



Legislative Assembly of Alberta

The 27th Legislature
Third Session

Standing Committee
on
Public Accounts

Service Alberta

Wednesday, November 17, 2010
8:30 a.m.

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Third Session**

Standing Committee on Public Accounts

MacDonald, Hugh, Edmonton-Gold Bar (AL), Chair
Rodney, Dave, Calgary-Lougheed (PC), Deputy Chair

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Calahasen, Pearl, Lesser Slave Lake (PC)
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Elniski, Doug, Edmonton-Calder (PC)
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Griffiths, Doug, Battle River-Wainwright (PC)
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Department of Service Alberta Participants

Althea Hutchinson	Executive Director and Senior Financial Officer, Strategic Planning and Financial Services
Paul Pellis	Deputy Minister
Kate Rozmahel	Assistant Deputy Minister, Enterprise Services
Janet Skinner	Assistant Deputy Minister, Registries
Maureen Towle	Executive Assistant to the Deputy Minister

Auditor General's Office Participants

Merwan Saher	Auditor General
Jeff Dumont	Assistant Auditor General
Ed Ryan	Assistant Auditor General

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8:30 a.m. Wednesday, November 17, 2010

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Standing Committee on Public Accounts to order, please.

I would advise our guests that they do not need to operate the microphones as this is taken care of by *Hansard* staff. Of course, our meeting is recorded by *Hansard*, and the audio is streamed live on the Internet.

We will now quickly go around the table and introduce ourselves. I'm Hugh MacDonald from Edmonton-Gold Bar, followed by the hon. Member for Calgary-Lougheed.

Mr. Rodney: Calgary-Lougheed. Thank you very much, Mr. Chair. Welcome, everybody. Dave Rodney.

Dr. Massolin: Good morning. I'm Philip Massolin, committee research co-ordinator, Legislative Assembly Office.

Mr. Dallas: Good morning. Cal Dallas, MLA, Red Deer-South.

Mr. Fawcett: Hello. Kyle Fawcett, Calgary-North Hill.

Mr. Griffiths: Doug Griffiths, Battle River-Wainwright.

Mr. Kang: Good morning, everyone. Darshan Kang, Calgary-McCall.

Mr. Chase: Good morning. Harry Chase, Calgary-Varsity.

Ms Towle: Good morning. Maureen Towle, Service Alberta.

Ms Skinner: Good morning. Janet Skinner, ADM, registries division, Service Alberta.

Ms Rozmahel: Good morning. Kate Rozmahel, ADM, enterprise services, Service Alberta.

Mr. Pellis: Good morning, everyone. I'm Paul Pellis. I'm the deputy minister of Service Alberta.

Ms Hutchinson: Good morning. Althea Hutchinson, senior financial officer, Service Alberta.

Mr. Dumont: Good morning. Jeff Dumont, Assistant Auditor General.

Mr. Ryan: Ed Ryan, Assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Ms Calahasen: Pearl Calahasen, Lesser Slave Lake.

Mr. Elniski: Doug Elniski, Edmonton-Calder.

Ms Rempel: Jody Rempel, committee clerk, Legislative Assembly Office.

The Chair: Thank you.

Could I please have approval of the agenda that was circulated? Yes. Moved by Mr. Chase that the agenda for the November 17,

2010, meeting be approved as distributed. All in favour? Seeing none opposed, thank you.

Item 3 on our agenda, approval of the minutes of the November 3, 2010, meeting. Mr. Chase, you're such a good student. Thank you. Moved by Mr. Chase that the minutes for the November 3, 2010, Standing Committee on Public Accounts meeting be approved as distributed. All those in favour? Seeing none opposed, thank you very much.

Of course, we come to item 4 on our agenda, our meeting with the officials from Service Alberta. We will be dealing with the Auditor General's reports from April and October of 2010, the annual report of the government of Alberta consolidated financial statements, and, of course, the annual report from Service Alberta from 2009-2010. I would ask Mr. Pellis, the deputy minister, to make a brief opening statement, but before you do that, sir, I would like on behalf of the committee to recognize that you were summoned to this committee on very short notice. We appreciate not only your patience but also your staff's in preparing so quickly for our meeting this morning. Thank you very much.

Mr. Pellis: Thank you, Mr. Chairman. It's a pleasure to have this opportunity today to appear before the Public Accounts Committee. First of all, I want to talk about our vision for Service Alberta, which is one government, one enterprise, one employer. I think, as you'll see from the reports that we're reviewing today, that we've achieved that in many different ways.

A few of our accomplishments in 2009-2010 included the following. For the first time in a one-year period our contact centres at Service Alberta received over 1 million calls from the public. At our Queen's Printer we enhanced our free public access to Alberta's acts and regulations via the Internet. For the three-month period from January to March 2010 information on the Queen's Printer website was accessed approximately half a million times. We handled more than 17.4 million transactions through our various registry services. This included 7.9 million through motor vehicles, 5.8 million through land titles, 1.7 million through the personal property registry, 1.5 million through the corporate registry, and just over 500,000 through the vital statistics registry.

We expanded the residential tenancies dispute resolution service, which is RTDRS for short, to central Alberta during this period. During 2009-10 we received over 7,000 applications and heard about 6,000 disputes. RTDRS continues to be a success, providing a tremendous benefit to landlords and tenants by giving them both an easy and inexpensive way to have their disputes resolved. This program also significantly reduces the amount of court time spent on landlord and tenant matters.

It's also worth noting that Service Alberta received several awards during this fiscal year. We received a 2009 gold Premier's award of excellence for the Personal Information Protection Act review. We received a 2009 gold Premier's award for the residential tenancies dispute resolution service project, a 2010 gold Premier's award for the programs and services website, and a 2010 silver Premier's award for the GOA service desk implementation project. We also received a 2010 silver Premier's award for the IMAGIS version 9 upgrade project. This project, in particular, highlights Service Alberta's vision of one government, one enterprise, one employer. The project touched every single member of the Alberta public service with the change to biweekly pay and the introduction of a corporate online time management system. These are just a few of the accomplishments of the ministry in 2009-10. Additional achievements are outlined on page 4 of our annual report.

With respect to the audit reports we continue to have a strong and excellent working relationship with the Auditor General's office, and

we value the work that is completed because of that relationship. In April of 2010 the Auditor General reported his findings for the audit of the land titles registration system. In response to this report the ministry has increased its focus on providing education and awareness programs to financial institutions in Alberta to help prevent mortgage fraud.

Since the Auditor General made his recommendations in 2008 regarding protecting information assets, Service Alberta has taken several steps to address his recommendations. We've established a corporate information security office. The office is responsible for the development and implementation of government-wide information security programs. In partnership and collaboration with other ministries the corporate information security office works towards strengthening government-wide security, protocols, and standards. Our strengthened information security directives and policies reflect international best practice standards. We've established controls for the surveillance and monitoring of the GOA-shared information technology environment.

In his October 2010 report the Auditor General acknowledged the work completed by Service Alberta and indicated that progress has been made on 11 of our 12 recommendations.

Security is a continuous process which requires ongoing updates and improvements to stay ahead of potential threats that are emerging all the time. Just as an example, in October of 2010 alone our system stopped more than 69 million spam e-mails and e-mails containing viruses or malicious software. That's just in one month. The fact is that more than 94 per cent of all e-mail coming into the government is spam. As well, in 2009 we completed and reported on a vulnerability web application assessment of approximately a thousand web apps across 24 ministries. Ministries have advised us that all vulnerabilities identified in our assessment have now been analyzed and corrected.

We must be continuously diligent in strengthening and monitoring website security as the potential for and types of threats continuously change. While the ministry continues to update the security protocols to address these threats as they appear through the corporate information security office, we are also exploring additional options to add more layers of security. Service Alberta recently participated in the release of the Service Alberta supports portal program and services website, which, as I noted previously, won a gold Premier's award of excellence. This website is protected by a new form of perimeter protection. Should this new technology prove effective, there are plans to place other high-profile websites inside this layer of protection.

Education also plays a vital role in creating a safe web environment across government. Service Alberta continues to engage ministries in the review of the security protocols for all of their web pages. By jointly developing techniques and countermeasures, Service Alberta and other ministries successfully combat web-based threats.

The credit for our success in the midst of challenges facing the province goes to all the dedicated and hard-working staff in our ministry. I'm continually impressed by the professional and skilled team of employees that we have, and together we are accomplishing great things for the government of Alberta and the people of this province.

Thank you, Mr. Chairman. We look forward to your questions.

The Chair: Thank you very much.

Mr. Saher, do you have any comments at this time?

Mr. Saher: Yes. Thank you, Mr. Chairman. Jeff Dumont will make our opening comments.

Mr. Dumont: Mr. Chairman, on page 73 of our October 2010 public report, under the title Protecting Information Assets, we reported the results on 12 recommendations that we made to the Ministry of Service Alberta in our April and October 2008 reports. These recommendations related to the IT control framework and IT security. Service Alberta implemented two of the recommendations and made satisfactory progress on nine of these recommendations. We repeated one recommendation on page 78,

that Service Alberta, in conjunction with all ministries and through the Chief Information Officer Council, develop and implement well designed and effective controls to ensure all Government of Alberta web applications consistently meet all security standards and requirements.

We found no evidence that Service Alberta was monitoring for compliance with the security directives.

8:40

Also, in our 2010 public report, on page 189, we recommended that Service Alberta strengthen its control over granting user access to its motor vehicle systems.

On page 110 in our April 2010 public report, under the title of Land Titles Registration System, we recommended that

Service Alberta improve its ability to detect fraudulent transactions and mitigate the risk of property fraud by:

- conducting regular analysis of land title data for suspicious transactions
- using the results of data analysis to focus investigations and prosecutions
- providing information about suspicious activities to [Service Alberta] staff to assist them in the exercise of their new legislative authority.

The list of all of our priority recommendations for Service Alberta begins on page 225 of our October 2010 public report. Thank you.

The Chair: Thank you very much.

We will now go to questions from the members. We'll start with Mr. Kang today, followed by Mr. Fawcett.

Mr. Kang: Thank you, Mr. Chair. In 2002 a select special committee of the Legislative Assembly recommended tightening up access to personal information held in a motor vehicle registry. The access to motor vehicle information regulation was enacted in 2004 to put an end to the uses that were considered unacceptable. In his October 2010 report, page 189, the Auditor General recommended that Service Alberta strengthen its controls over granting access to the motor vehicle information system. The AG is concerned that the department does not check that an individual is authorized to request information. Given driver's licence information is commonly used for fraudulent purposes, could you explain why the department staff do not check that a person requesting information from the motor vehicle registry is authorized to receive that information?

Mr. Pellis: First of all, I'd like to say that since the original recommendations have come out, we've made significant progress in this area. We've introduced some new technological changes. I'll ask the registrar for the province of Alberta, Janet Skinner, to supplement my response.

Ms Skinner: Service Alberta has updated its procedures. We continue to update our procedures. The findings of the Auditor General that were reported have been addressed. It was an issue of being, perhaps, a little too comfortable, knowing who the requester was and not checking all of the validations. But those processes have since been streamlined, and more stringent processes are now in place.

Mr. Kang: Thank you. My supplemental should probably shed more light. Given that AMVIR permits 20 different kinds of disclosures, including disclosures to parking businesses, private investigation firms, the Insurance Crime Prevention Bureau, and researchers, can you explain what monitoring is in place to ensure that the disclosures are for authorized purposes only, and what sanctions have been used to ensure compliance with the regulation?

Ms Skinner: I will have to provide a written response on the issues of any actions that have been taken for noncompliance, but there is a contract that is signed and put in place with each one of these stakeholders that receive the information in advance that clearly specifies the intended use and disclosure of the information. Until those contracts are signed, no information is shared.

Mr. Kang: Thank you.
Thank you, Mr. Chair.

The Chair: Mr. Fawcett, please, followed by Mr. Chase.

Mr. Fawcett: Thank you, Mr. Chair. I want to go to the Auditor General's report on page 78 – the Auditor General referred to it – indicating that there was no evidence of monitoring for compliance with security directives from the previous Auditor General's report. My question is: what is Service Alberta doing to address this particular issue on this outstanding recommendation? I know you mentioned, I think, part of it in your opening remarks, but I would like a little bit more information. You mentioned that you had set up a particular office or something. Can you elaborate on that, please?

Mr. Pellis: Sure. I'm going to ask Kate Rozmahel, who's the chief information officer for the government of Alberta, to answer that.

Ms Rozmahel: Thank you very much. In 2008 we organized a new chief information security office and hired a chief information security officer. He and his staff put in place the security protocols and policies for the government of Alberta. At the same time each ministry put in place a ministry security officer. This community of individuals has been working through the implementation of those policies across the government of Alberta.

Starting this year, we have begun the review of the plans from each ministry security officer to see how they have in fact worked through the implementation of these policies, including the website reviews. We will be reviewing those and reporting back any discrepancies and asking the ministries to report the remediation actions going forward to correct their activities.

Mr. Pellis: I just want to supplement that briefly. There is a lot of, I think, momentum being built across all departments to ensure that we do fully comply with the web security. Nobody wants to see a breach. I think that Kate and the CIO Council have made a significant amount of progress in this area, and work continues. Certainly, I just want to be clear that there is a strong desire here and a strong willingness on the part of all departments to ensure that we're fully compliant.

Mr. Fawcett: Mr. Chair, my supplemental question. You know, obviously we're dealing very specifically with web application controls here. Are you aware of any security breaches as a result of these two Albertans' information?

Ms Rozmahel: I'm pleased to report that we have not identified any security breaches at all in the last two years having to do with our technology infrastructure and our web applications.

Mr. Fawcett: That was in the last two years, you said?

Ms Rozmahel: Correct.

The Chair: Thank you very much.

The chair would also like to recognize Mr. Anderson and Mr. Benito. Thank you for attending this morning.

We will now proceed to questions from Mr. Chase, please, followed by Mr. Dallas.

Mr. Chase: Thank you very much. There's an expression about being worth its weight in gold. If we were to weigh this annual report, take off the front cover and the back cover, we'd lose half the weight. I'm concerned about the lack of depth in reporting, and my questions have to do with that.

I'm entitling this first section survivor service after the purge, access and privacy unit, Freedom of Information and Protection of Privacy Act. In 2009 Service Alberta's business plan included the goal of providing support to the whole government and to the public sector generally for the administration of the FOIP Act. There were two performance measures relating to FOIP requests. The business plan for 2010 still refers to the broader corporate goal, but the FOIP performance measures are gone. The annual report for 2009-10 narrowed responsibility for access and privacy to Service Alberta only. Now that Service Alberta has eliminated most of the positions in the office responsible for the FOIP Act and PIPA, would you explain what role Service Alberta is going to take in the future in administering the FOIP Act across government? I'm thinking of things like cross-ministry information, sharing initiatives, policy development for the administration of the act, and FOIP training, a particular concern of committee members during the recent review.

Mr. Pellis: With respect to the questions on performance measures I'm going to get Althea Hutchinson, our senior financial officer, to provide the responses to that. Then I'll deal with the second part.

Ms Hutchinson: Thank you. In terms of performance measures what you find over time is that there is sort of an evolution. So what we have found in terms of the FOIP ones is that the target that we have, which I think is 90 per cent, we've consistently beat. We beat those targets. We've been hitting at 95, 96. When we were putting together the business plan, we made a conscious decision within the ministry about: do we need to review our performance measures? Do we need to be looking at different ones that would more accurately reflect the business that we're in? We've achieved those targets, so what we're actually doing right now is that we're in the process of reviewing to see if we can't come up with better targets and look at our goals to make sure that, you know, we are stretching ourselves a bit.

8:50

Mr. Chase: Of course, my concern is that transparency and accountability for this government are further being eroded, and staff cuts can't be helpful in that process. It was noted during the recent review of the FOIP Act that Service Alberta was unable to provide knowledgeable staff to assist the review committee by answering questions about the act. The committee has now made a number of recommendations. Can you explain how Service Alberta will be able to deal with the committee's recommendations now that it has almost disbanded the access and privacy unit?

Mr. Pellis: Mr. Chairman, I guess I would first ask for your indulgence. Is that a question that's appropriate for this committee?

The Chair: That certainly is. Please proceed, sir.

Mr. Pellis: It is?

The Chair: Yes.

Mr. Pellis: Thank you. First of all, I do not know where the comment comes around about the dismantling of the office. I think we have an excellent office with excellent staff, who continue to provide good service across all areas of the GOA. Right now I understand that the report was tabled in the Legislature, I believe, if not yesterday, the day before. Our staff with the minister are in the process of reviewing that report right now. I have no concerns about being able to implement any recommendations that may be approved in the Legislature.

Mr. Chase: Thank you.

The Chair: Mr. Dallas, please, followed by Mr. Kang.

Mr. Dallas: Thank you, Mr. Chair. I'm looking at page 106 of the Auditor General's April report. It speaks to the Auditor General identifying patterns in the land titles data system, and they draw the conclusion that there may be indications of mortgage fraud. What has your department done in terms of a follow-up to actually determine if there were any cases of fraud?

Mr. Pellis: First of all, mortgage fraud is something that is dealt with with the lender and the jurisdiction that has responsibility for the lenders, which is predominantly the federal government. Our role is predominantly to deal with issues around title fraud, which is what the Torrens system is intended to do. In terms of trying to mitigate and minimize mortgage fraud, we have looked at education with financial institutions to try and address this problem.

I'll get Janet to supplement with a bit more detail as well.

Ms Skinner: In following up with the 30 files that the OAG presented to us, we've completed an investigation of half of those. In half of those we have found instances of mortgage fraud. We have not found any instances yet of title fraud. We've invited the Auditor General to come back and work with us, see how our results impact their recommendation, where there might be an opportunity to better understand the issues being raised because of the distinction between mortgage fraud and title fraud. As I said, we did identify three clear cases of mortgage fraud. One of them included lawyer activity.

So there are certain things that we can do. There are certain things that are beyond our responsibility and our mandate under the Land Titles Act, so we just continue to work with the lenders. We've made our information available to the lenders should they choose to use it to try it and mitigate the opportunity for fraud.

Mr. Dallas: Okay. I appreciate that you've dealt with the 30 files that the Auditor General's office presented to you. What work have you done with the Auditor General's office or internally in terms of the department's ability to identify files that would be suitable to review in the same manner that the Auditor General's office surfaced 30 files for you? Is there an internal process now whereby on an ongoing basis you're identifying those files?

Ms Skinner: I think it's important to understand that when the title comes to land titles for registration, the money has already exchanged hands in many cases, so the opportunity to prevent the

mortgage fraud has passed. Whether the lenders want to receive that information from us and what they do with it is their decision, not our decision. We also have issues around privacy. We've had conversations with the banking association representatives to talk about the opportunity to exchange information, and there's still a nervousness around privacy issues.

So we continue to make our information available to them. We continue to work with them on education and awareness of opportunities, but that's where we currently draw the line, and that's why we want to have more conversations with the office of the Auditor General.

The Chair: Thank you.

Mr. Kang, please, followed by Ms Calahasen.

Mr. Kang: Thank you, Mr. Chair. My questions are about security. Service Alberta is responsible for security of the government's IT systems, which house large volumes of highly sensitive and confidential information. Much of it is personal information that must be protected under the privacy legislation. In 2008 the Auditor General reported on IT security in Service Alberta. The Auditor General's 2010 report repeats the recommendations made in 2008 to ensure the security of web applications. The report notes that the department showed no evidence of compliance with its own security directives, page 78. Your message from the minister in the latest Service Alberta annual report highlights the establishment of a chief information security office, so why is there no evidence of compliance with the security directives?

Ms Rozmahel: Thank you. I think it's important to note that the program that we've put in place for security has really evolved from being a very reactive program to a proactive approach to security. We've worked on three different aspects. We've worked on the prevention and the detection of issues coming into our environment, we are working on changing end user behaviour in the ministries, and we're also taking a look at incident response and investigations. We have made, I think, very significant progress in that regard, and I think we have probably one of the stronger programs in the country when it comes to security.

With respect to web applications last year we did a complete review of all the web applications across the government, identified all of the issues, and had the ministries work through and review all of those and report back that they had successfully completed doing so.

Our next step now is to continue to monitor and ensure ongoing compliance with those directives. I believe that is the concern that the OAG has brought forward, and I think it's a legitimate concern that we need to work through. What I am suggesting is that the build-out of a strong community of ministry security officers in the ministries is the strength of our program, and it's those ministry security officers that are working closely with us to demonstrate that they, in fact, are complying with the regulations and the directives.

Mr. Kang: Thank you. My supplementary. The AG's annual report mentions several times that progress in the area of security has been delayed by the availability of resources. That's on pages 73, 74, and 76. Did your decision to eliminate so many positions in the IT and privacy areas of the department compromise Service Alberta's ability to meet its obligation under the legislation and the policy?

Mr. Pellis: No, it did not. In fact, a lot of the changes that occurred in the IT environment were a result of moving to an enterprise model for the delivery of desktop services, the delivery of service desk

services, and the delivery of main frame services. In no way did we compromise any of the areas around security. In fact, as we indicated, those areas were strengthened, and more resources were put on the table, both staff resources and contracted resources.

The Chair: Thank you.

Ms Calahasen, please, followed by Mr. Chase.

Ms Calahasen: Thank you, Mr. Chair. First of all, I want to commend Service Alberta. It has been one of the excellent departments in getting information and making sure that we get it in a fast way. I just want to say thank you publicly for all the work that your department does, and I hope that I can get some answers today.

On page 107 of the April 2010 Auditor General report it states that a principle under the Torrens system is the insurance principle, and it talks about: "The province guarantees the accuracy of the registration. If an individual loses interest in land due to error or fraud, they will receive compensation." Then on the next page, page 108, it also states that "since April 2005, annual fund payouts have ranged between \$4,000 and almost \$700,000 a year." My question is: what's the number of claims per compensation, and what is the total amount paid out for those claims since April 2005?

Ms Skinner: The most number of claims paid in any one of the last five years is four, the average is three, and the lowest is one. In 2009-10 we had one claim totalling \$3,000. In 2005-06 we had three claims, and the combination of those claims was \$3,000. The next three years – 2006, 2007, and 2008 – we had three, three, and four claims totalling \$140,000 the first year, \$691,000 the second year, and \$374,000 the third year.

9:00

Ms Calahasen: Then my second question is: how do you fund these claims that have occurred since April 2005?

Ms Skinner: Under the tariff and fee regulation that addresses land titles, there is a regulation that requires that 10 per cent of the land title fee that is paid goes towards paying any assurance claims that are made and 90 per cent goes to the performance of the land title business. That money all flows through the general revenue fund.

Ms Calahasen: Oh, I see. Okay. Thank you.

Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Chase, please, followed by Mr. Fawcett.

Mr. Chase: Thank you. My second question in the survivors service series. The deputy minister has suggested that it's business as unusual, and the Premier continues to award gold and silver participation ribbons. In the current ministry's business plan, page 234, Service Alberta defines its core businesses by client groups, that it is providing services to Albertans and providing services to government. The elimination of over 400 positions in Service Alberta has undoubtedly affected the department's ability to provide services. In fact, it has been reported that some clients are now referring to the department as no-Service Alberta. Could you first explain why Service Alberta was targeted for by far the most extensive cuts across government?

Mr. Pellis: I think that the drivers behind the approach that we took in our 2009 and 2010 budgets were around driving standards and driving enterprise services across government. I think you heard an

excellent example from Kate today, talking about the work we've done on security, the work we've done on where vulnerabilities are. You look at Janet's conversations about land titles. There have been some staff cuts in land titles, but those have not been driven simply to cut staff; those have been driven by efficiencies and delivering services in a more standardized enterprise fashion.

The contracts that we've awarded through the private sector for service desk services in our IT world, desktop support services: we're providing at least an equivalent level of service at lower cost and with less resources. So I do not see this as purely a cut; I see this as a way of achieving efficiencies and getting a more standardized delivery of our services across government.

And I must say I have not heard from anyone the comment about no-Service Alberta, but it's certainly an interesting comment.

Mr. Chase: Thank you. I'll have to have the people call you directly, if there's someone at the other end to pick up.

Could you explain the rationale for the cuts to the various program areas and the impact on services in those areas? My concern is that the government is moving more and more to privatization of services, and I'm wondering where the governance and accountability for that privatization is coming from.

Mr. Pellis: I think that I'm going to have Kate supplement that because a lot of the privatization that we've done has been in our IT services. The way you do that is by having a strong contractual relationship with your service providers, and that contractual relationship includes a significant number of service level expectations. I'm pleased to report that to date those service level expectations have been fully met and that the feedback we're getting from our client ministries is that they are receiving a very good level of service, and we're doing it at a lower cost.

I'll ask Kate to supplement that.

Ms Rozmahel: Yes. Thank you. I think the alternative sourcing of the IT services that we've done over the last few years has been absolutely consistent with what you see in other jurisdictions and with other enterprises. What you're seeing inside Service Alberta is really an upskilling of the resources to be more in the area of architecture and project management and business analysis, contract management, very high-end skills that the government takes great advantage of. What we've put into the private sector for servicing really would be those services that are really your commodity-based services: the answering of your helpdesk calls, someone to come out and fix your computer.

So I think Service Alberta has made great strides. By doing this work, though, it allows us to begin to standardize those services across ministries, which I think for an organization is absolutely the right thing to be doing, to behave as one enterprise versus 24 enterprises.

The Chair: Thank you very much.

Mr. Fawcett, please, followed by Mr. Kang.

Mr. Fawcett: Thank you, Mr. Chair. On page 15 of the 2009-10 Service Alberta report it compares Alberta's registration costs with other jurisdictions. It uses an example of a \$150,000 house with a \$140,000 mortgage. Although Alberta's fees are considerably less expensive than the national average, why is a \$150,000 home being used to calculate land title fees given that the average price of a home in Alberta is significantly higher?

Mr. Pellis: The reason is that that is a national standard, and the

house pricing that's arrived at is based on an across-the-board national perspective. It's not a made-in-Alberta performance measure; it's a national performance measure.

I don't know, Janet, if you've got anything else you'd like to supplement that with.

Ms Skinner: No. That's absolutely right. It's a national standard. All across Canada it's a performance measure used by all the jurisdictions.

Mr. Fawcett: Thank you. Mr. Chair, my supplemental question is: why is there such a discrepancy between Alberta's fees and other jurisdictions?

[Mr. Rodney in the chair]

Ms Skinner: The goal of the government is to ensure that Alberta's registration fees are as low as possible. This is, you know, Alberta working very hard to ensure that we achieve that particular target.

The Deputy Chair: Thank you, Mr. Fawcett.

Next on our list – actually, I'll give a little rundown – are Mr. Kang, Mr. Elniski, Mr. Dallas, Mr. Benito, Ms Calahasen, and Mr. Griffiths.

Mr. Kang: Thank you, Mr. Chair. In the Auditor General's report, protecting information assets and follow-up, is IT security compliance for departments. In the AG's follow-up audit on Service Alberta's protection of information assets the Auditor General reports that he cannot confirm that the department is monitoring compliance with IT security objectives in other departments. The AG notes on page 80 that the corporate internal audit services, CIAS, are developing plans to perform periodic audits of ministries. These assessments are to be completed by March 31, 2015. What is Service Alberta doing to monitor compliance with IT security objectives in other departments?

Ms Rozmahel: Thank you. Each year the ministry security officers are required to submit to the corporate information security office their plans for their implementation and compliance against the GOA security directives. Those are tabled in the office. Then the chief security officer and his staff review those reports and test, where appropriate, and then ask the ministries for remediation actions if there are any deficiencies in meeting the directives.

Mr. Kang: Okay. Thank you. My supplemental is: given that the AG's recommendations on this issue are already two years old, do you think it is reasonable to take seven years in all to get these CIAS departmental audits? Is it reasonable to take that much time?

Mr. Pellis: The fact that CIAS is taking as long as they're taking is in no way an indication of the progress that's being made. You have to realize that that office's focus is not just on IT audits; it's in a number of areas. Just based on the timing of their audit scheduling, which is very similar to what the office of the Auditor General does, that's when they're getting to it. That in no way is any indication of the excellent progress that's being made not only in Service Alberta but across all departments. I'm very confident in the results that are going to come out once CIAS does complete their work.

The Deputy Chair: Thank you for that exchange.

Mr. Elniski, please.

Mr. Elniski: Thank you very much. Good morning, Paul. Good morning, everybody else. My question actually revolves around the brief comment you made earlier which had to do with residential tenancy dispute resolution. Now, in a past life I was the executive director of the Edmonton Landlord and Tenant Advisory Board. There always was and, in fact, to this day still is a jurisdictional question with respect to who is the appropriate adviser on matters related to residential tenancies. A number of municipalities operate these types of agencies, and I understand that your department does as well. For the record I'd like clarification as to whether this is a municipal service delivery issue or a provincial service delivery issue. If it's a municipal service delivery issue, how much are you paying them to deliver it? And then why are you doing it yourselves, Paul?

Mr. Pellis: Okay. The service is delivered by the province. We have staff who deliver the service, predominantly in Edmonton and Calgary. The reason the service was established was that right now the main recourse to landlord and tenant issues was the courts. You can appreciate that it ties up a lot of court time. There are probably in some instances very significant delays. What we offered was that if both parties were interested – and I have to be clear that both parties have to agree – we were prepared to undertake a mediation service whereby they would agree that an arbiter would review the situation and render a decision.

9:10

There are some municipalities delivering the service as well, and we welcome that because we think that the more of this sort of situation we can keep out of the court system the better. We're very, very pleased with the success of the program. Landlords and tenants that have gone through it have also indicated almost universally a very positive experience. The results have been very good on all fronts. So the service is being delivered by the province. I do know that there are some municipal jurisdictions that offer it as well, and we certainly welcome that.

Mr. Elniski: Okay. The second supplemental: so there is no direct relationship between the municipal agencies and the work that the province is doing on this file, then?

Mr. Pellis: No, there is not.

Mr. Elniski: Okay. Thank you very much.

The Deputy Chair: Thank you, Mr. Elniski.

Actually, we need to skip down to Mr. Chase, as a matter of fact.

Mr. Chase: Thank you.

The Deputy Chair: Sorry, Mr. Dallas. You're next. Go ahead.

Mr. Chase: Thank you very much. You've talked about contracting out, particularly IT services. I'm wondering what role, if any, Service Alberta had in the IT program failure that prevented 6,000 students attempting to upgrade their education at postsecondary institutions from receiving their cheques for almost four months from the Alberta Works program, which is administered by the Ministry of Employment and Immigration. That was a spectacular failure, and I'm just wondering if your department had anything to do with the contracting out of those services.

Mr. Pellis: No. We were not involved with that system. I believe that system is called Mobius, and Service Alberta was not involved with that.

Mr. Chase: Thank you. Given all the contracting out of services, resulting in a highly depleted ministerial staff, how were concerns initially reported to a contract service provider dealt with in the ministry? In other words, what are the lines of communication? The contract service provider indicates they've received a call. Where does it go from there?

Mr. Pellis: Okay. I'm going to have Kate respond to that question.

Ms Rozmahel: Thank you. We have a central service desk that supports all of the corporate end users that are on our service. All those calls are then ticketed through our automated system and pushed through to the actual service providers, whether they're in-house or outside contractors, for resolution of the ticket.

Mr. Chase: Thank you.

The Deputy Chair: Mr. Dallas, thanks for your patience.

Mr. Dallas: Thank you. I just want to go back to the discussion we had earlier regarding the identification of potential mortgage fraud and the observation that, well, it had happened prior to the transaction being processed and the discussion around disclosure. I understand that you suggested that, first of all, there were privacy issues, that you'd had some discussion. Have you consulted the Privacy Commissioner with respect to the need to disclose the identification of these potential fraud activities?

Ms Skinner: We have had some conversations, but they have been a while ago. It is something we plan on resurrecting again this year. As we work through FOIP and become more familiar with its intentions, we realize there might be a little more latitude there than we originally thought.

Mr. Dallas: Okay. Because I'm sensing that there would be a duty to report regardless of whether it was a government agency or an individual that would be aware of such activities.

I want to go back to the question that I had earlier, that the Auditor General's office surfaced 30 of these files for you to review, and you reviewed them intensively. What process have you in place to identify those types of files proactively as opposed to waiting again until the Auditor General surfaces more files for you to review?

Mr. Pellis: We do spot checks right now as part of our normal business. I think that when you heard the answer to the questions about title-related issues and the Torrens system, you could see that there are very, very few instances of any issues around title fraud. That doesn't mean that we don't do a spot check and an audit. There have been instances in the past where our staff have noted that perhaps there was a fraud being attempted, and we've addressed those directly as well when those instances have occurred. We do plan on continuing to do that spot-checking and working with the office of the Auditor General.

Mr. Dallas: Okay. Thank you.

The Deputy Chair: Thank you, Mr. Dallas.

Ladies and gentlemen, in the tradition of Public Accounts we go back and forth as long as there are questions from both sides, so although I had mentioned that Benito, Calahasen, and Griffiths were next, we will have Kang and Chase in between.

First up, again, Mr. Kang, please.

Mr. Kang: Okay. Thanks. In Service Alberta's annual report for 2009-10 it is reported that the ministry earned \$358 million in revenue from motor vehicle fees and licences. Could you tell us what percentage of the revenue came from the sale of personal information in the motor vehicles registry?

Mr. Pellis: The sale of personal information? I don't believe there was any revenue in there with respect to the sale of personal information. I'll ask Althea as our senior financial officer to supplement. There is a \$61 fee charged for the renewal of licence plates, and I believe it's a \$55 fee for driver's licence renewals. That is what that revenue derives from.

Althea.

Ms Hutchinson: Yeah. None of the revenues are related to that. All of the revenues that are collected are actually collected under regulations, so you could go back and take a look to see the individual ones. There are quite a number of them. There are personal licence plates at about \$185 and the two that Paul mentioned, for example. There are searches that you can do. I think they're \$11 apiece. But all of the fees that are collected are under legislation or through regulations.

Mr. Kang: Okay. Thanks. My supplemental: what does Service Alberta charge private-sector bodies for the information it provides about individual Albertans from their drivers' licences?

Mr. Pellis: I believe that the fee is \$11 per transaction. Is that correct?

Ms Hutchinson: It's \$11 per transaction, and it's governed by regulation.

Mr. Kang: Thank you, Mr. Chair.

The Deputy Chair: Mr. Benito has been waiting for some time. Your turn, sir.

Mr. Benito: Thank you very much, sir. On page 109 of the Auditor General's 2010 report it states that there are various types of property fraud, at least two: title fraud and mortgage fraud. What is Service Alberta's responsibility to reduce or eliminate these types of frauds?

Mr. Pellis: I'll ask Janet to respond to that question.

Ms Skinner: Under legislation, the Land Titles Act, and the supporting tariff regulation the department is fully responsible for cases of land title fraud. Just for clarification, the mortgages that are provided by the financial institutions would be responsible for mortgage practices and any resulting frauds.

Mr. Benito: A supplemental question: aside from the two frauds listed in the Auditor General's report, what is Service Alberta's role in any other types of fraud schemes?

Ms Skinner: The Torrens system that we operate under really is

clear that we are responsible for any title fraud that occurs, that we need to make compensation for any title fraud that occurs, not mortgage fraud.

Mr. Benito: Thank you.

The Deputy Chair: That's it? Okay.

Mr. Chase, back to you.

Mr. Chase: Thank you. As a member of the opposition we're very dependent on FOIP services because although we are elected by Albertans to serve their best interests, our access to information is extremely limited and FOIP costs are very prohibitive. I am concerned, with regard to the number of individuals who have been cut out of the FOIP department, that information that was not timely previously, that did not happen within the 30-day or the 60-day circumstance, will be even harder to receive. Can you provide me with any kind of assurance that FOIP requests will be handled in a timely manner, that the 30-day target is achievable given the reduced staff?

9:20

The Deputy Chair: Just before you answer the question, again, as we all know around the table, questions must indeed involve numbers from last year. So it's up to you, Mr. Pellis, as to how far you go with where we are now and where we go forward, but indeed our concentration in Public Accounts is on accounting from last year.

Mr. Chase: The cuts were made in the past year – this is my concern – in the 2009-2010 year.

Mr. Pellis: Thank you. I've got no concerns answering that question. I think we have an absolutely excellent FOIP team in Service Alberta that delivers services to all departments, and I continue to be confident that unless there are extenuating circumstances that require either the collection of a significant amount of information or doing a significant amount of due diligence with other departments, we are going to continue to comply with the 30- and 60-day requirements. I again want to reiterate that I believe we have an excellent staff on our FOIP team that continue to deliver great services.

Mr. Chase: My second question, then: due to the highly sensitive nature and confidentiality associated with Albertans' privacy, is this FOIP handling completely still within the ministry, or is it one of the contracted services?

Mr. Pellis: There are no contracted services in our FOIP office.

Mr. Chase: Great. Thank you.

The Deputy Chair: Okay. Thank you very much.

Ms Calahasen: I've got a question on the annual report '09-10, page 21, goal 5. It talks about excellence in delivering shared services to ministries and partners, and I see that you have 79 per cent of invoices paid electronically, which is an increase. In the last few years, '08-09 and '09-10, can you tell me what kind of percentage increase to each ministry was a result of shared services?

Mr. Pellis: Althea, do you want to look at that?

Ms Hutchinson: The measure that you're looking at has to do with when we actually process invoices. One of the things that we're trying to do as a government is eliminate the manual handling of invoices. One of the things that we're actually doing right now as a ministry is piloting what we call a P-card project, and the idea there is to sort of promote the use of procurement cards. Procurement cards are incredibly safe. We've got lots and lots of safeguards around it to ensure that they're used properly, appropriately, that we evaluate on a daily basis how those cards are actually used.

What that does, however, is free up people's time so that we're not involved in a vendor sending us an invoice, that invoice going down to an individual, that individual sending it through the mail so that it goes to accounts payable, it being processed, a cheque being cut. So you can see where there's an advantage to the government to actually sort of automate payments as much as possible.

[Mr. MacDonald in the chair]

That's what you're seeing in terms of the increase because there is a conscious decision by this government in order for us to reduce our administrative costs, and that's one of the things that we're looking at.

Ms Calahasen: So that would refer to page 22, which when you look at it, ministry expense by function under Service Alberta, 2008-2009 and 2009-2010, that increase from \$238.4 million to \$224 million. Actually, it's a decrease in some cases and an increase in other areas. I'm just wondering why there would be those increases in some areas and a decrease in others.

Mr. Pellis: Predominantly the decreases that you see result from our continuing to drive standardization and drive efficiency in our process. I also want to point out that from a vendor's perspective they prefer EFTs to manual processing because then it's direct deposit, and their money is put directly into their accounts. As Althea indicated, we've ensured that there are very strong safeguards around that process, and the model works very well. But overall the savings that you're seeing are around the efficiencies and the standardization that have been driven by this department.

Ms Calahasen: Thank you.

The Chair: Mr. Kang, please, followed by Mr. Griffiths.

Mr. Kang: Thank you, Mr. Chair. My question is around the wireless policies and standards, satisfactory progress, directives 5 and 6. In directive 6, "Bundle 6 will encompass all communications across the GoA, including the deployment and surveillance of wireless communications." The Auditor General goes on to say that Service Alberta is to provide "guidance to departments to help them deploy a secure wireless solution." What has been done in that field? Has there been some kind of guidance provided to the departments to deploy secure wireless?

Ms Rozmahel: What we have been working with the departments on is a standardized enterprise-grade wireless solution that can be deployed across their ministries for wireless access. Some ministries have pursued putting in place temporary solutions due to some business requirements and business needs, and they are now working with us to work through how to transition those into an enterprise-grade solution.

Mr. Kang: Okay. What has been done to ensure that wireless solutions are then properly secured and meet the requirements of security directive 6?

Ms Rozmahel: We have over the last two years put in some significant amount of technology to improve our monitoring of both the perimeter of our network and also activity on the network. So I'm very pleased to report that we can determine when something has inappropriately approached or touched our network or is being transversed across the network.

Mr. Kang: Okay. Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Griffiths, please.

Mr. Chase, do you have any other questions?

Mr. Chase: Yes, I do. Thank you.

Mr. Griffiths: Thank you very much, sir. Page 189 of the Auditor General's 2010 report. I'm particularly interested in IT security because, I mean, if you watch any news program, you hear about how countries, governments are actually attacking each other using IT systems. Knowing how that controls power systems and banking and personal information, it's critical.

The Auditor General recommended that the ministry of Service Alberta strengthen its control over granting access to motor vehicle systems and perhaps other systems; I'm not sure. That's the recommendation that hadn't been followed up on. Is that correct? Nothing had been done with it yet?

Mr. Pellis: I believe we have made progress on that recommendation dealing with the registry agent network, yes.

Mr. Griffiths: Okay. If you've made progress, though, has the system ever been compromised? If it has or hasn't, how do you know? How do you monitor that?

Mr. Pellis: It's called the CARS system, and I'm going to have Janet, who is the registrar for the province, supplement that.

Ms Skinner: What the CARS system does is that it keeps a record of information. Our contract with the agents also has some very strict terms and conditions in it about access and use, how passwords and IDs cannot be shared. Service Alberta has a special investigations unit and an audit unit. The audit unit will go out and randomly audit the registry agents to ensure that they are in compliance with the terms and conditions.

We also have had situations where individuals have quietly told us that things were being done that were a little outside the terms and conditions, which we investigate. We have worked with the owners of the various agents. In some cases there's a discussion with the staff member, reminding them about their obligations and the terms and conditions of the contract of employment. In other cases it has resulted in termination.

I think it's safe to say that in the last few years, the number of instances is on the decrease.

Mr. Griffiths: So the improvements to the systems, the progress that's been made: has that mostly, then, been focused around people and their approach to using the system, or is it security protocols within the system itself?

Mr. Pellis: It's been both. On the security protocol side, through CARS we have the ability to see who's accessing data and why that information is being accessed. As Janet said, we strengthened the contractual relationship with the registry agents themselves.

I want to say something. The registry agents are very, very keen on ensuring that the information that they have for Albertans is kept secure. It's critical to them that that information be secure because if Albertans don't have confidence in the system, it's not going to work. The registry agents fully appreciate that. Any time Janet's people approach them about any potential security issue, they take that matter very seriously, including, if necessary, the termination of the employee if that's what it's going to take to get the issue resolved.

Mr. Griffiths: Excellent. Thank you very much.

9:30

The Chair: That's it, Mr. Griffiths?

Mr. Griffiths: Yes.

The Chair: Mr. Chase, followed by Mr. Elniski.

Mr. Chase: Thank you. I'm wondering, first, what role Service Alberta has in selecting, evaluating, and recommending IT service providers to government departments.

Mr. Pellis: For any service that covers either a cluster of departments or a government-wide approach, we're actively involved in the development of the scope, the going out to the market for our requests for proposals, and the hiring of the contractors that do that. There are situations, though, where departments have very specific needs in their own jurisdiction. Then in some cases they may be doing those initiatives on their own. If we do get called in for advice and counsel, we're more than happy to provide it, but our role is more around situations where more than one department is involved; it's a cluster situation. And, for sure, we're actively involved in and lead any GOA initiatives.

Mr. Chase: Thank you. In terms of security concerns, as Doug Griffiths previously brought up, my concerns have to do with the potential of information being lost or ending up in the wrong place. There are such things as the American PATRIOT Act and information sharing. What percentage of the IT contractors are at least Canadian based as opposed to foreign call centres? My concern is, using the poker analogy, that the farther away the cards are held from the chest, the greater the chance of the hand being revealed. I realize that we are, through federal contracts, obligated to share certain information, but where does the sort of line or the security wall get drawn?

Mr. Pellis: Sure. With respect to any data that the government of Alberta holds on behalf of Albertans, that data is all within Canadian boundaries. There is no data outside of Canadian boundaries. Some of the companies that we hire are multinational, and we need the breadth, scope, and skill set that they bring to the table. But I can assure you that all data under the current control of the government of Alberta is in Canadian hands, and none of that data is outside of Canadian boundaries.

Mr. Chase: Thank you.

Mr. Elniski: Thank you, Mr. Chairman.

The Chair: You are very welcome, sir.

Mr. Elniski: I appreciate that. My next question has to do, actually, with fleet management services. I see reference on page 6 of your report briefly. I don't find any financial breakdown on it with respect to the strategy. Now, there was a time when the government of Alberta owned its entire motor pool fleet and operated that fleet out of a number of facilities. I understand that up until very recently the entire motor pool fleet was subsequently leased, with some notable exceptions, from Pattison leasing, I think it is, out of Vancouver. I also understand – and I can stand to be corrected – that we have now reverted back to ownership of our motor pool. If this is an inappropriate question to this particular report, I'll accept that, but I would just like to know, first of all, some of the background to that particular decision to go from lease to ownership. Second of all, what financial benefit does the province derive from making that particular change? Frankly, are we on the hook for a bunch of dough with Pattison?

Mr. Pellis: There was a review done of the decision, which, for sure, was before responsibility for the fleet was with Service Alberta. A decision at that time was made, and I do think there was a business case attached where there was a belief that there was a value proposition to going to a lease model versus a purchase model. Subsequent to that – and I think it's always good that the government goes back and revisits its decisions and does due diligence – due diligence was done, and the conclusion was arrived at that an ownership model is probably better. I think that a lot of the reason behind that was the experience of the leasing model over the last number of years with the service provider that you referenced.

Right now what we're doing is that as leases come up, we are going, first of all, to decide whether the vehicle is in fact still required. Can we look at the need within our existing fleet? That's our first priority. The second priority is that if there is a specific need for that vehicle, we do go to our purchase model, and we find that it is overall a more cost-effective solution.

In terms of being on the hook to Pattison, we are not in most cases cancelling any leases early. We're allowing the lease to lapse. Once the lease lapses, then we look at the actual need for the vehicle. If there is still a definitive need, then we're looking at procurement.

Mr. Elniski: Okay. Thank you very much.

The Chair: Mr. Kang, please, followed by Ms Calahasen.

Mr. Kang: Thank you, Mr. Chair. My questions are around environmental security. The Auditor General here obtained additional documentation from the Ministry of Infrastructure, and through the review of this documentation it was determined that the ministry hired a consultant to develop recognized government standards for shared data facilities. The consultant analyzed environmental security needs for server rooms and ranked their priority based on the risk to the systems and available resources. Updates to shared data facilities are now ranked according to a high, medium, low, or more information needed scale. The costs required to bring the server rooms up to the new standards was also determined for each shared data facility, SDF. So what has been done so that SDFs consistently meet all required physical and environmental security standards?

Mr. Pellis: We're working very closely with Alberta Infrastructure to complete the review of all physical computer storage across the province. The review is looking at: one, is there still a need for that

storage facility itself? Are there opportunities for consolidation, virtualization? That's our first priority. If it's determined that there still is a need, the first step is to ensure that there is appropriate security. Are there locks on the doors? Who has access to that room? Who can get in? Who can get out?

The second aspect of that, as you touched on, is environmental. Do we have the proper heating, ventilating, and air conditioning? Is there enough power? This is an initiative that we're working on very closely with Infrastructure, and I want to point out that we're getting excellent co-operation from all program departments involved.

Again, longer term our objective is to more centralize these services and to more virtualize them and eliminate the need for a number of small server rooms that are out there in government right now. So there is a short-term objective, which is the one I described, but the longer term objective is bringing all of these together in a more centralized enterprise model. Of course, security and aspects like that are going to be much easier to address in that type of environment.

Mr. Kang: Thank you, sir. You answered my supplemental, too.

The Chair: Thank you.

Ms Calahasen, please.

Ms Calahasen: Thank you very much, Mr. Chair. On pages 16 and 17 of the performance measures, for 1(d) and 1(e), there's no actual data for 2009-2010. Can you explain why there was no data at all for that year?

Mr. Pellis: Sure. I'll have Althea respond to that.

Ms Hutchinson: The reason why there is no data is because we've moved to looking at the performance measures every second year, so there will be data coming forward.

Ms Calahasen: You will be reintroducing that data in the future?

Ms Hutchinson: Yep. Every two years we'll be doing that.

Ms Calahasen: Sorry, Mr. Chair. I'm just getting clarification. So every two years there will be that kind of measure that would come forward? Why is that?

Ms Hutchinson: The reason why is because what we were finding for these particular two measures is that there is a level of maturity that's sort of required. Doing it every single year doesn't provide as much value. You know, you need to do it every two years, and we felt that that would provide much more value to us.

Ms Calahasen: Well, thank you. I didn't know that.

The Chair: Thank you.

Mr. Chase, do you have any more questions?

Mr. Chase: Thank you. IT security controls are especially important when it comes to health records as the possibility exists that people could be denied insurance coverage or have their employment compromised if personal information is somehow divulged. In the past health records have been mistakenly faxed, shown up in Dumpsters, or electronically stored and laptop computer information has been stolen from offices or vehicles. Given the importance and the advent of electronic health records, what security improvements has Service Alberta overseen in terms of protecting information?

Mr. Pellis: The responsibility for the security of health records rests with Alberta Health Services, not with Service Alberta.

Mr. Chase: Okay. Thank you.

9:40

The Chair: Thank you.
Mr. Elniski, please.

Mr. Elniski: Thank you very much, Mr. Chairman. I appreciate the opportunity again. This time, instead, I want to talk to you a little bit about surplus sales. Now, once again there was a time in the past when the provincial government had an in-house service – it was located here in Edmonton on Fort Road – that handled all of the surplus and tendered sales. Then the decision was made to go to auctions, yet the facility on Fort Road continues to exist and presumably operate. Again, I'm a little bit confused about that, and we'll talk about that in a minute. But my real confusion around this whole point is that your statement here talks about "an inventory of attractive assets," which is on page 6. Please tell me what an attractive asset means. I'm curious about this stuff. The first thing that comes to mind is as everybody on the other side of the table already figured out. What does that mean?

Mr. Pellis: Sure. According to the accounting definition we do have what we call capital assets. The cost of a capital asset is not expensed in the year that the purchase occurs, but it's amortized over time. In addition to that, there are a number of items that may not meet the financial test of being a capital asset, but we still believe it's an item that is important to be tracked, monitored, and we know exactly where it is and who's using it. That includes things like cellphones, hand-held devices, computers, laptops. Those are all attractive assets.

Now, with respect to surplus sales, if I can just offer a comment on that, the approach on surplus sales has not changed. We've always had a staff role that delivers that service. The staff have always used auction houses if we have a significant inventory of items that need to sell. In addition to that, if you ever drive by, you can stop in, and there are always items there on a cash-and-carry basis that we sell. They prove fairly successful in moving that stuff out. It's filing cabinets, desks, chairs, things like that. We've even had things like graders, tractors, all kinds of stuff that we sell. The approach on surplus sales has not changed. It's always been a combination of staff resources, and if we have a significant inventory that warrants it, we do use the auction houses.

Mr. Elniski: Okay. Thank you very much.

Mr. Kang: In the Service Alberta business plan, page 235, goal 2 goes on to say:

Capitalize on international, national, provincial and delegated regulatory authority partnerships to undertake cooperative enforcement and policy development, and to encourage awareness of consumer protection initiatives.

How many organizations are there that you're dealing with?

Mr. Pellis: Well, mostly it's federal-provincial jurisdictions. It's the federal government, all of the provinces, and the territories. I think an excellent example I can give you, that I believe has been a huge success in Alberta, has been the gift card legislation that's been passed in Alberta. We are one of the first jurisdictions to come out with the fact that gift cards do not expire, and a lot of provinces and territories have followed suit with us. What we try and do is look at that very collaboratively and try and see if there is an opportunity to

take a national perspective where we can. Where there are instances where we believe that other provinces perhaps are doing further due diligence or are not at the same stage that we are, we're prepared to go forward on our own.

Another example where you do see a bit of change in the consumer services area is the whole issue of payday loans and the approach that Service Alberta took, the approach that other provinces have taken with respect to payday loans. There are some themes there that are very consistent across provinces, but there are other aspects where Service Alberta felt that a made-in-Alberta solution was more appropriate.

Mr. Kang: Is there some kind of performance measure that we've got there?

Mr. Pellis: Well, I think one of the biggest performance measures on the gift card is the reaction we've gotten from the public, which has been absolutely, universally positive. My minister can't walk into a mall now without a grandmother or grandfather shaking her hand and saying: I gave somebody a gift card a year ago, and it's good to see that when they walk into that store and that gift card is \$50, it's still worth \$50. I think that's an excellent performance measure, the feedback we're getting from Albertans.

Mr. Kang: Thank you.

The Chair: Thank you.

Seeing no other questions, Mr. Pellis, I have a couple of questions.

Ms Calahasen: I could have a couple of questions.

The Chair: Oh, yes. There, look.

Mr. Chase: Sorry. By all means, ask your questions. But I see Ms Calahasen has some, and I know I have some as well.

Ms Calahasen: If you look on page 47 of the annual report 2009-2010, I'm just looking at the numbers, and I see capital investment. Any time I see capital investment, I freak out, especially if there's a surplus, when I need a hospital in High Prairie. Tell me: what is that capital investment for? What was it allocated for?

Mr. Pellis: The question that was asked before was about vehicles. Some of that money is to purchase vehicles as they come forward. Another component of that money is to ensure that we have funding to maintain our IT infrastructure, if we need servers that need to be upgraded, equipment like that. Some of that money goes for things like applications. You heard reference in my opening comments about IMAGIS. The upgrade to IMAGIS was a capital investment and, I would like to point out, a highly successful one.

Ms Calahasen: Okay. So tell me why you would have a surplus in this case.

Mr. Pellis: Part of it is some of the IT projects. I think you heard the Auditor General talk about the fact that we want to make sure that we have a strong project management framework in terms of our IT projects, that we want to ensure that we do proper due diligence, we have a clear understanding of the scope of the projects, we understand what the outcomes we want are and what success looks like. So in some cases we've delayed going to market to go out to RFP for those projects because we wanted to continue and do a stronger job on due diligence going forward. That's why you're seeing in some cases a delay.

Ms Calahasen: Is there any possibility of being able to get that money to go somewhere else, or is that not possible within the framework of government?

Mr. Pellis: The money that's there is for critical infrastructure systems that we need to do to deliver services.

Ms Calahasen: Thank you.

The Chair: That was the \$63 million, right? I'm proud of you.
Mr. Chase, please.

Mr. Chase: Thank you. I believe there are 20-plus ministries with which Service Alberta potentially interacts in regard to communication or IT services. You've indicated that your department wasn't involved with the Alberta Works IT failure, and it isn't involved with the health ministry's electronic health programs. Do you have any security oversight or evaluatory responsibility for workmen's compensation injured workers' file security?

Mr. Pellis: No, we do not.

Mr. Chase: Could you possibly, briefly given the time, indicate which ministries you're most directly involved with? Obviously Transportation through the registry.

Mr. Pellis: We're involved with all ministries. The question you raised about health records is because of the Alberta Health Services organization, which we're not part of. We do deal with the department of health on departmental systems. The system in question was a departmental initiative. It was not an overall corporate initiative, and that's why we weren't involved. But we are involved with all departments, not just a few. If you look at, for example, the composition of the CIO Council, which Kate is the chair of, there is representation on that council from every single department.

Mr. Chase: Thank you.

The Chair: We'll conclude with Mr. Benito.

Mr. Benito: Thank you very much, Mr. Chair. On page 40 of your report it mentions trust funds under administration. Where did these funds come from?

Mr. Pellis: I'll ask Althea to respond to that question.

Ms Hutchinson: These funds are funds that actually there's no legislative responsibility for. What you'll find for these ones is that it's a variety. There's the business licence security. There are also some miscellaneous trust funds as well. Again, the reason why they're in the financial statements is for full disclosure reasons although you will notice that in the note we do mention that it's not included within our financials, the numbers, just because the government of Alberta has no legislative responsibility over those funds.

Mr. Benito: Thank you very much.

Ms Hutchinson: You're welcome.

The Chair: Thank you.
You have a question, Mr. Kang?

Mr. Kang: No, I'll pass.

The Chair: Okay. That concludes this portion of our meeting. As the members know, we have a few items under other business that we have to attend to, and we have 10 minutes to do it.

On behalf of the committee, Mr. Pellis, I would like to thank you and your department.

Mr. Pellis: Thank you, Mr. Chairman. Thanks to all members.

The Chair: You're very welcome. You're free to go, sir, while we deal with the remaining items on our agenda. Thank you.

Item 5, directions for research briefing materials. As discussed at our last meeting, committee members are encouraged to bring forward any specific research requests through the chair or the deputy chair. In addition to responding to specific requests, is the committee interested in receiving a standard background briefing each week on the ministries that the committee will meet with during the remainder of the fall sitting and the upcoming spring or winter sitting?

Ms Calahasen: It would mean what, Mr. Chair?

9:50

The Chair: In the past on occasion Philip and the research team have provided information to us regarding the respective report for – we'll use as an example the 2009-10 Service Alberta annual report. If members have any specific interest in a line item or an issue or a performance measure within that report, they can direct Philip and the researchers to do a comparison to previous years, other jurisdictions, whatever, to facilitate this meeting.

Ms Calahasen: Just on that point, Mr. Chair, I don't know if we want to do that but on an as-needed basis because each of our respective parties and government as well as the Liberals and the NDP and the Alliance have their own researchers. So I think that if we can continue to use our people with the Leg. Assembly from a perspective of certain reports, I certainly wouldn't mind doing that. But I think we can do our own.

The Chair: Okay. So are you suggesting we don't need this research function anymore, and you would like . . .

Ms Calahasen: No, that's not what I'm saying. I'm just saying that we have our own. We do our own. We get the information. But we could use their expertise in different contexts, like we have in the past.

The Chair: There is an LAO budget for the research team.

Ms Calahasen: And they do great work. They have done some great work for us, and I would continue to say that we continue in the same manner that we have.

Mr. Chase: I most certainly have to get on the record. Pearl, I wouldn't want you to have to trade shoes with me with regard to research availability. We have wonderful young people in our research; we have very few of them. Therefore, the extra research that Dr. Philip Massolin contributes is absolutely essential to our efforts to hold the government to account. I have passed on, through the chair, in our last meeting questions in terms of looking at other provinces and legislations and comparisons – minimum wage, for example – that I'm hoping will continue to be carried out. You're

in a very wonderful position in terms of the amount of resources you have through the government in terms of research through your ministerial circumstance. We are frequently scrambling for information that's not available or accessible to us.

Ms Calahasen: But I'm not saying that we don't use that information. I'm just saying that we don't want to be asking for every little thing. I think we can do that ourselves. In fact, I like to do my own sometimes. I think if we can get them to do that kind of research, yes, I don't have a problem with that, but I don't think that they should be an open book for everything. I mean, I just think that's just a waste of our resources and our brains. You know, we want them to be able to give us – I don't mind that kind of report, and I think sometimes we need to have that. But I don't know if by asking them to do everything and all the time – I think that's just . . .

Mr. Chase: Well, I might ask Dr. Phil Massolin if feels that he's been run off his feet, considering he's got two different positions. Are you able to keep up with Public Accounts' requests for information?

Dr. Massolin: Thank you, Mr. Chair, and just through you to the hon. member, we have a small staff, certainly, for all the committee work and a budget, as is mentioned. No. I think one of our main responsibilities is to provide research services for this committee, so we'd be happy to continue to do so.

The Chair: Mr. Calgary-Lougheed.

Mr. Rodney: Mr. Calgary-Lougheed: I'm honoured to have that title.

In the spirit of the all-party committee I don't believe that Ms Calahasen was politicizing anything, and I trust that Mr. Chase wasn't either.

Mr. Chase: I most definitely was. I was pointing out . . .

Mr. Rodney: All I'm saying, as I have the floor now, is that in an attempt to assist our chair, he was just asking for specific circumstances under which we would like to give direction to our research staff, so I think this is now the time. If anyone has any project, let's air it and let's move on because, as Mr. Chair has said, we have other items of business and some people do have 10 o'clock meetings. So if there are specific examples, I would be interested in hearing them, as would Dr. Phil and, I'm sure, the chair.

Mr. Kang: Well, I will echo Mr. Chase's comments in this regard. I think the research has been very helpful, and we are stretched to

the limit with the budget and with our research staff. I would like to see this research continue on.

The Chair: Thank you.

Mr. Griffiths: I don't think anyone here would suggest that the research shouldn't carry on. I apologize personally for not, you know, making recommendations to Dr. Massolin. It seems like there just aren't enough hours in the day. But over the time I've spent on this committee, Dr. Massolin has done an exceptional job in pursuing some research. I know some ministries on occasion have been sensitive to some of the requests, mostly because they're concerned it may be duplicating what the Auditor General has already done and not justifiable because I think Dr. Massolin has given them excellent direction on research.

I personally and quite frankly have found the research that Dr. Massolin has done exceptional. I actually recommend we carry on with the way things have been. If people have individual requests, I know Dr. Massolin has been very accommodating. But I don't personally have anything to direct him to do in addition to what he's already done. It's been exceptional so far.

The Chair: Okay. Well, we'll leave it at that. The chair would like to note that when we met with Alberta Health Services, through the clerk we encouraged all members to give us suggestions and directions on that \$8 billion plus budget, and we know where that money is going. The chair is unaware of any member taking us up on that offer. So it's a very valuable resource, and hopefully we will continue to use it because Dr. Massolin's staff have been exceptional.

Item 5(b) is a list of meetings that will occur next winter or spring session. There is a list of nine departments. Does anyone have any additional departments you would like to see at this time? No? Okay. Well, you people made the motion, not I, so we will leave it at that.

I think we can move on, then, to the next item, which is November 24, our meeting with Alberta International and Intergovernmental Relations. I'm looking forward to that.

An adjournment, please.

Ms Calahasen: I adjourn.

The Chair: Moved by Ms Calahasen that the meeting be adjourned. All in favour? None opposed. Thank you.

[The committee adjourned at 9:58 a.m.]

