Well, again, thank you very much for coming today. We appreciate the time that you spent with us, an hour and a half.

MR. VALENTINE: Thank you.

MR. SAPERS: As you know, I'm new on the committee. We had voted on all of the other budgets in the presence of the presenters before. Is it traditional that we don't do that with the Auditor General, or was there some reason that you didn't call for a discussion on a motion to approve the budget? I'd like to know. Subject to your answer I'd be more than happy to put forward a motion. But I'd like to know why the change in process from the last four budgets.

MR. JACQUES: I would move that we move in camera.

THE CHAIRMAN: We have a motion to move in camera. All those in support of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Those opposed? The motion is carried.

[The committee met in camera from 3:06 p.m. to 3:39 p.m.]

THE CHAIRMAN: Now, I also have some comments. Three or four members have to leave by 4, and I understand that if that happens, we'll have four left of a committee of nine, so we probably won't have a quorum. We have a few minutes here to decide what we will do with the last budget that was presented to us this afternoon. After we've decided that, I think we should be serious about trying to set another meeting, maybe sometime next week in

the morning, because the House will be sitting and we'll all be in town, or early the following week. We have to try to resolve this before the Christmas season.

MR. FRIEDEL: I agree, Paul. We have to do this very quickly; otherwise, we're not going to be able to meet budget deadlines. We're probably going to have to arbitrarily pick a date. This is probably one of the most difficult committees to pick dates for. I know that in my own diary I never write them in ink, because they seem to change two or three times. The urgency is important.

Would it be out of line to suggest that in view of some of the discussion that took place in camera, you as the chairman sit down with the Auditor General, convey some of these concerns, and bring him back to that meeting with maybe a revision? My personal sense and certainly my personal opinion is that I could not vote for a 30 percent increase. It is going to have to come back with numbers that are something different from that. It just does not fit in line with the rest of what the government is doing, and as important as the Auditor General's office is and as critical as it is for the information, it still must be somewhere in line with general government operations.

THE CHAIRMAN: Thank you for those comments.

MR. SAPERS: Mr. Chairman, could we request that further to your having a meeting with the Auditor General and coming back to report to us, the Auditor General supply to this committee a copy of the consultant's report upon which he based his request for manpower increases and that we ask for the detail, particularly in the areas of increased personnel, increased wages for the staff of the Auditor General, and the detailed plan for the requested increases in computer hardware and software expenses.

THE CHAIRMAN: Added to that was Ron's point that the 1999 projection last year for this year was 9.7 and some explanation of the three-year planning.

MR. HIERATH: Right, Mr. Chairman, and I wasn't completely happy with not getting possibly enough information to see what the changes were over the last 12 months so that those added expenditure requests would be necessary.

THE CHAIRMAN: Yes?

MRS. FRITZ: Thank you, Mr. Chairman. Also, if I could ask that the answers be a little clearer when the Auditor General comes back in regards to what the over \$800,000 increase is for in management salary related to percentage as well as the computer costs, which I'm sure they're well aware of, and also the change in the salary grid that we did as a committee within the past – I don't know – 18 months or so. I'd like that to be a little clearer next time.

THE CHAIRMAN: Okay. We have all these points jotted down from Yvonne and Howard and Ron. So if it's okay with the committee, I will attempt to meet with him possibly tomorrow or as soon as I can find some time and I can meet with him. We will pick a date for a meeting as soon as we can, but we'll have to give him a little bit of time to dig that up and prepare that. I'll impress upon him that it's on an emergency basis, so in a few days I hope he will be able to do that.

MR. SAPERS: Could I suggest Wednesday morning next week?

THE CHAIRMAN: Okay. We'll take that date as a suggestion. In case when I meet with him there's a real reason why that can't happen, maybe we'll have to choose another date. [interjection] Before 10. If it's a morning meeting, we could start around 9 possibly. Diane will undertake to contact us all when we have what we need.

If we're going to do that, there are about four more items that were added under Other Business today.

MR. HIERATH: Maybe we'd better meet at 8.

THE CHAIRMAN: Maybe meet at 8 and try and go through all of this.

MR. JACQUES: Or 7 for breakfast.

MR. DICKSON: Can we defer everything until the next meeting, then, all the other business and so on, Mr. Chairman?

MR. SAPERS: So we're going to try for an early morning meeting, 7 or 8, on Wednesday?

MR. DICKSON: Mr. Chairman, the earliest I can get here is 8:30. If I take that 6:50 flight out of Calgary, by the time I'm here at the Leg., it's 8:30.

SOME HON. MEMBERS: We're in session, Gary.

MR. DICKSON: Oh, yes. The House hasn't sat for such a long time, Mr. Chairman, that I'd forgotten what the drill is.

THE CHAIRMAN: Now we need a motion to adjourn.

MR. JACQUES: I move that we adjourn.

THE CHAIRMAN: Moved by Wayne that we adjourn.

HON. MEMBERS: Agreed.

THE CHAIRMAN: Thank you for coming.

[The committee adjourned at 3:45 p.m.]

