

Title: Wednesday, March 21, 2007 Public Accounts Committee

Date: 07/03/21

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting to order if you don't mind, please. I would like to welcome everyone in attendance to the Standing Committee on Public Accounts this morning. Perhaps we can get started and go around the table quickly and introduce ourselves, starting with the hon. Member for West Yellowhead.

[The following committee members introduced themselves: Mr. Bonko, Mr. Cardinal, Mr. Cenaiko, Mr. Chase, Mr. Dunford, Mr. Eggen, Mr. MacDonald, Mr. R. Miller, Mr. Prins, and Mr. Strang]

[The following staff of the Auditor General's office introduced themselves: Mr. Dunn, Mr. Hug, Mr. Saher, Ms White, and Mr. Wylie]

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: Thank you. I would like to advise members that the agenda packages were delivered on Monday morning. I would like to go to item 2 on the agenda, please, and that's approval of the agenda as circulated.

Mr. Bonko: So moved, Mr. Chairman.

The Chair: Thank you. Moved by Mr. Bonko that the agenda for the March 21, 2007, meeting be approved as distributed. All in favour?

Hon. Members: Agreed.

The Chair: Opposed? Thank you very much.

Now, may I also have approval, please, of the minutes of the March 14, 2007, committee meeting?

Mr. Strang: So moved, Mr. Chairman.

The Chair: Moved by Mr. Strang that the minutes of the March 14, 2007, committee meeting be approved as circulated. All in favour?

Hon. Members: Agreed.

The Chair: Opposed? Carried. Thank you very much.

I would like to alert members of the committee that if they wish to be on the speaking list, please let Mr. Prins know. We will get started here very quickly. Thank you.

Now, this morning we are dealing with the Auditor General's report, volumes 1 and 2 of the annual report for 2005-2006, and also his special report from November of 2006. I would now ask Mr. Dunn to please give us an overview of his reports. Welcome, sir.

Mr. Dunn: Okay. Thank you, Mr. Chairman. I'll take approximately 10, 12 minutes just to go through these reports briefly. Joining me today are Merwan Saher, who will answer questions on the portfolio he's responsible for, Doug Wylie, Jim Hug, and Ronda White, each of whom are Assistant Auditor Generals and will also participate in the answers to your questions.

As you've heard, we'll be discussing the three volumes here. First, the highlights of last year's annual report, which is in two volumes this year. It's in two volumes to distinguish between the

four major systems audits that are contained in volume 1 and the findings and recommendations on the ministries, which is more of our traditional or typical report, which are in volume 2. Whenever you see a recommendation printed on yellow background – so the key is to look for a yellow background – it means it's a key recommendation. Last year our focus was on the government's programs for drinking water, food safety, reforestation, and regional health authority funding.

In each of those examinations we wanted to answer two main questions. We were looking for the answers to these questions: does the government have adequate systems to first set standards and then monitor and enforce compliance with them, and the second question, has the government established objectives for the programs so that it can measure whether the programs are successful? The two key themes that emerged from those four examinations are that the government needs to better monitor and enforce compliance with existing standards and that the government needs the right information to assess if the programs are effective.

First, drinking water. Our report on drinking water starts on page 25 of volume 1, and there are six recommendations. Most importantly, the department has to improve approval, registration, and inspection processes; improve information systems used to manage drinking water safety; arrange for more certified water treatment operators, especially in the rural areas; expand co-ordination with its partners, and those are the RHAs, municipalities, and the federal agencies; and promote new drinking water goals. We concluded that drinking water from Alberta's regulated waterworks is safe unless you are otherwise advised. By implementing our recommendations, the department will maintain its drinking water safety performance.

Next, food safety. Our food safety starts on page 63 of volume 1 if you're following along with me. There are 10 recommendations, with these important points: the RHAs, Health and Wellness, and agriculture have to improve inspection programs, improve information systems, improve co-ordination amongst food safety regulators, promote innovative food safety programs and initiatives, and achieve consistent data and useful reports across the different RHA systems. There is always food safety risk, but that risk is small when the system operates as designed. Obviously, if the regulatory system is stronger, there will be a lower risk of unsafe food.

Next, I'll turn to reforestation. This starts on page 109 of volume 1. There are five recommendations. Sustainable Resource Development has improved its reforestation activities, but it needs to do more. The lack of information on what has been done is a critical problem. The department's performance reports must confirm the results of reforestation activity, and the department should strengthen its monitoring of the reforestation program.

I will now turn to the RHA global funding. This report starts at page 133. Global funding is an effective funding allocation process, but we have nine recommendations for improvement. The main points are that Health and Wellness needs to assess the success of global funding, improve data used in the global funding calculations, and ensure that the allocation adjustments – those are the adjustments that are made to the population-based formulas – are consistent with the global funding goals. Those are the four major systems audits in volume 1.

Next, I'll briefly review the recommendations from our cross-ministry, and then I'll turn to the ministry audit work. First, information technology project management, and that's on page 171 of volume 1. Across the Alberta government performance in achieving information technology project objectives is inconsistent. We've recommended in recommendation 22 that deputy ministers and their chief information officers provide the necessary oversight to ensure that projects are completed successfully, on time, and on

budget. This recommendation is key to ensuring that the province achieves the best return on its investment in information technology.

Now, if you can turn to volume 2, I'll start on page 9, which is monitoring the apprenticeship program. We've recommended in recommendation 23 that the department of advanced education should improve its monitoring of employers and their work sites to ensure that apprenticeship training standards are met and that tradespeople have been certified. This recommendation is key because the current high demand for tradespeople has increased the risk of unskilled trades workers.

If you turn to page 37, I'll talk about the farm fuel benefit eligibility. This is also in volume 2. The annual program cost is a fuel allowance of \$34 million and a fuel tax exemption of \$72 million to eligible people. Registrants should renew their eligibility every three years; however, the department of agriculture, food and rural development has not requested such confirmation since 1997. Therefore, we recommended in recommendation 24 that the department improve its administration of the farm fuel benefit program or run the risk of paying benefits to ineligible people.

I'll now turn to school board budgeting – and we completed this audit at the request of the department – which is contained on page 65 of volume 2. As we report there, over \$3 billion is provided each year to approximately 75 school jurisdictions. We recommended that the Ministry of Education – and these are recommendations 25 and 26 – should help school boards improve their budgeting process and provide guidance to school board trustees to help them fulfill their financial monitoring responsibilities. Our recommendations are aimed at ensuring that school boards plan and use their funding effectively. You may want to ask us about the number of groups that we've met with since this became public. We've had a lot of interest from the various school board groups.

8:40

Assurance on oil and gas production data and royalty revenue adjustments are contained on pages 76 and 79 of volume 2. This is a repeated recommendation – and this is recommendation 27 in volume 2 – to the Department of Energy to evaluate its assurance that well and production data is complete and accurate. The department's progress was slower than we expected. Also, as a result of our financial statement audit, the department had to record an increase in gas royalty revenue of \$237 million for the fiscal year ended March 31, 2006. Simply, the department did not have its evidence to support a reduction it had made to revenue. Our recommendations are key because a government may not collect the royalties to which it is entitled. In this regard you'll want to look at the department's response to our repeated recommendation 27. You should have that provided to you because that came out yesterday, I believe it was.

Health care costs, on pages 116 and 118 of volume 2. We've recommended in recommendations 31 and 32 that Health and Wellness should explain and quantify in its annual report the key factors affecting health care costs – those are the drivers and escalators – and should link health care costs to outputs for the ministry as a whole. We believe Albertans should understand why costs are increasing and know if steps to control the costs are working.

Next, I'm going to turn to the thinner volume, which is the report that came out in November of 2006. In this report we reported the results of six audits that were not completed in time for the release of our annual report at the beginning of October of 2006. The lessons regarding the importance of adequate controls and maintaining integrity were worthy of immediate reporting. First, contracting practices at AADAC – and this received a fair amount of media

discussion – which starts at page 9. We report there that a senior employee used false contracts to misappropriate \$634,000 from the entity, of which \$441,000 went to himself. He did that by exploiting weak controls. Alberta Justice is pursuing civil remedies on behalf of AADAC. As well, AADAC has referred the matter to the RCMP for a criminal investigation.

We made three recommendations to AADAC, and those are numbers 1, 2, and 3: segregate job duties and monitor contract results properly, verify credentials of prospective employees, and ensure that management reports to the board annually on the effectiveness of its internal controls. We believe the lessons learned were that diligence is needed in checking prospective employees, that no one person should have sole control over a contract, and that boards must be proactive in assessing the quality of control established by management.

Under aboriginal affairs, which starts at page 19 in that volume, we had sufficient information on a complaint about illegal contributions to the 2004 provincial election campaign for former minister Pearl Calahasen to refer the matter to the Chief Electoral Officer. The Chief Electoral Officer has verified our findings and has referred this matter to Alberta Justice and the RCMP. We understand that two charges each were laid against two Métis settlements, and now the matter is currently before the courts.

With respect to the Métis settlements ombudsman we concluded that he had entered into a contract inconsistent with the principle of independence and created a potential conflict of interest. Also, the department of aboriginal affairs and northern development did not effectively manage its contract with the Métis settlements ombudsman. Therefore, we recommended in recommendation 4 that aboriginal affairs review the Métis settlements ombudsman's role. The lessons that were learned are that an ombudsman must be and must be seen to be independent and impartial, and the department must monitor its contract results.

This led us to Infrastructure and Transportation. We were looking at capital grants made to Métis settlements, and this starts at page 23 of that report. We concluded that the Department of Infrastructure and Transportation does not have effective systems to monitor and ensure compliance with program requirements and conditions of certain grants to Métis settlements. Considerable noncompliance was the result. We made one recommendation – and that is number 5 – that the department implement a risk-based system to ensure that grant recipients comply with the grant conditions. The lesson is that conditional grants do not manage themselves. Someone has to manage to ensure that the grant conditions are both respected and enforced.

The next project we had within that report was regarding Lakeland College contracting practices. Again, this received a fair amount of media coverage. The RCMP continues to investigate matters relating to foreign nationals whom Lakeland College vouched for as students. We examined Lakeland's administration of contracts related to training foreign nationals and found that the college did not meet its contractual requirements. Nor did it follow its policies when writing to Citizenship and Immigration Canada.

We made three recommendations – those are numbers 6, 7, and 8 – that the college improve its contracting practices, improve the supervision of its contracting staff, and improve their monitoring of individual contracts. The lessons learned are that good practices and systems can ensure that the right people are hired and then supervised and that those practices can also detect a developing problem and reduce the risk of undetected problems growing. This work was conducted at the request of advanced education, who had received the information and asked us to go and to report those findings publicly from our audit.

Next I'll turn to contracting practices at two other postsecondary institutions, Grant MacEwan and the Southern Alberta Institute of Technology, both of which have large construction programs under way. Both failed to have signed interim or final construction contracts for more than six months after major construction projects started. Further, Grant MacEwan reported a donation of \$250,000 from a company that won the contract.

We made three recommendations, which are 9, 10, and 11: that Grant MacEwan and SAIT must sign contracts, interim or final, before construction starts – and that, of course, applies to all postsecondary institutions and all organizations – and that Grant MacEwan shouldn't solicit or accept donations during a contract tendering process. The lessons are that without interim or final contracts before construction starts, organizations unnecessarily put public funds at risk. Donations from organizations bidding for a contract create perception of fairness problems.

Finally, a smaller matter but important: agriculture, food and rural development expense accounts. We assessed the department's investigation into the alleged misconduct of one, which is now a former, employee involving misappropriation of assets and false expense claims. We concluded that the department needs to improve its systems for reporting and dealing with alleged employee misconduct. That's our recommendation 12. The lesson for the Alberta public service is that staff need to know how to report alleged misconduct, and management needs to respond to alleged employee misconduct promptly and consistently.

In summary, our key messages from the November 2006 additional report are that Albertans are entitled to expect and believe that their funds are managed with integrity, that Albertans expect supervisors to be alert for indications of dishonesty, that Albertans expect well-designed control systems that operate continuously as intended, and that managers should be skeptical. We received the government's formal response to our recommendations yesterday, and I believe you each have a copy of that. You can see from the response that all recommendations have either been fully accepted or accepted in principle other than one recommendation, number 30 on page 97 of volume 2, October 2006. Finance and Treasury are currently reviewing recommendation 30, which deals with the supplemental employee retirement plans, and they expect to complete their review some time in the year 2007.

Mr. Chairman, that concludes my opening comments.

The Chair: Thank you very much, Mr. Dunn.

Before we get to questions, the chair would like to welcome this morning also Mr. Webber, Alana DeLong, and Mr. Rodney.

Okay. Now, if we could get to questions quickly here. We'll start with Mr. Chase, followed by Mr. Cenaiko. Please proceed.

Mr. Chase: Thank you very much. To the Auditor General, obviously: does the government's inability to accurately predict general revenue, surplus revenue, and interest rate fluctuation one year down the road, never mind five, 10, 20, 30, cause you concerns when committing Alberta taxpayers to pay off 30 years of P3 debt?

Mr. Dunn: First of all, I'm going to speak briefly to your opening comment about prediction. What we have reported on is what is actual, and I believe each of you will have access to the annual financial information. I happened to mention to Mr. Dunford this morning that my colleague in Quebec has recently issued a report where the actual information was reported as a surplus of \$192 million. That Auditor General reported that the actual result was a deficit of \$5.3 billion. Alberta has a very good reporting system on actual.

8:50

Regarding its ability to predict the future in a volatile market, that is difficult for anyone. I am not concerned about the predictions as much as I am focused, with my team, on the actual because what Albertans and you deserve are actual results that have integrity and completeness and accuracy.

Yes, there has been a report out there about Alberta not having an accurate prediction model. I believe it was a report from a conference board. But we'll be looking into that and will report on their revenue forecasting system. We will have that report available for our October 2007 report. We are focusing on that, but our main emphasis, that we want to explain to individuals here, is that the actual results that you receive and discuss at this committee in any annual report are accurate and complete.

Mr. Chase: Thank you. My second question . . .

Mr. Dunn: Sorry. I did not report on P3s, and I'm going to turn it over to my colleague very briefly.

Mr. Chase: Thank you.

Mr. Dunn: On P3s, first and foremost, I want to make sure that everyone understands that P3s are on the balance sheet. Regardless of any construction program, whether it's a designed, built, completed contract by the government, specifically contracted for, or working with a partner, both the asset as it is being constructed and the liability, should there be one attached to it – that's a future payment. The liability is also being reported. It always has been, ever since day one. So those are on the balance sheet.

Doug, you've had a fair amount of time that you've spent around P3s.

Mr. Wylie: Yes. Well, as you're aware, we had a recommendation two years ago regarding the processes surrounding P3s. You'll note in this report that we have followed up on that, and improvements have been made to the process. We've considered the recommendation implemented. It was a six-part recommendation. Again, it focused on processes. It focused on how they were assessing what would be a prime candidate for a P3 and the recording, et cetera. So progress has been made in the area, but we did make a recommendation. We considered it important, and we spent significant time on that audit.

Mr. Chase: Thank you. This week during question period the Minister of Infrastructure and Transportation speculated that P3 alternative financing would save Albertans hundreds of millions of dollars, yet the reality of a \$34.6 million cost overrun in the second year of a 30-year Anthony Henday P3 debt commitment raises red flags. Is the risk associated with P3 debt management acceptable or justifiable?

An Hon. Member: Shouldn't it be about this report?

The Chair: It's certainly within that report because it's in the annual report of the Department of Infrastructure and Transportation.

Mr. Chase: It's the 2005-2006 report that I'm referring to.

Mr. Dunn: I'm prepared to answer the question. We have to understand, and that's why we spent a lot of time on that P3 report. Remember that it was a two-part report. The first part of that report,

which came out in the year 2004, dealt with the myths and misconceptions around P3. We spent a fair amount of time doing an international comparison, so that was really more like a research paper. Then we looked at the two projects at that time, the Calgary courthouse and the Anthony Henday. As Doug has already mentioned, we concluded that there were some areas that there could be improvements on.

What you must remember is that to the extent that the dollars are deferred as to a future payment, the province retains those dollars and has them invested. It can pay for the project up front and forgive the opportunity on investment. In the Anthony Henday one we had discussed with Finance and with Infrastructure and Transportation the opportunity of what I'll call unbundling the debt. I believe they have followed this to the extent that they used external financing. It was during the construction period, which would be, out of a 30-year period, say, five years. You're able to use that obligation with a contractor to enforce your conditions under the contract to ensure that they finish it on budget, on time, while retaining the funds for investment. If you retain them in an investment vehicle – and if you look at something like the Alberta heritage fund, I think it's reported in the aggregate somewhere around a 7 or 8 per cent return on its investment – you have the time value of that money. So if it's \$300 million, you have \$21 million to \$24 million coming in, which the province benefits by.

To the extent that it is unbundled and has an obligation that extends into the future, you will note that within the investment vehicles in the province of Alberta certain of those investment vehicles have infrastructure obligations. They have bought the paper in. To the extent that the funds are coming from sources within whether it be large pension plans or other, the benefit is not going to a private financier but can be retained within the province.

I believe – and we've expressed this opinion before – that alternate construction alternatives, so alternate alternatives, should be looked at. They're not for every project, for every situation, but to fail to look at them I believe would be inappropriate because if you can effect in an inflationary period cost control, performance completion on time, and retain the money at an investment rate of return greater than you're paying out, then you're not losing.

So without trying to use up too much time or make it too complicated, you must look at the other side, the investment return on the funds which are retained and not paid in and put into cement in the ground.

The Chair: Thank you. I would also like at this time to urge members to please keep their questions as brief as possible – there is a long list already – out of courtesy to other members. The chair would be grateful.

Mr. Cenaiko, followed by Mr. Miller.

Mr. Cenaiko: Thank you very much, Mr. Chair. I don't have questions per se, but I do have some comments. First of all, on the November 2006 report from the Auditor General I just wanted to thank him and his office for the tremendous work they did regarding the Alberta Alcohol and Drug Abuse Commission and the work that they did with the commission in their audit, with the new chair and the past chair being here as well this morning. Recommendations 1, 2, and 3 I think were very, very good, and the commission has taken on the responsibility of accepting all of them and providing a response.

As well, I wanted to add that I want to thank the commission for providing our commission, this commission, with the opportunity to attend learning sessions regarding their roles and responsibilities as board governance members and regarding auditing procedures. I

want to thank your office for the work you've done in that area as well, not just for our commission but as well for other boards in government.

The second comment I want to make was on page 184 of volume 2 of 2, regarding the Solicitor General and Minister of Public Security's annual report. I think the minister of the day did a tremendous job. [interjections] I did want to mention, though, regarding the auditing procedures, that provincial policing standards are still an area that has to be monitored closely with the department and with the police services. The whole idea behind the work regarding policing standards deals with integrating services, but it also deals with integrating standards, and some of those standards obviously have to look at including less than lethal force.

Again, not waiting for a service to look at what they're experimenting with in Los Angeles, I think the province has a responsibility there as well to look at new equipment regarding less than lethal force, integrating the private sector with the police and EMS in dealing with individuals that may be overcome by addictions. The IT strategy, that the ministry received \$100 million for, again will require common and consistent reporting methods and requirements and systems, obviously looking at new opportunities for sheriffs. Right now we're utilizing police officers, who are the most expensive officers, to apprehend and transport children under the PCHAD legislation, which again is provincial legislation. Could we use a provincial service for that versus taking police officers off the street to do the transportation?

9:00

Mr. Dunn: Excuse me, Mr. Cenaiko. I haven't picked up a question.

Mr. Cenaiko: No. It's just a comment.

Mr. Dunn: Okay.

The Chair: There were two comments there. Please conclude.

Mr. Cenaiko: No question. Just two comments.
Thank you.

The Chair: Okay. Thank you very much.

Do you have a brief response to that, Mr. Dunn?

Mr. Dunn: Ronda, regarding policing standards in your follow-up?

Ms White: Well, only to say that we'll be continuing to follow up on the progress that the minister, the Solicitor General, makes in implementing our recommendation to monitor compliance with the standards and move ahead.

The Chair: Thank you.

Mr. Miller, followed by Mr. Dunford, please.

Mr. R. Miller: Thank you, Mr. Chairman. I'll try to abide by your request to be brief.

Mr. Auditor General, I appreciate your being here, and my questions are based on recommendation 33, page 120 of volume 2, where you recommend that "the Department of Health and Wellness strengthen its processes to analyze and investigate anomalies in physician billing information." I note that last year Alberta Health and Wellness paid out in excess of \$2 million to other provincial governments and territories. It's probably safe to assume that at least some of that money was for health care services that Albertans

received while outside of the province. My question is whether or not you've investigated or whether or not you're comfortable that those payments to other provinces were made for services actually received by Albertans.

Mr. Dunn: Okay. I'm going to turn that over to Jim Hug, who is responsible for the Health and Wellness section.

Mr. Hug: We didn't specifically look at it other than during the normal course of our audit of the financial statements. We wouldn't have looked at it in the same depth as we would have in terms of the physician claim payment, those claims that relate to physicians in Alberta.

Mr. R. Miller: Supplementally, then, would the Auditor General suggest that Albertans can be confident that physician billing in other provinces is accurate and that that money is being well spent?

Mr. Dunn: To bring everybody to the same place, we'll discuss recommendation 33, which is on page 120 of volume 2. The response by the department is that this has only been accepted in principle. It's an area that we have looked at in the past. We've looked by using data mining techniques. We've looked at personal health care numbers and the number outstanding compared to the number of Albertans. In this case we looked at the balancing of the information that was contained in the WCB's data – we audited the WCB also – together with the data that was contained within the Department of Health and Wellness. They hadn't matched it, and we did that and found a number of duplicate payments. I think it aggregated at more than a thousand, which the department is undertaking to investigate. We identified a number of anomalies where it seemed to be very, very unusual amounts of claims made by certain service providers, doctors. In response to that, they follow those up.

Regarding your concern – what about claims made by Albertans who may be receiving services in other provinces? – we can't comment on the accuracy or the capabilities of those other provinces. We are aware from other Auditors General, as we meet them annually, that it's an area which all Auditors General have been focusing on in their jurisdictions, and a number of them have concerns also around that regard as to the ability for any department to be able to be absolutely accurate in all billings. If that is helping you at all in your question, there are concerns in other jurisdictions also.

Mr. R. Miller: It sounds like it's a concern for us as well as it relates to other jurisdictions. Thank you.

The Chair: Thank you.

Mr. Dunford, please, followed by Mr. Bonko.

Mr. Dunford: Thank you, Mr. Chair. I ran into some difficulty in '05-06 over a school that we're trying to get built in Lethbridge.

Mr. Bonko: Is there a page number?

Mr. Dunford: No, actually, I don't think there is.

Here's the question. The requirement that the government book the total project cost in the year of approval: is that a requirement of the Auditor General, or is that just government that has inflicted those parameters on us?

Mr. Dunn: Okay. I believe what you are saying is: is the require-

ment from the government to book with its approval, its allocation, its capital budget? Obviously, the government only records for actual purposes, whether it be a school district or a postsecondary institution or an RHA or a department itself, that which has been incurred. How it allocates and sets aside funds for future development within the allocation, the budgeting process: the government does record its intended amount of the total project to be incurred for, in your example, that school in the year in which it sets out its capital plan. I want to stay within this year, but that's an area that we are looking at this year: the capital planning process and how the priorities are set. In specific answer to your question, yes, the full amount of the intended cost of a project is put within the capital allocation, but within the actual incurrence it's only that which is obviously incurred within that year.

The Chair: Nothing further at this time?

Mr. Dunford: No.

The Chair: Okay. Thank you very much.

Mr. Bonko, followed by Mr. Rodney, please.

Mr. Bonko: Thank you, Mr. Chairman. On page 137 of volume 2 some questions with regard to human resources and employment, temporary foreign workers, or foreign nationals, as you are referring to them. Temporary foreign workers are scared to ask questions about their employer or to speak out for fear of deportation, in their words. How is the government monitoring the temporary foreign workers' employment contracts and working conditions?

Mr. Dunn: I'll turn this over to Ronda White.

Ms White: That's an area we haven't look at specifically in the ministry of human resources and employment, so I guess I would suggest that you might want to ask that of the management, but we'll note that for the future.

Mr. Bonko: Okay. My second one would have been to that, so I'll go to another one altogether.

I would go, then, to page 23 of the November 2006 report with regard to the Métis. How can we assure the Métis and other Alberta taxpayers that the Métis are receiving value for the money; in other words, that the proposed outcome is being met?

Mr. Dunn: Are we talking about construction, the capital programs?

Mr. Bonko: Correct.

Mr. Dunn: Yeah. Indeed, that's a question which you'll want to place to the Department of Infrastructure and Transportation. That's exactly what we were commenting on. There was a contract that was brought to our attention regarding the paving of a road in one of the Métis settlements. I believe that that was for \$160,000.

Mr. Wylie: It was \$136,000.

Mr. Dunn: It was \$136,000. It was brought to our attention that the road still remains unpaved, yet the amount was paid out, I believe, four years earlier. Thus your question is very valid. That's what we want to look at: what does the department do? And we found a number of errors, a number of problems there that the department must address to ensure that the conditions within the grants are respected and then enforced. Thus the follow-up to ensure that they

are getting value for the monies that have been paid for those projects.

Mr. Bonko: Thank you.

The Chair: Thank you.

Mr. Rodney, please, followed by David Eggen.

Mr. Rodney: Thank you very much, Mr. Chair. First, a follow-up to our ever-capable current AADAC chair with a pair of verifications, and then a quick question based all on this report, that being the November 2006 report of the Auditor General of Alberta. The first verification: as I understand it, it was actually within AADAC itself that the issues outlined on pages 9 to 18 were first discovered and then reported. I must say that we had great support from the Auditor General's office. The second verification: AADAC actually acted on all of the recommendations even before the report was brought forward. So, obviously, we're working in concert, and a bad experience, I believe, was turned into, hopefully, a positive result.

9:10

Auditor General, my question has everything to do not only with the first segment of your report and not only with each segment of this report but all others. My question is this, sir. What communication from your office to all ministries and agencies, boards, commissions, et cetera, is there of your findings for results like this? My point being, wouldn't it be a wonderful world if everyone learned lessons from others who had fallen into pits rather than having to make them themselves? So I'm just wondering how many other ministries and departments pick up what agencies, boards, and commissions have had trouble with? Is this what they need to pick up and read, and then it's up to them?

Mr. Dunn: In direct response that is the form of communication, obviously, that we have to all MLAs. It is our task to report our findings together with our recommendations to the House of Assembly, and it is through the publication of this report that it is made available to all other agencies, boards, and commissions. From my experience in travelling around the province and meeting with different groups, they do read these. Clearly, also, part of the communication is through the media. When the media picks up and focuses on certain matters, then that, of course, gives it a wider distribution.

You mentioned in your preamble that they had started to act on the matters prior to the release of the report. You're all familiar, I believe, with the process that we go through, which is that, first and foremost, we complete our audit, verify our findings, and as Mr. Rodney is indicating, we verify with management, so they are obviously aware at that point what the finding is, and then we also discuss with them and get their input on the recommendation: is it realistic, practical, capable of being implemented? So at that point we finalize that in what we call the management letter. That management letter is delivered to the chief executive officer together with the minister that is responsible for that organization. That matter stands before them in the management letter, so they have that prior to our going formally with our report to the public at large and yourself.

Mr. Rodney: To be honest, sir, I don't have a follow-up. I just want to commend the Auditor General on the process and thank him and his department for putting this forward. I do trust that all agencies, boards, commissions, and ministries do take the time to read this because it could solve a lot of problems. If I may, I would like to

thank the media for when they in a timely and accurate manner convey what's actually in these reports. We want to spend our dollars wisely.

Thank you.

The Chair: David Eggen, please, followed by Mr. Strang.

Mr. Eggen: Well, thank you. My main concern this morning is to do with seniors' care and programs from volume 1 of the reports. I have a couple of questions. I guess it's not so much omission, but it seems to be omission from the ministry, that I would like to see you just comment on. I'm wondering why there is no requirement for the appropriate authorities to publicly disclose which facilities under their charge fail to meet basic accommodation and/or care standards for long-term care facilities. This is an area of concern, I think, for many Albertans throughout the province. Did you, first of all, notice that? Perhaps you can comment on that.

Mr. Dunn: One of the matters that we're very conscious of, of course, is that we do not want to put out a fear within the public that would cause them to act inappropriately. When we did the long-term care work, we were granted access to the facilities. Those were both the government-run facilities and not-for-profits, so the charitable ones and the private. We did that under the expectation that we were not going to name the individual entities but would report those results to the oversight of the responsible RHA. Our intent was to give a picture around the province as a whole, what are its challenges and what are its concerns, but it was not to try to name an individual entity, which we believed was the responsibility of the RHA to follow up and monitor. So, first of all, you said: why did we not name it? Because it was our intent that the RHA should follow up.

Now, why doesn't the department name the individual themselves? I believe that's a question best left with the department, but I'll turn that over first to Ronda, who really led our seniors' care workgroup.

Ms White: Right. When we did the original report, one of our recommendations focused on two parts: the monitoring compliance and then reporting on the results of the work. We did talk in the report about considering public reporting. That's still a piece that the RHAs and the departments haven't gotten to. They've been focused on setting standards, monitoring compliance. Then we'll see the next step. But that will be part of our follow-up process, to look at how they're going to report on compliance either to the minister or to the department or in the end publicly, if that's a choice. But that would be a question for the department as well, to ask if they are considering that.

Mr. Dunn: And the follow-up will be done, Ronda?

Ms White: The follow-up will be done in September 2007.

Mr. Eggen: Excellent. Thank you so much. Further to that – this is perhaps just doing a bit of a cross-analysis here – from volume 1 over on page 83 you addressed food safety monitoring and compliance in your report and I believe cited the DineSafe program from Toronto to, you know, talk about publicly disclosing restaurant inspection results on the website as an example of a good system. Again, I'm applying this back to long-term care. I would just like to invite your comment on how applicable this might be to long-term care facilities.

Ms White: The only thing I can add is that in our original report we said it may be an option, that some other jurisdictions do it. That's something the department and the RHAs will have to consider, and I would get their input on that as well.

Mr. Eggen: But you certainly saw it. It was a useful thing over there, and yeah it might be useful.

Ms White: We commented on that in our report.

Mr. Eggen: Okay. Thank you so much.

The Chair: Thank you.

Mr. Strang, please, followed by Mr. Chase.

Mr. Strang: Thanks, Mr. Chairman. To Mr. Dunn: what I'm looking at is on page 122, first edition, recommendation 15. On the reforestation that you're talking about, with the aspect of better monitoring of it, are you finding that it is with the smaller operators or the larger operators, and what steps are you basically recommending there so that we don't run into that dilemma again?

My second question is on page 116 of number 2, recommendation 31. I know that with the aspect of rural centres in the hospitals section we're always getting billed with the import/export, and we're just wondering if you're going to ever make any recommendations so that we can make that formula a lot simpler. You almost need to have a master accountant or a Philadelphia lawyer to even figure out what's what in that. You know, it really puts a lot of strain on the smaller communities. I just believe that if we would organize it better, it would work better, rather than switching dollars back and forth, back and forth all the time. It's just driving the costs up on the health care system.

Thank you.

The Chair: Two separate questions there, so if you need clarification from Mr. Strang, go ahead.

Mr. Dunn: Okay. Two distinct questions. First we'll deal with reforestation, which said: was it primarily focused on small or large operators? Obviously, we looked at the whole spectrum. I'll turn it over to Merwan to respond to the reforestation.

Mr. Saher: Yes. To reiterate, the questioner was asking: was our preoccupation with the smaller operators or the larger? When we look at a system, we tend to look at how the system will work for all operators, whether they be large or small. So in our look at a system we're not necessarily biasing it to a particular group that is a part of that system. Essentially, on page 122 of volume 1, which is recommendation 15, we were talking about and encouraging the Ministry of Sustainable Resource Development to just bring greater rigour to their review of the plans. These are the plans put forward by the FMA holders. We're not saying that the reviews are not taking place, but we thought that they could be done with a greater degree of rigour.

9:20

The field inspection program is something that the department had recently introduced, the monitoring program. We were pleased to see that that was in place, and we have some suggestions in this report as to how that could be improved. Also, we dealt with noncompliance with legislation. We believe that the department could be more vigorous in its follow-up with any noncompliance identified.

So just in summary, the intent of our recommendations was not to have the ministry focus more or less on smaller operators. It was to look at their system across the board and apply it in an improved way.

Mr. Dunn: Regarding the second point, Mr. Strang, I'm going to lead you to page 152. The question you were asking was all about what's called the import/export funding adjustment. So if everybody is on page 152 of volume 1 of 2. We were trying to address that exact question because, as we have concluded in the middle paragraph, "both importers and exporters feel the amounts are inequitable." This is a challenge, obviously, between the rurals and urbans.

Generally, what is happening is that patients come from a rural area into an urban area for a required service. The urbans will be charging the rurals. The rurals feel that the urbans charge them too much, and the urbans feel that they do not get enough back. We know that it's a zero-sum game, that no money disappears, but it is a challenge to come up with an adequate funding process where the urbans, the large ones, feel that they're getting sufficient dollars for the care they have to give and, then, the rurals feel that they are not being overcharged for that amount.

This is an area that we have discussed in here and that Health and Wellness is conscious of it. I believe that's a very good question for you to raise when Health and Wellness comes to the table here. I believe they'll be prepared to answer that.

Mr. Strang: Thank you.

The Chair: Thank you very much.

Mr. Chase, please, followed by Alana DeLong.

Mr. Chase: Thank you very much. Auditor General, in your earlier cautionary notes on P3s you indicated . . .

The Chair: Where are you in the report?

Mr. Chase: Sorry. I'm referring to an earlier report on P3s, page 52 of the 2003-2004 report.

The Chair: No. I'm sorry. We're doing this fiscal year. We were quite clear about that at the last meeting. If you do not have a question in regard to this annual report . . .

Mr. Chase: That's fine. I'll change to page 65 of volume 2 of this year's report. The AG makes a number of recommendations about Alberta Education improving the school budget process. Did everybody have a chance to find the appropriate pages? Does the Auditor General believe that this government's delay in funding to school boards impedes student learning?

Mr. Dunn: That was not the question we were trying to answer. What we were asked to look at – this came from, as I mentioned, the Department of Education. A number of school boards can sometimes get into trouble if they do not live within the dollars that have been allocated. We looked at 13 school boards – we tended to look at more which historically had had deficits – and the problems that they had in putting together, first and foremost, a plan that was understood, with the right assumptions it, then, secondly, the question: what do the trustees do and receive by way of information in monitoring the performance of the school board during the year? Those are the two questions we were trying to address.

We came up with two recommendations. Obviously, we had to

direct our recommendations to the Department of Education. We are not the auditors of the school boards. Although we went in and worked at the school boards, we're not the auditors of that. So we directed our recommendations to Alberta Education to assist the school boards, through the guidance that we have described here, in order to make sure that when the school boards do their budgets, they are comprehensive and complete – you see within the findings that some school boards weren't properly budgeting for escalation within some of their costs – to make sure up front that when they submit their budgets, they are complete and accurate and reliable for the Department of Education.

Secondly, we found a number of school boards where the ongoing financial information given to the board of trustees was incomplete or inconsistent. In some cases it only dealt with individual schools, not the school board as a whole. Other ones did not look at the future, the year, but maybe what had been spent to date and didn't compare it to their budget, this type of thing. So that's what the recommendation was around.

Good oversight requires appropriate information being provided to skilled trustees. As I mentioned in my opening comments – and I'll turn this over to Merwan – this has garnered a lot of interest, and we've had to make a number of presentations to various school board groups.

Mr. Saher: Well, we've actually spoken with three groups already. It's a bit like alphabet soup. ASBOA, which is the business offices: so that's really where if change is going to occur, the business offices and the school boards have to understand this recommendation and believe that they can make a change. We've spoken to that group. Essentially, by speaking to them, what we did was speak to the recommendations we've made and tried to explain in greater detail the reasons for those recommendations.

We've also spoken to the Alberta School Boards Association. That's a trustee group. They were interested in our governance recommendations, interested in knowing whether we felt that the Department of Education, the ministry, had the capacity to help them. We confirmed that we believed that the ministry can take a leadership role. When that ministry comes forward before the committee, you might be interested in asking them what steps they're taking to help the school boards with governance processes.

We have an outstanding appointment with the college of school board superintendents, who are also interested in hearing us talk to our recommendations.

The Chair: Thank you.

Mr. Chase: Thank you. Again referencing page 65, so that I have a complete understanding of the failures with the budgeting process or the suggestions to improve: given that the vast majority of schools boards have been forced to run deficits, does the incomplete or poor budgeting process that you identify increase the risk of strike or job action?

Mr. Dunn: Clearly, we can't answer that latter question. But, first, just as a correction, the vast majority don't run deficits. In fact, the department in the past has been very good at trying to minimize the deficits. As we mentioned, we looked at 13 school boards, and obviously we looked at the larger, but we tried to look at some rurals too. We also looked at the number that had deficits, and within our sample only 15 per cent had had deficits.

I'm just going to call on one of my colleagues. Mary-Jane, how many school boards in the prior year had deficits? What percentage?

Ms Dawson: I think it was three or four.

Mr. Dunn: I think it was 6 per cent, or three school boards, in the past that had deficits. So it isn't a huge problem across the system as a whole, but it is a problem for the board when they run into a deficit.

What we are trying to address is that you can avoid the problem if you plan properly, make sure you've anticipated all the cost increases, not just the salaries for the teachers but also utility costs and other costs. Plan it properly, and make sure that you explain to the trustees what the key success factors or key risks are for them to manage and that they hold the management of the school board to account on a regular basis throughout the year, that they don't override their budget. In other words, avoid the deficit through proper planning. That was the focus.

So just to bring you up to speed on the first part, they're not running large deficits. That's not to say that they're running surpluses, but they are trying to manage within the budget that they've been allocated.

Mr. Chase: Thank you.

The Chair: Alana DeLong, followed by Rick Miller.

Ms DeLong: Thank you. I was expecting that we would be talking more, sort of, generally about the work you were doing. In terms of the specific recommendations that you've given, I expect that we'll be using them when it comes to each of the departments coming in. So, rather than a specific question on a particular recommendation, I just wanted to ask: is there any way that we as MLAs or we as members of Public Accounts can make you more effective?

Mr. Dunn: Thank you for that question. That's exactly the type of question we should be talking about today because, obviously, the recommendations will be discussed when each individual department or ministry appears. You can make us more effective by holding management – and this is what I was emphasizing before – to account for: what will they do about the recommendation? That's why we handed out what we call the toolkit. What will they do about the recommendation? First and foremost, if they've accepted it, when will they have it implemented, and what do they believe is the consequence after they have implemented it? What will be better?

9:30

We're very conscious at the end of the day that what we're not doing is adding more without deriving a benefit. What we're trying to do is (a) identify a problem but (b) come up with a practical, relevant recommendation that when implemented will make the organization more efficient and effective. So if you can turn the question around through management: if you implement this recommendation, what will happen within your department, and what will happen on the outcomes of the project? You may want to ask for an update regarding: what is the cost associated with that?

Ms DeLong: Thanks very much.

The Chair: Mr. Miller, followed by Mr. Cardinal.

Mr. R. Miller: Thank you very much. I appreciate your comments in response to Ms DeLong's questions. I hope that this is relevant. On page 37 of volume 2 on your recommendation regarding the farm fuel benefit program I'm wondering if when you did this audit, you

actually identified whether or not the fuel tax allowance was going to ineligible claimants and, if so, what the total amount of those ineligible amounts would be.

Mr. Dunn: Okay. In my opening comments I mentioned the two aspects to it, the \$34 million and the \$72 million, so in the aggregate \$106 million a year is going out to that. I'll turn this over to Ronda. Our main concern at that time was that it had not been updated for approximately nine years at that time.

Ms White: Right. Our main focus was actually that the systems the department had in place didn't confirm to them that these people continued to be eligible, and we didn't go about quantifying how many were receiving the benefits inappropriately. I think that's something the department should be doing as part of their regular renewal of the eligibility and also monitoring of the recipients. We didn't go through and quantify that, but that is a question I think you can ask the department when they come forward. They've started to take a look at this, and it's a major issue for them.

Mr. R. Miller: Okay. Just so that I understand, then, when you audited it, you audited the systems, but you did not actually audit whether or not there were ineligible recipients receiving benefits from the program. Is that correct?

Mr. Dunn: That's correct.

Ms White: Yes.

Mr. R. Miller: Thank you.

The Chair: Thank you very much.

Mr. Cardinal, please, followed by Mr. Bonko.

Mr. Cardinal: Thank you very much, Mr. Chairman. My question and comment are not going to be long. It's in volume 2 of 2, page 9, recommendation 23, where you are recommending that the Department of Advanced Education improve the monitoring of employers providing apprenticeship training, and you listed three different areas. One area I've always had a concern on is when it comes to the ratio of journeymen to apprentices. I think it's something that someone needs to look at in the future because at one time a masonry person could only do one apprentice, and when you really look at it, you know, a trade like that could no doubt do up to three or four apprentices under one journeyman. When you do this review, is that part of the review, or will that come in the future?

Mr. Dunn: That's a very good question that should be answered by the department. Clearly, what we were looking at is that the department has set its standards and its expectations, and we look at how it monitors and enforces those. We didn't challenge the standard as to whether or not it is out of date. It is up to them to determine whether historically 1 to 1 is the same ratio that should be used today. Clearly, they have to have some evidence that it would be appropriate to have a journeyman be able to supervise, train whatever the number is, Mr. Cardinal, three or four apprentices, at the same time. Now, there is the capability for a journeyman to do that. They should have the evidence that they could explain how and why they've decided to adopt whatever is the ratio.

Mr. Cardinal: Thank you.

The Chair: No further questions? Okay. Thank you.

Mr. Bonko, followed by Mr. Dunford, please.

Mr. Bonko: Thank you, Mr. Chairman. Mine, again, would be on the November 2006 report. This is with regard to aboriginal affairs and northern development on page 19 and the complementary role, I guess I would call it, with the Métis settlements ombudsman with regard to an ongoing payment that the Métis settlements legislation receives, \$10 million annually. Would this be complementary with your office or department? Does the government have in place systems to ensure that the Métis settlement legislation funding is being intended for the outcomes? Are we getting the specified outcomes with that money being spent?

Mr. Dunn: That is the question that you want to ask, though, but you said: in concert with our office. This has nothing to do with our office and its funding at all. This, obviously, comes through – I'm not sure today what the name of the department is. But with the department that it is involved in, the funding comes through that department over to the Métis settlements ombudsman.

Mr. Bonko: So those questions would be directed through the ombudsman, then?

Mr. Dunn: Actually, you would have to start with the department, when the department is there, to ask about that matter as to the tracing of the dollars and, therefore, their performance measure that they have to ensure that there are satisfied outcomes for the dollars that are being spent.

Mr. Bonko: Okay.

Mr. Dunford: I'm like Ms DeLong. I'm more interested in your role. We're going to have ministers or deputy ministers here that we can talk to about some of these other things.

In answer to her question you talked about management being held accountable, and I agree that you have a responsibility for that. In the past a top Liberal spokesperson has talked about management in Health and Wellness as being incredibly incompetent. She was quoted, I think, in the *Edmonton Sun*, something to that effect. I don't believe that, but if, in fact, we find some corrections that need to be made in management, doesn't your office share some responsibility in first of all reporting that and then, of course, correcting that?

Mr. Dunn: First of all, we're not an enforcement agency. We are an examination agency that reports back to you as the committee, then through you to the House as a whole. I have gone on record in the past saying that I feel very fortunate to be working in the Alberta public sector. This is by way of comments that are provided to me across the country and when I read my colleagues' Auditor General reports from other jurisdictions. Indeed, the problems that other jurisdictions are facing are quite different than what Alberta is facing. We do have, in my opinion, generally a very competent public sector, but that is the group who I believe is responsible to this committee to answer your questions. They are the ones who set out the performance expectations, compile the budgets, the requests for funding to carry on their programs, and they should be the ones who explain what they're going to do with the money, the funds, and how they're going to be efficient and effective.

I've mentioned before – and, Mr. Dunford, you've been a minister before – that I do not believe it's solely the responsibility of the minister to try and answer every question. I just think it's impossible for a person to know all of that. You are relying on the professional managers in the department, and it's the professional managers who should be able to explain and answer for their requests and their expenditure.

In regard to any media comment or something else, as to what another spokesperson has said, I would expect that they've got to have evidence to support those comments. I can say that when we look at a department, we're often asked to express within the department or board or agency around the competency of the staff. We do make it public if we believe that the competency is not appropriate, and we do that through our correspondence, our management letters to the board or agency or through to the deputy minister of a ministry.

Overall I do not have a concern around the skill set of the Alberta public sector. I do realize it is challenged in today's economy for compensation and that it's under a lot of pressure to retain its staff. There's a challenge out there, but overall the Alberta public sector is a very competent group of people. But they should be also prepared to answer your questions.

Mr. Dunford: The actual quote, if I do recall it correctly, was: incredibly or shockingly incompetent management. Is your position, then, that that would characterize the Alberta civil service?

9:40

Mr. Dunn: Well, you're trying to make me make a statement, and I think I have addressed that. I said that I feel that we're very fortunate to have the competency within the Alberta public-sector management that we do. That's not to say that everyone is performing to the expectation. Obviously, through our recommendations we do make sure that where there are failings, if we can identify a solution and if the solution for the most part is causing management to be better trained and provide the diligence and oversight around the controls that should be exercised, they do that. That's why in our thin report, the November report, we mentioned that there were a number of situations where management did not carry out their oversight that they should have carried out. The control or the process systems were designed for the oversight, and they were not doing the job that they should have. Therefore, we report on it.

Mr. Dunford: People do read the *Edmonton Sun*. Thank you.

The Chair: Thank you.

There are three members still who are on the list for questions, Mr. Dunn. At this time I would now ask them to read their questions into the record, please, and if you could provide, through yourself or your staff, a written answer through the committee clerk to all members, we would be very grateful.

We'll start with Mr. Chase. Your questions, please, and if you could be brief.

Mr. Chase: Thank you. I'm referencing page 143 of volume 2. On page 143 of volume 2 you reference the Calgary Courts Centre. You state that the department "could improve the overall analyses provided to decision makers by . . . developing a reasonable range of costs based on the precision of the design information used to prepare the Public Sector Comparator." Considering that a major design change took place which eliminated the aboriginal court, what improvements did you suggest?

Secondly, in the third bullet on page 143 you note the need to improve "defining when a shadow bid is appropriate." Considering that the project wasn't rebid but simply handed off, why wasn't a shadow bid considered appropriate for the courthouse?

The Chair: Thank you.

Mr. Strang, please, followed by David Eggen.

Mr. Strang: Thank you very much, Mr. Chairman. To Mr. Dunn, I guess just a couple of quick ones. It's on your volume 2, page 84, where you're talking about a water drilling area there under recommendation 28. Being that we're looking at water as a lot better substance than we've done before, I'm just wondering where we're at on really making sure that Alberta Environment is registering all these and possibly the usage of them because we don't monitor that enough. I know there are some communities that are working on aquifers, and, you know, we need to have that monitored better.

Then on page 87, recommendation 29. We've got a huge amount of contaminated sites here in our province and in a lot of small rural communities too. I'm just wondering: what kind of recommendations are you looking to see on that aspect? I guess the other thing I'd look at: some of the large oil companies, rather than moving ahead and doing anything on them, are just leaving them there and paying the taxes. It's becoming quite a burden on quite a few of the smaller rural communities.

Thank you.

The Chair: Thank you.

Mr. Eggen, please.

Mr. Eggen: Yes. Thanks. I guess that in the spirit of looking for particular Auditor General questions, across all of the ministries on the revenue side I would like to ask what your assessment is of where we are not collecting revenues as outlined in programs in the biggest possible way. Where are we failing to capture revenues that we're meant to be capturing across all ministries and departments?

Thank you.

The Chair: Is that it, Mr. Eggen?

Mr. Eggen: That's it.

The Chair: Thank you very much. That concludes this portion of our meeting. On behalf of all the committee members I would like to thank the Auditor General and his staff for their diligence this morning.

Mr. Dunn: Thank you very much.

The Chair: I would advise all members that the government's response to the Auditor General's recommendations was circulated through our offices on Monday from the hon. Mr. Snelgrove. Okay?

Now item 5 on the agenda, Other Business. I would like to note that members received the list of boards, agencies, and commissions from the government of Alberta's 2005-06 annual report, and we had a motion tabled at the last meeting, March 14. It was moved by Mrs. Forsyth that the Capital health region and the Calgary health region be scheduled to meet with the Standing Committee on Public Accounts on Wednesday, September 12, 2007.

Mr. Cenaiko: I'm wondering if there's an opportunity to have one of the smaller health regions attend as well.

The Chair: We certainly have many tentative dates for both September and October, and it's up to the will and the direction of the committee.

Mr. Cenaiko: Well, there might be an opportunity to look at, for example, East Central.

The Chair: Yes.

Now, the motion was tabled. The motion was provided to the committee by Mrs. Forsyth. If someone would like to move it on her behalf, they're very welcome to do so.

Mr. Rodney: For the purposes of discussion I would be very happy to move on behalf of hon. Mrs. Forsyth.

I do have a question of clarification for the chair, though. I was of the understanding that this would be part of a larger discussion of all of the boards, commissions, and agencies. I wondered if that was going to happen now or at another time. Do we entertain this motion and then entertain other motions as to which groups we might see on what day? How, exactly, would you like to proceed?

The Chair: It's at the will of the committee. If you want to go through the list and if there are people you're interested in having appear before the Public Accounts Committee, please proceed. There's a long list there.

Ms DeLong: Two organizations that I'd like to see are the Agriculture Financial Services Corporation and the Alberta Gaming and Liquor Commission. Those are two that I'd be very interested in seeing: AFSC and AGLC.

The Chair: Okay.

Are there others? Mr. Cenaiko, East Central health region?

Mr. Cenaiko: Mr. Chair, if we're going to see the two large ones, I think we'd like to see maybe one of the small ones as well.

Mr. Prins: This would not have anything to do with the current controversy because we're looking at last year's report.

Mr. Cenaiko: No, no. Just looking at efficiencies within a smaller health region.

Mr. Rodney: I would certainly like to see the largest school boards, perhaps Edmonton and Calgary, public and separate – they're on the list – and maybe a small one, like hon. Mr. Cenaiko has said, just so that we keep them on their toes.

Mr. Cardinal: Very briefly, just for information on the whole discussion on meeting with the boards and commissions. It's my understanding that there may be a review of the boards and commissions by the government. If that happens, some of these could change or be gone. Maybe it would be a little premature to jump into actually starting to meet with the big ones, excluding health, of course. A lot of the others may not be around or may be different.

Mr. Dunford: Just on the school boards there's a bigger evaluation that's going to be made on those folks in the third week of October this year. Why would we be calling them in in September and October? I mean, they're going to be in an election campaign.

The Chair: We could certainly call in the staff which remains: the administrators and the officials who run the day-to-day operations of those respective agencies outside of the municipal election period.

Mr. Dunford: Okay.

Mr. Chase: While we're discussing bringing in health regions, I know that the Wood Buffalo region has experienced a great deal of difficulties in terms of retaining medical staff. Possibly, by looking

at their efforts to recruit, we could support them in that endeavour. So I would suggest the Wood Buffalo health region.

The Chair: Okay. We're already getting quite a list here.

9:50

Ms DeLong: I also have another proposal. I'd like to see one of the large PDD boards.

The Chair: Okay. So we have to make some decisions now. Are there any other speakers? Ivan, I apologize.

Mr. Strang: Apology accepted. What I was looking at is that we should look at a university, a college, and a tech school.

The Chair: Okay.

Mr. Prins: I wonder if we could get some advice from the Auditor General once again about the timing of their reports in relation to the health regions and maybe some of the other larger agencies.

Mr. Dunn: What you would want to do as a group is step back as to: what are you trying to achieve? What is your objective? This committee is to ensure that the dollars are used efficiently, effectively in the public sector. I think you want to look at the ones that incur the largest dollars of expenditure that also have a responsibility to Albertans in a representative manner. So if you looked at a very large RHA, you would get a number of questions answered that would be representative of what other RHAs are going through.

Clearly, the largest Crown corp in the province of Alberta is, first and foremost, Alberta Treasury Branches. ATB is a financial institution of \$20 billion. It is supervised by a board of directors, and it just recently hired a new CEO. That is a very large financial institution.

The next two biggest ones are the Calgary health region and the Edmonton Capital health region, each of which has a budget of approximately \$2.9 billion. One per cent of that, if they are out by that amount, is \$30 million a year.

The next ones, of course, are the two largest universities, the University of Alberta and the University of Calgary. Each of them now today has a very large research budget of approximately \$450,000 and has an aggregate flow of dollars, including tuition and government funding, of approximately \$1 billion.

Those are your largest entities, and those are the ones that are providing the greatest amount of service to Albertans but also requiring the greatest amount of support from the public-sector resource allocation. If you're looking at those as representative of the budget requests, then you're probably having more impact.

To go at something – and I'll pick up on a PDD. That might be in isolation and wouldn't be representative of a greater need. You might get your questions answered through the ministry that is responsible for supervising PDDs. PDDs spend approximately \$600 million a year, about that, whereas when you're looking at a large RHA or something, that's \$2.8 billion. So you want to ensure that your objectives are being achieved rather than just hit and miss at a different institution.

Picking up on Mr. Strang, if you looked at one of the postsecondary institutions in addition to a university, you would probably get a representation as to what are their challenges. And whether it be a technical institute, NAIT or SAIT, or one of the large colleges, Mount Royal or Grant MacEwan, you're probably going to get a representative there who can speak on behalf of what that whole sector is undergoing.

The Chair: Harry, then Mr. Dunford, and then Mr. Cenaiko. If you could be brief, please.

Mr. Chase: Yes. I just want to follow up on both Mr. Strang's and the Auditor General's suggestions. Could we potentially look at the University of Calgary? For support reasons, obviously, because I'm concerned, being the representative for the university, that it receive the greatest amount of support possible.

Mr. Dunford: I respect the comments of the Auditor General about PDDs, but numbers hide facts, and while the budget might be small, it probably has the highest per capita spending of any jurisdiction in the province at approximately \$50,000 a client. So I would think that that might change our view on something like a PDD.

The Chair: Thank you.

Mr. Cenaiko: I'd agree with Mr. Dunford on his last comment regarding PDD. I think it'd be excellent. Then you could remove the request for a smaller RHA. My concern – and maybe the Auditor General can help here – is that two-thirds of the population of Alberta is covered by two regions, and one-third of the population is covered by an additional seven regions. That's the concern that I have.

The Chair: Thank you.

Ms DeLong: In terms of ATB, even though it does have a large budget, we don't as a government, you know, provide money to them.

Mr. Dunn: Correct. They're self-sustaining.

Ms DeLong: Yeah. So I don't know. I've never been really concerned about them because of that. They seem to be very much arm's length. So I'm wondering: are you concerned about ATB, and is there some work you think we can do there?

Mr. Dunn: No. I raise it because of the size of the entity. In respect to what are the largest Crown corporations, it is the largest Crown corporation.

Ms DeLong: Okay.

The Chair: Thank you.

Now, we have a very long list here of potential agencies and boards and commissions to appear before the Public Accounts Committee. But, first off, if we could deal with the motion that was tabled last week. We're hopefully going to deal with that. The clerk needs some time to get these meetings organized. We have Wednesday, September 12, 2007. If we could deal with this date first, please, we would be very grateful. We will start getting that organized because it takes some time to get these meetings organized. If we could deal with Mrs. Forsyth's motion first.

Mr. Prins: Just a quick question. On September 12 will we have enough information to check their reports for last year?

Mr. Dunn: The RHAs may have made public their annual financial information to March 31, 2007. They may have made public by that time the current fiscal year's results. You will probably not by September 12 have the ministries' annual reports. Those normally are not delivered until September 30.

The Chair: We're going to vote on that motion, but first we're going to get the clerk to read it into the record.

Mrs. Dacshyn: Moved by Mr. Rodney on behalf of Mrs. Forsyth that

the Capital Health Region and Calgary Health Region be scheduled to meet with the Standing Committee on Public Accounts on Wednesday, September 12, 2007.

Mr. Rodney: Can we clarify one word of the Auditor General?

The Chair: Sure.

Mr. Rodney: Did you say "may" or "will" have had the report?

Mr. Dunn: It is up to them to release it. We have normally finished the audit by the end of June.

Mr. Rodney: Okay. My concern is time, and I don't want to rush it. I believe we should see these two groups. I'm not positive about the date. If we're quite safe in having it by September 13, I'm all for it.

The Chair: Okay.

Can I have a vote on that motion, please?

Hon. Members: Agreed.

The Chair: Thank you very much.

So we will proceed with that. We will get a list and some tentative dates for meetings in the rest of September and October and report back to you before the next meeting. Is that fair enough?

Mr. Cenaiko: Mr. Chair, the June 27 meeting: is that a go?

Mr. Prins: No. That's if we're in session. If we're not, then we're done.

Mr. Cenaiko: So if we're not in session, we're not going to use that date?

Mr. Prins: We're going to be golfing on that date if we're not in session.

Mr. Cenaiko: Okay. I just wondered if we were going to use that date or not.

Ms DeLong: I'd be interested in using that date. We've already said that, you know, in July and August we're not going to be meeting, so I'd be prepared to put forward that we do meet in June regardless of whether we're in session. Not necessarily with the minister, but certainly I'd be really happy to use that date for something else if there is no minister. I don't know.

10:00

The Chair: Scheduling would be very, very difficult. The length of the budget debate – we would have no control over when the session would end, and getting an agency or a board or a commission here on short notice is not impossible, but it would be difficult.

Mr. Cenaiko: I think it's scheduled for the Solicitor General, and there probably would be some better questions raised with some of the other commissions or bodies. If we agreed to attend on the 27th, I think there's an opportunity now because we're still giving them three months' notice.

Mr. Prins: You're suggesting that we just stick with the schedule exactly the way it is?

The Chair: Well, that's fine. Yeah.

Mr. Rodney: Why don't we revisit it a little later?

The Chair: We can do that, if you wish.

Mr. Cenaiko: We can do him later. I'm just saying, there are three pages of bodies here, and I think we might have better use of our time with an agency versus the Solicitor General on June 27.

The Chair: Okay. Well, the chair and the vice-chair will be available after question period any time in the lounge. If you have any directions, just let us know, and we can have a brief discussion on that at our next meeting.

The chair appreciates the fact that we now have a motion to

formally invite the two respective health authorities here in mid-September. The other dates in September and in October: we will get those organized and present them to you at the next meeting, and hopefully we can get this organized so that we can give them lots of time to prepare for their meeting with us. Is that fair?

Hon. Members: Agreed.

The Chair: Okay. I would like to thank you. I would like to remind you that the date of the next meeting is Wednesday, April 4, 2007, and we're meeting with the director of capacity development of the Canadian Comprehensive Auditing Foundation, Mr. Geoff Dubrow, and I think that will be a very informative meeting for the members. I'm certainly looking forward to it.

May I have a motion to adjourn, please?

[The committee adjourned at 10:02 a.m.]

