

Standing Committee on Public Accounts

8:32 a.m.

[Chairman: Mrs. Abdurahman]

THE CHAIRMAN: I would call the Standing Committee on Public Accounts to order. Could I have approval of the agenda, please?

MR. KIRKLAND: I so move, Madam Chairman.

THE CHAIRMAN: Moved by Terry Kirkland. If there's no discussion, all in favour? Against? It's carried unanimously.

The other business I just want to draw to your attention is a letter that I received from the Deputy Auditor General. Was this circulated, Diane?

MRS. SHUMYLA: I haven't seen that.

THE CHAIRMAN: It's obviously come directly to myself, so I'll make sure a copy of the Deputy Auditor General's letter is circulated to all members. It's just commenting on the progress in Alberta with regards to monitoring advanced educational institutions. I'll make sure everyone has a copy of that.

The other item is that we have a meeting on May 1, and that's with the hon. Dr. Steven West, Transportation and Utilities. That's next Wednesday. Thank you.

I'd like at this time to extend a warm welcome to the Hon. Stockwell Day, Minister of Labour, and his staff.

AN HON. MEMBER: His tie is missing.

MR. DAY: I have one here, if there's any cause for concern.

THE CHAIRMAN: It would probably be preferable, because we've had to ask members to leave for inappropriate dress in the past.

MR. DAY: Absolutely, Madam Chairman. I don't want to be asked to . . . [interjection] I found this on the way to work.

THE CHAIRMAN: I'd also like welcome back the Auditor General. We missed you last week, but Mr. Wingate did an excellent job. I'm sure you had a good visit to those parts of the world that you visited.

Without further comment, I'd like to ask the hon. minister and the Auditor General to introduce their staff at this time, and the hon. minister can then have his opening remarks. Thank you.

MR. DAY: I'm glad to be with you, Madam Chairman and members. My deputy minister, Robin Ford, is here, along with Don Woytowich, who is our ADM of finance, and ADM acting in the area of issues management, Martyn Piper. We'll be pleased to try and volley your questions, address your concerns, and are happy to be with you this morning.

THE CHAIRMAN: Thank you.

Peter Valentine, our Auditor General.

MR. VALENTINE: Thank you very much. On my left is Mike Morgan, Assistant Auditor General responsible for audit activities in the Department of Labour, and on my right is Jim Hug, an Assistant Auditor General who has responsibilities for the Workers' Compensation Board.

THE CHAIRMAN: Thank you.

Hon. minister, would you like to make your opening comments?

MR. DAY: Thank you. I'm happy to report on the year we're going to be addressing. What you'll see, I'm sure, as you've already pored over the public accounts and been up many late nights analyzing all the figures line by line, is that the overall approach of government – and it's reflected in the department – in working with clients, be that business clients, labour groups, associations, whatever it might be, has clearly been one of establishing a partnership approach. We feel that's been successful and shows as successful in virtually every area. It shows up in public accounts in terms of dealing with the needs, assessing what is the core and what the core businesses are of the department and in fact what needs to be done and should be done by government, what needs to be done and should be done by various public and private agencies, and what is best done co-operatively on a true partnership basis. That's an overriding philosophy.

Also, it is noted by sources outside of Alberta Labour that this department was significantly at the forefront in terms of flattening a hierarchical structure, looking at team development within the department, again reflecting a partnership approach to issues and using those methods in dealing with our partners, our clients, and the public at large.

There is overall a reduction – not just a reduction, but as a matter of fact you'll notice that the estimated funds were not all used by year-end. Some \$2.7 million lapsed back to general revenue. That was repeated this year in an even greater amount, again reflecting, I think, the responsible approach we take in terms of not just how we do business but the financial dealings of the department. Gone are the days of rushing to spend as the year-end approached, that type of scenario. So what we're seeing here, I feel confident, is a responsible approach to good government, a responsible approach to client needs, and of course a responsible approach to handling the sacred trust of the taxpayers' dollars.

With that, Madam Chairman, I would be open for questions.

THE CHAIRMAN: Thank you, hon. minister.

Debby Carlson.

MS CARLSON: Good morning, everyone. When I take a look at the information provided here in volume 2, I see that WCB only has one line on it. As a point of clarification, can you tell me if there's more information somewhere else in public accounts, or do we just have that one-line item?

MR. DAY: There's more than just . . . If you look in volume 3, in fact, page 227, the Auditor General's comments and observations on the first page, and then 228, 229, 230 – it goes on for a number of pages there. There's considerable detail.

MS CARLSON: Thank you.

MR. DAY: I appreciate the member raising that. I think the unique relationship with the Workers' Compensation Board and the government is clearly, as I've said and maintained over the last three years, an arm's-length relationship but obviously still subject to a number of provisions to which statutory corporations are subject; certainly, as you can see, involvement with the Auditor General and a reporting process in the public accounts in this manner. Because the WCB is entirely financed by dollars from employers and no funds from general revenue, the reporting relationship, in fact the working relationship, thankfully is different than as if this were a regular government department, because in fact it is not.

Part of the reason for the turnaround, I believe – which has been noted both inside and outside Alberta – in terms of the unfunded liability and in terms of managing their business was getting the

politics out of this operation, requiring them to operate like an insurance company. When we legislatively removed the guarantee, as it were, that they would always be backstopped by the taxpayers and in fact when they were made responsible for their dollars and also for the care of the injured worker in terms of the impact of injuries on their lives, that's when we began to see the turnaround, from that very moment literally, in terms of the unfunded liability on a year-by-year basis decreasing rapidly and radically. Of course, they are in a funded and surplus position. There is also a reflection in the Auditor General's report to the WCB which required certain administrative liabilities also to be funded, and that has happened also. So it's a unique relationship and one that has proved to be successful for government, for the WCB, for workers, and for businesses involved.

The link with labour through occupational health and safety is also a unique one in the formation and development of what we call our partnership programs with occupational health and safety. There are very exciting new stories there in terms of injury reduction, in terms of return of rebates to companies who so significantly reduced their injury ratings that in fact they received rebates, which in many cases go directly into the health and safety operations of those very companies. So it's a unique, vital, dynamic relationship. I think over the last three to three and a half years there was something like \$400 million in rebates because of significant improvements in injury rates. It's an exciting thing if you ever have an opportunity to attend one of those functions where in fact the cheques are physically rebated and handed to the companies. Many times their union representatives are with them or even receiving them on their behalf. It just shows again the approach of requiring responsibility, working closely with and establishing a link with occupational health and safety in terms of the partnership program and other initiatives the WCB pursues. So that gives you some idea of the relationship itself. As I mentioned, in volume 3 there's some significant breakout in detail.

8:42

MS CARLSON: The number one concern in my constituency office is people who come in with WCB complaints and can't get them satisfactorily resolved. One of the reasons for that seems to be the preapproved list of doctors and physiotherapists that WCB has. Was there a financial reason for having only a preferred list and not letting people go to a doctor or physio of their choice?

MR. DAY: Primarily it was related to practice and expertise. The WCB working in conjunction with the physiotherapists association determined a list of criteria which would indicate which practitioners would be best qualified and most expert in dealing with occupational injury and, in fact, occupational disease and the effects of that. So in conjunction with the physiotherapists association, a process was developed, as I say, with a number of criteria, even looking at office capabilities on site, technical equipment to determine who could best deliver services. Cost was a factor but not the overriding one. Expertise and ability to meet the particular needs of occupational injuries were the overriding factors.

At the start, there was some concern around that process in terms of how well it would work. Since it's been in place, overall the reports back have been relatively satisfactory. But if you have some specific ones arising out of your constituency or your constituency office, where in fact you think it's not working, I'd be pleased to pass those details on to the WCB. That's happened on a couple of occasions with MLAs. WCB officials meet with the MLAs and, in fact, physiotherapists in their area to go over again what the criteria are and if there are possibilities for practitioners to move onto that list.

THE CHAIRMAN: I would remind members, particularly Debby, to please reference your questions in the future.

MS CARLSON: Do you want me to reference it? I certainly could.

THE CHAIRMAN: Well, no, I did it myself. But I'd remind you, for the benefit of other members, that you should be referencing, please.

MS CARLSON: Okay; thanks.

THE CHAIRMAN: Jocelyn.

MRS. BURGNER: Thank you, Madam Chairman, and good morning, colleagues. I want to refer to volume 2, page 101. My main question to the minister: in public accounts, line 5.0.1 on occupational health and safety services, divisional support, the '94-95 expenditure of \$776,000 includes an overexpenditure of \$157,000, which is more than 25 percent overbudget. Meanwhile the capital expenditure of this program, as seen on page 102, has an overexpenditure of \$25,000. Could the minister please explain to the committee the reason for these overexpenditures?

MR. DAY: Going through on a line-by-line item, you'll see a number of areas where in fact there has been some overexpenditure, keeping in mind that overall not only did we meet our reduction targets but in fact managed things well enough that money was actually lapsed back to general revenue. Overall, our goals were achieved. We were charting and continue to chart new waters and new territories in many of these areas. So the expectations of how quickly, for instance, we'd be able to move a particular group of employees out into an area of operation, how quickly the adaptations would take place – we used best guesswork at the time in terms of the estimates. Actually, as I stated, overall we came in under budget.

On the particular area of the overexpenditure of \$157,000, you first have to weigh in an overexpenditure of about \$274,000 on salaries, wages, and the employee benefits control group. That was a result of the internal reorganization. That meant that there would be salaries and benefits of some employees that would be budgeted elsewhere in the division being charged back to that budget. Then when that gets offset with other equivalent underexpenditures, you have these differences in terms of the salary budget. That overexpenditure of \$274,000 then was offset by a variety of cost containment measures and some parts of the business plan actually being achieved earlier than was anticipated.

I can give, Madam Chairman, a further breakdown in the area of the savings that brought the \$274,000 down to \$157,000, the main items being travel in terms of about \$11,900, reduced requirements for VSAs being the single biggest one at \$122,000. Those underexpenditures, then, were mitigated to a degree by overexpenditures in material supplies and contract services, which came to almost \$37,000. That, as I'd indicated, was a result of unforeseen requirements. We make the best projections we can, but with the amalgamation of occupational health and safety, which used to be a stand-alone division, with Labour some of those unanticipated situations arise. That basically gets you to the overexpenditure of \$157,000.

I think you mentioned the \$25,000 on the capital investment side. That's in the OHS area. That's over by \$25,000. Again, the amalgamation of occupational health and safety, which used to be a stand-alone division, required the purchase of certain EDP equipment to convert their existing network, blend that in with the Labour network so we'd get consistency there. That amalgamation is complete. There's no other anticipated guesswork or expenditure

in that particular area. That basically is what took place as a result of the amalgamation.

THE CHAIRMAN: Supplementary, Jocelyn.

MRS. BURGNER: Yes. Thank you, Mr. Minister.

Could I just ask the Auditor General a question? It has to do with the process. In looking through your annual report, there were no issues of letters to management that were raised to you through the Department of Labour. I'm wondering if you could just comment on the absence of any commentary from yourself, mostly for process but it's important to understand why that situation occurs in this year's report.

And welcome back.

MR. VALENTINE: Thank you. It's nice to be back in . . .

MRS. BURGNER: No, it's not.

MR. VALENTINE: It's nice to be back in the western hemisphere.

MRS. BURGNER: All right.

MR. VALENTINE: I should put on the record that I did get the opportunity to test the Greek health system, and I can tell you I had outstanding service for no cost. It was amazing. The pharmaceutical system, however – I probably paid three times what you should pay for an antibiotic.

Our activities are planned with a view to achieving the greatest efficiency for our expended dollar, and we assess the business risks of each and every department and their principal programs in order to ensure that our activities are conducted in areas where there is a potential that our work would provide a measurable contribution to the efficiency and effectiveness of the business activity of a particular department. That's the general principle. Now, Mike is responsible for the actual engagement at the Department of Labour, and I'm going to ask him to comment specifically on the work we did in this particular fiscal year at the Department of Labour.

THE CHAIRMAN: Mike.

MR. MORGAN: Thank you, Madam Chairman. Indeed, the work during the year under review here, '94-95, was largely restricted to auditing of the revenues and expenditures for the purpose of our audit opinion on the financial statements of the general revenue fund. As you're aware, from time to time we choose areas and target them for special, more in-depth systems audit reviews. In the previous year, '93-94, we had in fact done that, and there was material in our annual report relative to one of the programs. This is not one of the larger programs in government dollarwise, so we do have the occasional year when we don't actually target them. Since there were a number of changes made in this department during the year, an administrative authority was set up which resulted in things moving out. It was a year of change. We are perhaps waiting to see the effects of those changes before we target the next area.

8:52

THE CHAIRMAN: Thank you.
Terry Kirkland.

MR. KIRKLAND: Thanks. Good morning, Mr. Minister. I would take you to volume 2, page 102, line 7.0.1. There's an expenditure listed there to the Workers' Compensation Board of \$2.7 million. Skipping back over to page 101, in the opening . . .

MR. DAY: Sorry, hon. member. Could you give me that reference again?

MR. KIRKLAND: Oh, I'm sorry. It's page 102 in volume 2, and the line item is 7.0.1, Workers' Compensation. My first question is that when I go back to page 101 and the opening comments under that heading, they indicate that

funding is also provided to the Workers' Compensation Board to offset costs of compensation in respect to accidents that occurred prior to January 1, 1974.

Am I to understand that that expenditure is explained by that comment?

MR. DAY: That's correct. A pre-existing agreement to compensate WCB for those pre-1974 claims – in fact, a delegated system of direct payments was set up to provide the WCB with the funding to continue to pay for those individuals at the current rates. That program will actually terminate at the end of '94-95, the last of the payments owed to WCB having been made.

MR. KIRKLAND: I would take you to volume 3 on page 231, note 7. The written component of note 7 toward the bottom of the page there indicates that in fact there was a negotiation between the government and the board, and the province agreed to pay a set amount, \$26.2 million in this case, for pre-April 1, '86, accidents previously administered by the board. Now, am I to assume by that particular comment that the government itself is now administering their claims and not reporting to the WCB when there's an accident of a government employee?

MR. DAY: No, not at all actually. Full reporting takes place, as with any other entity. Full accident reporting takes place.

THE CHAIRMAN: Thank you, hon. minister. Thank you, Terry.
David Coutts.

MR. COUTTS: Thank you, Madam Chairman. Good morning, Mr. Minister and Mr. Auditor General. It's a pleasure to see our minister here in brand-new attire, although I don't think it – well, maybe it will catch on. Who knows?

My questions for the minister this morning are basically on safety standards, and I refer the minister to volume 2 of the public accounts, page 101. If you look at reference 2.0.4, under this heading the public accounts indicate an expenditure of \$3,097,000, which represents an overexpenditure of \$210,000 for '94-95. I'm wondering, Mr. Minister, if you could explain the reasons for this overexpenditure and what services are provided under this expenditure.

THE CHAIRMAN: Hon. minister.

MR. DAY: Thank you, Madam Chairman. There are a number of services provided there. Safety standards actually is that part of the department that has to deal with the development and establishment of codes, regulations, and policy. It's very extensive, and the whole regulatory regime itself is one of constant analysis, working with the clients, working with various groups that are going to be affected. Actually, I find it to be one of the most painstaking – and sometimes it is painful – areas, because you're constantly trying to balance off what indeed is required for the true bona fide safety of the public, and in fact when do you begin to exceed that? When do you begin to get excessive in terms of regulations? So that whole safety standards unit is one that is constantly and intensely involved in that analysis, codes and regulations being, you know, one of the single biggest areas of focus in this department. The people working there

act as a technical resource for the work safety client service division and also assist them in delivering those services to the public. Specifically, in answer to your question of what groups are comprised in there, building and fire safety standards, electrical and elevator safety standards, plumbing and gas safety standards, boiler and pressure vessel safety standards, and then the Safety Codes Act implementation itself all were areas the safety standards unit team had to deal with.

THE CHAIRMAN: Supplementary, David.

MR. COUTTS: Thank you. In view of the number of categories you're dealing with, I don't want you to get into too much detail, but could you provide a few details as to the expenditures that were incurred in some of those specific areas you've just outlined?

MR. DAY: I can. I can give you some specifics on the ones I mentioned. I'll give them to you in the order that I mentioned them rather than necessarily the size of the dollar amount addressed to each: building and fire safety standards, \$721,000; electrical and elevator, \$380,000 – I'm rounding these off to the nearest 10 for you – plumbing and gas safety standards, \$260,000; boiler and pressure vessel safety standards, \$1.1 million; and Safety Codes Act implementation, \$570,000. The boiler and pressure vessel safety standards was significant, especially at that particular time. That's an area of particular expertise that I think it's fair and safe to say has international recognition in terms of standards set, which then result in a superlative manufactured product from the private sector and in international attention and, as a matter of fact, international sales. Developing countries, China being one, are key and major customers of our provincial private-sector manufacturers in this area. One of the reasons they state, even in meeting with Chinese officials, is the confidence they have in our system and now, in the boiler and pressure vessels delegated administrative organization, the ability they have to deliver a quality standard, a quality regulatory regime which then results in a quality product. I think it's one of those unique situations where you see business significantly involved and saying, "We have to have tough and rigorous standards," because they know that helps the sale of the product.

Actually, over 80 percent of Canada's production of boiler and pressure vessels manufactured in the private sector comes from Alberta. That speaks somewhat to the size of the amount that's addressed in making sure those standards are as technically precise as they are.

THE CHAIRMAN: Thank you, hon. minister.
Peter Sekulic.

MR. SEKULIC: Thank you, Madam Chairman. Mr. Minister, my constituency has a high number of people who work in the trades, working Albertans. Consequently, there's a higher incidence of injuries that require WCB at some point. Yet they experience difficulties. I've been involved in many cases where I've actually gone to the board with them, and I couldn't explain why the process was so difficult.

My questions flow from a number of cases where people had videos taken of them. I would almost consider it spying, because I did watch the videos and they'd be disturbing if they were ever to be aired on TV. Particularly the people who were sitting in the van and spying . . .

THE CHAIRMAN: Peter, get to your reference point and ask your question.

MR. SEKULIC: Well, I'm going to ask for the reference point, Madam Chairman.

THE CHAIRMAN: Pardon?

9:02

MR. SEKULIC: I'm going to be asking for the reference point, because I'd like to know what component of the budget those investigators or, from the video I saw, those spies would be coming out of. I'd like to know what amount is being expended.

MR. DAY: For a point of reference, Madam Chairman – and I appreciate your directing him to the reference – I would reference first, just in a broad way, page 228 under expenditure. That would go under claim costs.

THE CHAIRMAN: That would be volume 2, hon. minister?

MR. DAY: I'm sorry. Volume 3.

THE CHAIRMAN: Volume 3.

MR. DAY: In the area of claim costs, there would be some partial allotment there under injury reduction. Also, if I can address the area specifically, a tiny and minute amount of the overall expenditure of WCB – you know, virtually infinitesimal, a tiny amount – is spent on that type of investigation. It's done in recognition that obviously the vast majority of injured workers are truly responsible people who have suffered injury in the workforce. They want to get back to work, and that is the prime consideration of Workers' Compensation.

In a given year, if you're looking at some 33,000 claims, we know and all insurance companies know – and I don't want this taken out of context – that there are people who will always look for a way of inflating or abusing an insurance system whatever form of insurance, whether it's private-sector home insurance, unemployment insurance, or in fact Workers' Compensation insurance. The challenge to any insurance company is that by giving any benefit, there's a possibility with a small portion of people that you can actually encourage the type of behaviour you're trying to insure against. It's just one of the ironies of insurance.

There are cases, hon. member, where in fact either by somebody reporting – sometimes it's a neighbour, sometimes it's a family member who is aware that there is a person who purports to be injured and is claiming through Workers' Compensation and there seems to be evidence that in fact they don't seem to be suffering from a particular injury. Then in a few cases there will be properly contracted investigative services, all of whom have to meet certain competencies and display that they are responsible and professional in their field. Having said all that, I regret to say there are times when those investigators have gone out and, in fact, through the use of a video camera gained evidence of people involved in activities which might suggest they aren't injured. At times, where appropriate, that particular material is shared with the worker purporting to be injured, and sometimes that results in a modification of what they are claiming. That's the most euphemistic way I can phrase all this.

So it's an unfortunate part of the business. It's a tiny, tiny percentage of what is done, but in fact it does happen. The WCB, I can assure you, is not some kind of private police agency spying into the nooks and crannies of our lives, but in these rare cases it does happen and it will happen. I don't apologize for that. I feel badly that it has to happen, but it's a reality of the insurance business.

THE CHAIRMAN: Supplementary, Peter.

MR. SEKULIC: Yes. I do agree with the minister that there are requirements for checks and balances, so that's not what I was after. I was directing my questions more toward the competency of those that are carrying this out and their discretion.

MR. DAY: I addressed . . .

THE CHAIRMAN: We'll let him get his question in first, Mr. Minister.

MR. SEKULIC: My question now is: would it be possible for the minister to provide – and it may not be possible right now – a specific amount that was expended for such activities?

MR. DAY: I can try to get that figure. The appropriate channel is to get that information to you for distribution, Madam Chairman?

THE CHAIRMAN: Through Diane, please, so that all members have a copy.

MR. DAY: Okay.

THE CHAIRMAN: Was there anything else you wished to supplement in your answer, hon. minister?

MR. DAY: No. I'll see if they can break those dollars out. I'm sure when the member sees them, he'll see that the overall expenditure of WCB as related on page 228 is a small but necessary component.

THE CHAIRMAN: Thank you, hon. minister.
Pearl Calahasen.

MS CALAHASEN: Well, thank you very much, Madam Chairman.
Volume 2 . . .

MRS. BURGNER: Switching gears?

MS CALAHASEN: Yeah, switching gears.
Good morning, Mr. Minister.

MR. DAY: Good morning.

MS CALAHASEN: If you go down page 101, 5.0.3, workplace environment – got it? – there's an overexpenditure of \$161,000 which occurred in '94-95. This account amounted to an overexpenditure of more than 28 percent. Could you explain this overexpenditure?

MR. DAY: Yeah. Thanks for pointing that out. Again, along similar lines of an earlier reference, this reflects largely an overexpenditure in the salaries, wages, and employee benefits. The total of that was \$91,000. With the significant internal reorganization that took place, positions were paid for in the budget while they were actually budgeted for in other units. When that happens, that offsets the equivalent underexpenditures that occurred in other budgets elsewhere in the division. To be specific with you, an overexpenditure of \$70,000, actually almost \$71,000, in the supply and service control group mainly was a result of some unplanned VSA payment, and then that overexpenditure again being offset by a number of underexpenditures, reduced travel requirements.

You'll see this consistently through department expenditures in the

area of travel. All of us, myself and all those in the department, look very stringently at the travel area, and the question I have asked, that always is asked, related to travel is: what will be the direct return to the Alberta taxpayer as a result of this travel? When you use that type of overriding analysis or restricting analysis, it really results in the travel that happens and the conferences attended and sessions attended as being ones that have been truly evaluated, that will show a return to the taxpayer. With that there's a reduced travel requirement there of \$12,000, a reduced requirement for contract services, \$9,700 – that's as a result of amalgamation within the department – and some smaller miscellaneous underexpenditures related to almost \$4,000. So that explains and balances out the overexpenditure and then the offsetting underexpenditures.

MS CALAHASEN: By granting the VSA in this unit, then, how will it adversely affect the provision of occupational health and safety services in the province?

MR. DAY: We've done a close and tight preanalysis and now postanalysis in that particular area and feel that there will not be a negative, adverse effect. The staffing level in the branch, we believe, is handled adequately. Actually, the activities of the branch are under constant review, and there are many changes that take place which streamline the process and make them more efficient. That's always, I think, a result of analysis and an impending reduction. So existing staff are able to actually fill out all their legislated requirements, and that provides the regional staff with the assistance they need in terms of providing those direct services to the public.

Before any VSA is granted – and this has been consistent throughout the department – significantly in-depth reviews take place, making sure there are going to be no negative effects on service delivery. As a matter of fact, I sometimes personally hear from employees who are designated as so required that they actually can't be given the VSA. That follows the principle of the whole VSA approach. I guess the good side of that is that, you know, you're so valuable we can't let you go. The negative side is that sometimes they're looking to, but they are performing a service which is so necessary to public safety or welfare that we feel it can't be done.

We've also used portions of the safety associations in the delivery and uptake of services that used to be delivered just by government, with a very aggressive and ambitious uptake over the last couple of years of industry safety associations, where they've moved to the fore. Their members pay to be members of the associations and pay to have certain safety programs audited and put in place in their own industries, in their own businesses. I think it's a sometimes told but not enough told story of how aggressive many, many industries are in terms of pursuing within associations, which they impose upon themselves, and then working in partnerships with occupational health and safety to develop standards and audits. Services that in no way we could ever have enough people delivering are now being actively pursued, taken up, and delivered within industry safety associations themselves in conjunction with our occupational health and safety people in an audit relationship. The results are clear and significant when you look at injury reduction and increased awareness on the workforce of health and safety issues. It's been positive. So when you see a reduction in spending on payroll and salaries of those who'd previously been occupational health and safety, people need to be aware of the offsetting uptake which actually far surpasses anything we could do dollarwise or even with personnel right through the province.

9:12

THE CHAIRMAN: Thank you, hon. minister.
Debby Carlson.

MS CARLSON: Thank you. I'm in volume 3 on page 228, at the bottom of the page on the expenditures. My first question is a follow-up to the question I asked before. Mr. Minister, can you table the criteria that you talked about using to establish the preapproved list of doctors and physiotherapists?

MR. DAY: Yeah, I can do that, Madam Chairman. On request, I've done that in a couple of cases. It's something that is public but maybe not widely distributed. It's certainly been distributed to the physiotherapists association and the medical people. I'll table that criteria list that's used.

THE CHAIRMAN: Thank you very much.
Supplementary, Debby.

MS CARLSON: Yes. With regard to administrative expenses on that page, some of the WCB claims take a very long time to finalize or process – months, sometimes even years. Do you keep track of that, and is there some effort being made to tighten up that time line?

MR. DAY: Yes, there have been a significant number of steps taken over the last two to three years to shorten that. The turnaround time now comes to slightly over two-thirds of all people in the province being injured, reporting the injury – from the time of the injury report to the time of literally cheque in hand in over two-thirds of the cases, close to 70 percent, is 14 days. Obviously it starts to phase down from there because of complexity, because of a variety of issues that could take place. You know as an MLA that's one of the most consistent areas of concern that injured workers bring to our attention, the fact that they feel it's just taking too long. Time lines have been shortened.

First of all, about two years ago there was an amalgamation of the internal appeal processes within the operation. So now the injured worker is having consistent claims management. That was always a problem, where managers would change. Sometimes every two weeks, every three weeks the injured worker would have a different case manager. The effort now is clearly to have a case manager go from start to finish with that particular injured worker, coming right up to an appeal process within WCB, within the operation itself at the case management level. And there's an important break there, and sometimes it's not made clear. Certainly in media reporting of the WCB, part of the appeals or the Appeals Commission itself is absolutely separate from the Workers' Compensation Board; it is a separate entity. It has to be that way to be free and totally independent of the Workers' Compensation Board in terms of making their decisions, because the worker is actually appealing what the WCB has said in their particular review. So that particular division is very clear. In both WCB and the Appeals Commission steps have been taken to try and reduce the backlog and reduce the time lines. Those gains have been categorized, improvements have been made, but the pressure is still internally and externally on both those operations, WCB and the Appeals Commission, in terms of putting methods and systems into place that can speed up those backlogs and the time it takes. It's probably the single most frustrating part.

Sometimes when we do a review on a case-by-case basis, WCB looks at it, and we have challenged them and they've challenged themselves internally to operate from the point of view of full disclosure. When they look at a case and the delay, they have to be tough on themselves and say, "Is this a result of our administrative process or even neglect or a mistake being made?" I have copies of

letters on file which I've sent to MLAs where in fact that has happened. The WCB, in doing the analysis at a request by a particular MLA, has said: "Yes, we blew it. This one shouldn't have taken that long. We're putting corrective measures in place to deal with that." So in some cases it's a result of the administrative effort or procedure of WCB. In other cases it can be a result of waiting for medical reports, which is not a fault of either the injured person or the WCB. Sometimes when it comes to an actual claims appeal, it's the claimant himself who maybe does not appear for the appeal or in fact requests extra time for doctors' reports, et cetera.

It's a challenging process. I tabled in the Legislature just about a week ago a series of recommendations, some of which were directed to reducing the backlog at the Appeals Commission end. Since those have been put in place, there's been an 11 percent reduction in the backlog there. So the effort is ongoing. It doesn't let up. I actually don't mind hearing from MLAs about cases where they feel it's gone too long, it's been inappropriate, because that just gives another opportunity for an individual review, and when an individual review is done, then all the administrative procedure is analyzed. So it's ongoing.

I know it compares favourably with time lines across Canada in other operations. It certainly compares favourably with time lines of the private insurance sector, where claims are being processed for a variety of items. I'm not excusing or saying that WCB should . . . You know, I'm not trying to do any better than the industry at large. In this case we're dealing with people who are injured, people who are in pain, and people who may not have any income, so the implications of the operation are constantly being assessed.

THE CHAIRMAN: Thank you, hon. minister.
Moe Amery.

MR. AMERY: Thank you very much, Madam Chairman. Good morning, Mr. Minister. I like your tie.

In your response to Debby's first question you mentioned that WCB is funded by employers and no money from the GRF is required. On page 102 of public accounts, volume 2, I see a grant in the amount of \$2.7 million to the WCB. I wonder if you could explain what that grant is for.

MR. DAY: Sorry. Could I get the reference again?

THE CHAIRMAN: Is there a specific line on page 102?

MR. AMERY: Yes. Page 102, 7.0.1.

MR. DAY: Yeah. I think the Member for Leduc also touched on this. That payment to the WCB, as I indicated earlier, is an actuarial adjustment that's required to compensate WCB for the pre-1974 accident claims that were transferred to them for administration. The decision was made that WCB should be and is the most appropriate venue for those particular claims. When that was done, at the time that decision was made that that would go back as far as pre-1974, it was recognized, and quite appropriately, that there had to be that transfer of dollars to compensate for the administration of those claims. That's where that amount comes from.

MR. AMERY: Is this payment required in the future, or is it a fixed payment?

MR. DAY: Well, this particular payment being made to the WCB is not for direct payment to individuals receiving benefits. That happens from WCB. It's for creation of the fund that, with the investment income, will provide the WCB with sufficient funding to continue to pay for the individual at current rates until they're no

longer entitled to payments, whatever length of time that might be. That program, as I indicated, also is due to be terminated at the end of this year. It will be fully funded and caught up.

9:22

THE CHAIRMAN: Thank you, hon. minister. Thank you, Moe. Terry Kirkland.

MR. KIRKLAND: Thank you, Madam Chairman. Mr. Minister, a follow-up to my earlier question, and I'm afraid I can't give you a reference page. I'm looking at pages 228, 229, 230, and 231 in volume 3. What I'm attempting to extract in those particular financial statements is the employer premium assessment that the WCB would dictate the Alberta government has to pay on behalf of their employees. I can't extract it or find it there. I wonder if you could point it out to me.

MR. DAY: It's not broken out, nor is it for any other group. But I can get those figures to you, Madam Chairman. That's the employer payment amount, WCB, related to the provincial employees then?

MR. KIRKLAND: Yeah, the employer assessment component that they direct to each.

MR. DAY: Okay.

MR. KIRKLAND: On page 230 – again, looking for clarification here – I'm looking at note 3, receivables due from the province of Alberta, the third line under note 3. I see in '93 it was \$4.1 million and \$25.7 million. Is there an explanation that you could provide to me to understand why there's a significant difference there?

MR. DAY: That's page 230, note 3.

MR. KIRKLAND: Actually, Mr. Minister, I see that if I'd read a little further, the explanation is right below it. Thank you very much.

MR. DAY: I was just going to point that out to you. I was just going to peel that off the top of my head for you.

THE CHAIRMAN: The chair was about to make the comment . . .

MR. KIRKLAND: That I would save myself the embarrassment. Thank you.

THE CHAIRMAN: . . . that we have to be a little bit more attentive. There's nothing further, Terry?

MR. KIRKLAND: No.

THE CHAIRMAN: Okay. Julius.

MR. YANKOWSKY: Thank you, Madam Chairman, and good morning, everyone. My question is found on page 101 of public accounts, volume 2, reference 3.0.6. Here we have an indication of a \$1,521,000 expenditure for the fire commissioner's office, which is an overexpenditure of \$116,000. This appears to be an excessive expenditure for a single office when you consider that the Department of Labour spent only \$1,762,000 on the entire northwest region. Could the minister provide us with some details for this overexpenditure?

MR. DAY: I can, Madam Chairman. Perhaps the designation "fire commissioner's office" may not be the best, though that's the legal description. We're not actually talking about an office, one stationary location. In fact, there are two operating components there. There is a fire commissioner's office in Edmonton itself, and out of that office there's responsibility for providing the overall policy and standards and collection of statistics and educational information programs. But significant also in conjunction with this is the Alberta Fire Training School, which is located at Vermilion. That's where the training for the municipal firefighters takes place in the province. That training is actually available to all firefighters in the province, but there's an emphasis on the small municipalities and the volunteer fire departments. Many of those municipalities can't in fact carry the cost of the training. The training is identified as something that's necessary to the public safety and public good, so it is provided through that school.

Actually, if you ever have the opportunity or want to go out there and view the operation, I could arrange that for members. It's quite interesting. Not only is training provided for municipal and especially the smaller departments, but in fact the quality there and expertise is recognized internationally. There is training that's delivered to the private sector there at considerable revenue generation, I might add. It's a lucrative process. So the needs first of the municipal and the volunteer areas are addressed, making sure those components can be taken up, and then other industrial, federal, and foreign clients also are involved there. I should add, too, that the rates to other clients are considerably higher than the rates which are charged to the municipal and volunteer area.

So that shows you it's not one office we're talking about. It's two significant operations.

THE CHAIRMAN: I can certainly vouch for the program the hon. minister's speaking to, Julius.

Supplementary.

MR. YANKOWSKY: Thank you, Madam Chairman.

MR. DAY: I could just add that in terms of the breakdown of the two components, the school itself is \$1.2 million and the actual fire commissioner's office is \$350,000. That's just so you don't think there's a million dollar office there. The main component is the Alberta Fire Training School.

THE CHAIRMAN: Julius, your supplementary.

MR. YANKOWSKY: Okay. Out of all that I've heard, I'm still a bit confused. I think the minister indicated there is in fact revenue being generated from the Fire Training School, yet we have this overexpenditure. Could the minister just elaborate on that?

MR. DAY: Showing the overexpenditure mainly results in the area – because of the demand, additional courses are needed and developed and required. Staff have to be trained in those particular areas. There's a large component of consumable material that literally gets burnt up. As the demand for these services increases, I believe the Fire Training School will be more adept in terms of assessing what the cost should be. Some of this reflects, too, anticipation of requirements and anticipation of business coming in for the next year. There has to be a preordering of certain products. Then when you weigh in the expenditure itself with the actual revenue, which you see on page 143, there's \$541,000 in terms of revenue.

So it's ongoing demands of training, both provincially and outside, and then trying to assess how much you can raise those rates to bring in that other business and the preordering and development of

courses and material that you have to try and anticipate for the year ahead.

THE CHAIRMAN: Thank you, hon. minister.
Debby.

MS CARLSON: Thank you. I'm in volume 3 on page 232, note 10, administration expenses, the consulting fees. Can you tell me who those dollars were paid to and what they did for that service?

MR. DAY: There's a variety of consultants performing services. Some of it is medical consultants, the different practitioner areas and rehabilitation consultation, all with professionals in the field dealing with areas of requirement at the time. Rather than try and keep on a complement of people who would be there to try and assess best practices, the WCB finds that going straight to the private sector and going with people who are active and professional in the field at the time is the most effective way of getting the best information. There isn't a breakout here, Madam Chairman, of who those would be, but I can supply that information. The list of the major and significant users of these dollars can be supplied and tabled.

THE CHAIRMAN: Thank you.

MS CARLSON: There was a significant decrease in consulting fees from '93 to '94, yet there is a significant increase in premiums and accrued premiums over the same time period. What would account for the decreased use of consultants?

MR. DAY: The WCB getting smarter. I'm being a bit facetious there.

I don't have that information, but really because of requirements that I was asking for in terms of change of operation because of areas in which they identified they needed to change operation procedures and also working with practitioners in the field – at one point, when you're doing the exploration work, the need for consultation is high. Once you've established a particular best-practice approach and see it to be working, then the consultation requirements diminish.

In terms of increased revenue from premiums, that strictly reflects the fact that there are more people working in the province and there are more accounts. The accounts over the last year have gone from about 67,000, 68,000 to about 73,000. There are more dollars coming in because there are more people working and there are more businesses registered.

9:32

THE CHAIRMAN: Thank you, hon. minister.

MR. DAY: And I will get the list of consulting fees.

THE CHAIRMAN: Please, and it could be done through Diane so that all members get a copy, hon. minister.
Pearl.

MS CALAHASEN: Thank you very much. On page 103, volume 2, in your revenue area there have been significant additional revenues in '94-95, with an increase of about 13 percent. These increases appear to come primarily from fees, permits, and licences under the Boilers and Pressure Vessels Act and plumbing and gas, amongst others. Have you found it?

MR. DAY: Sorry. Revenue.

MS CALAHASEN: Page 103 on revenue.

MR. DAY: Okay.

MS CALAHASEN: If you go through fees, permits, and licences, under the Boilers and Pressure Vessels Act, that's where the increase is.

MR. DAY: Yes, it is there.

MS CALAHASEN: About 13 percent. Could you explain why these revenues rose so much from their '93-94 levels and what the rationale and intent is behind these increases?

MR. DAY: The overall philosophy as related to all the permitting and fees has been user pay, that in fact the person or persons or organization receiving the service should be the one to pay. That has gone right throughout commercial, industrial, and even residential. The people getting the services are the ones who should be paying, and that's where we get the user-pay concept. When you establish these fees, you have to take a lot of care to make sure that the fees are justifiable, that the service is going to be delivered, that it's comparable to other jurisdictions or organizations that in fact might be providing the same service. So the review is always conducted in conjunction with industry input.

Stakeholder involvement: there are no surprises. Not that people rejoice in having fees assessed or even increased. It is explained to clients that the government is working on the process and philosophy of user pay, so they do in some cases anticipate that there will be a rise as they assume the full cost of the service. Then, ongoing with that, to make sure there is successful implementation of these service delivery mechanisms, obviously you have to maintain adequate revenue streams to support the operations in the private sector when it moves to this delegation of responsibilities.

Especially as related to boilers and pressure vessels, when that entire unit in fact was moved out of government, it was explained to the industry that the fees would have to truly reflect the cost of the service, that they couldn't be taking a partial free ride from general revenue which is then on the backs of all taxpayers. This was their product, it was a good product, they were making money from the product, and as the users of the service, they were going to have to move to user pay. So an increase happened there, and that simply reflects not really a raise in overall cost but just a raise in the fee so that the cost can properly be allocated to the user. It was done again in close consultation with the industry, collaboration with the industry, and now reflects the true cost of service and in fact the service being delivered.

MS CALAHASEN: In that case, again on page 103, you see the elevator and fixed conveyances revenues are declining. This doesn't make sense in comparison with the rest. Can you explain that specific situation?

MR. DAY: The nature of that particular division has resulted in elevators and fixed conveyances already achieving full cost recovery.

There are no increases anticipated and really just a natural fluctuation as a result of also some of the elevators coming out of service, technology improvements. That's another area that as we looked at it in terms of service delivery – by industry themselves being involved in implementation of the services, there's some rationalization and combining of service delivery that's been able to take place in some cases. If the particular company or building organization or building itself meets certain standards, they in fact can have their maintenance and inspection services amalgamated.

That's a little bit supplementary to the question, Madam

Chairman, but it does show that when you move in this direction, you develop efficiencies of scale which in no way limit or mitigate any of the safety applications. They're still fully applied, but methods of delivery of service are improved on and in fact costs can be reduced.

THE CHAIRMAN: Thank you, hon. minister.
Terry Kirkland.

MR. KIRKLAND: Yes. Mr. Minister, in your annual report, '94-95, page 60, I'm looking under Claims Filed, by Type. When we look at '93-94 compared to '94-95, there is an increase, particularly when you look at nonpayment of wages. I would estimate about a 10 percent increase there, and overall we're looking at an increase in all claims filed. Has the department taken some steps to attempt to identify why there is an increase or in fact whether the process that's presently employed is effective?

MR. DAY: I can make a couple of comments there. Again, increase in complaints: part of that is a result of an increase in employment. You have more people working, you have more businesses, and therefore you're going to have more complaints. I don't have a percentage breakout there. I'm trying to do the math quickly in my head. There are probably people here who could do it quicker than I. But a 10 percent increase would roughly approximate the increase in number of people employed, and I'll use very round figures now. If we figure there are slightly over a million people working in the province with an increase over the last three years – mind you, this is just a one-year increase – of some \$109,000, you can see where part of that complaint area is going to rise just because there are more people working.

There is a complaint process that's been developed through Alberta Labour for employees who have a cause for concern and feel that they need more dollars, either in wages or they haven't got their vacation pay. With the development of self-directed, self-help kits, it shows them on a step-by-step process how they can actually approach the employer, make the request. The majority of claims are settled in that particular way, in a very civil manner without the employee having to worry about litigation or small claims court or anything like that. You know, that process has been successful. I'm going to ask my deputy if there have been any other observations in terms of why there may have been an increased level.

Also, when you're doing the job well as a department and employees know they can get their claim satisfied without a whole lot of unnecessary wear and tear and stress, then employees are more likely to come forward and use the process that's available to them other than thinking it's a horrendous and terrifying process. I'll ask Mr. Ford if he can comment any further on that.

MR. FORD: Madam Chairman, we don't do any breakdown on that particular item on nonpayment of wages, but I think it's significant that in spite of the increase in employment in the province, the overall number of claims filed did not increase very significantly. In fact, it was lower in 1994-95 than it was in 1992-93. We have been having a great many consultations during the last few years in terms of the process for employment standards, and I think some of that is reflected in legislation which is before the House right now in simplifying a lot of the procedures.

MR. KIRKLAND: My supplementary would be: when there is no resolution to the satisfaction of the complainant with Alberta Labour, is there a mandatory mediation process that can be employed at that stage, or are the courts the only recourse?

MR. DAY: No, they don't have to go to court. There is an appeal process that's in place, and directors and umpires can and do write orders to the employer.

THE CHAIRMAN: Thank you very much.
Jocelyn, you have a question?

MRS. BURGNER: I'd like to move that we adjourn.

THE CHAIRMAN: If you'd allow me to express my appreciation to the minister, please, then we'll stand adjourned.

Thank you, hon. minister and your staff, and once again, to the Auditor General, Peter Valentine, and his staff, thank you very much.

We stand adjourned.

[The committee adjourned at 9:42 a.m.]

