



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on
Public Accounts

Treasury Board and Finance

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8:02 a.m.

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First Session**

Standing Committee on Public Accounts

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Luan, Jason, Calgary-Hawkwood (PC)
Pastoor, Bridget Brennan, Lethbridge-East (PC)
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Rogers, George, Leduc-Beaumont (PC)*
Sarich, Janice, Edmonton-Decore (PC)
Stier, Pat, Livingstone-Macleod (W)
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* substitution for Dave Quest

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Brad Ireland	Assistant Auditor General

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Standing Committee on Public Accounts

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Ray Gilmour, Deputy Minister

Aaron Neumeyer, Assistant Deputy Minister, Budget Development and Reporting

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Jacquelyn Colville, Chief Financial Officer

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Bill Robinson, President and Chief Executive Officer

8:02 a.m. Wednesday, November 6, 2013

[Mr. Anderson in the chair]

The Chair: All right. Good morning, everyone. I'm going to call this meeting of the Standing Committee on Public Accounts to order. I'm Rob Anderson. I'm the committee chair and the Airdrie MLA. I would like to welcome everyone in attendance here and via teleconference. Do we have anyone on teleconference today? No. Then I just want to welcome everyone here and nobody on teleconference.

Let's go around the table and introduce ourselves. When our guests arrive, we'll have them introduce themselves. They're usually here, but of course we're doing something a little different this morning. So we'll start on my right with the deputy chair.

Mr. Dorward: David Dorward, MLA for Edmonton-Gold Bar.

Ms Fenske: Jacquie Fenske, Fort Saskatchewan-Vegreville.

Mr. Khan: Good morning. Stephen Khan, MLA, St. Albert.

Mr. Rogers: Good morning. George Rogers, MLA, Leduc-Beaumont, substituting for Mr. Quest, the Member for Strathcona-Sherwood Park.

Ms Pastoor: Bridget Pastoor, MLA, Lethbridge-East.

Mr. Webber: Len Webber, Calgary-Foothills.

Mr. Hehr: Kent Hehr, MLA, Calgary-Buffalo.

Mr. Ireland: Brad Ireland, Assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Stier: Pat Stier, MLA, Livingstone-Macleod.

Mrs. Sarich: Good morning and welcome. Janice Sarich, MLA, Edmonton-Decore.

Ms Dean: Good morning. Shannon Dean, Senior Parliamentary Counsel and director of House services.

Dr. Massolin: Good morning. Philip Massolin, manager of research services.

Mr. Tyrell: Good morning. Chris Tyrell, committee clerk.

The Chair: Great. The microphones, of course, are operated by *Hansard* staff. Audio of committee proceedings is streamed live on the Internet and recorded by *Alberta Hansard*. Audio access and meeting transcripts are obtained via the Leg. Assembly website. If everyone could make sure to speak directly into the microphones when they're speaking today so that *Hansard* can pick them up, that would be great. Please do your best to keep your cellphones on vibrate or silent or off if possible.

You've had the agenda circulated to you in advance. I'm sure you've all gone over it. Do we have a mover that the agenda for the November 6, 2013, Standing Committee on Public Accounts meeting be approved as distributed? Mr. Stier. Those in favour? Any opposed? Carried.

We have two sets of minutes to approve this week. Those have also been circulated. Do we have a mover that the minutes for the September 12, 2013, Standing Committee on Public Accounts meeting be approved as distributed? Any mover for that? Ms Pastoor. Those in favour? Any opposed? Carried.

Secondly, do we have a mover that the minutes for the October 30, 2013, Standing Committee on Public Accounts meeting be approved as distributed? Mr. Hehr. Those in favour? Any opposed? Carried.

Well, the reason we're here at 8 o'clock this morning and 7:30 for the research briefing, even after our late night last night, is that we wanted time, as Mrs. Sarich suggested, and rightfully so, to discuss the two research documents prepared for us in response to our research requests made at the September 12 meeting. You've had those documents, hopefully, distributed to you. Well, they were distributed to you by e-mail. Here they are. If anybody needs copies, let the clerk know, and we can get you copies.

What would be the best order, with the Auditor General or research first on this?

Dr. Massolin: Maybe I can just introduce the two documents. Then I'll go over our document briefly, and then maybe I'll pass it on to the Auditor General if that's okay with you.

The Chair: Let's do that. Go ahead, Philip.

Dr. Massolin: Okay. Thank you, Mr. Chair. I just wanted to draw the committee's attention to the two documents referred to by the chair. The first is called The Auditor General's Audits and Ministries' Action Plans. We compiled that information, but the information contained therein basically reflects the work done by the office of the Auditor General, so of course I'll pass that on to them to go over it and answer questions. The other document is called Nomenclature Used by Provincial and Federal Public Accounts Committees, which research services prepared for the committee. Both of these documents were generated as a result of research requests asked for on September 12, 2013, in connection with the committee's meeting with the Canadian Comprehensive Auditing Foundation during the afternoon session on that day.

I'll go over that nomenclature terminology briefing. I don't think there's a lot to say because it's pretty self-explanatory, but basically what we did was we looked at the jurisdictions listed there, including the federal jurisdiction, and their respective public accounts committees. We looked at the terminology used in terms of whether they use meeting/hearing; invited/summoned; sworn in; what do the witnesses do, or presenters, as the case may be; and other information. Basically, our finding is this. The Alberta Public Accounts Committee's terminology is not out of step with the vast majority of public accounts committees throughout Canada.

With that, Mr. Chair, I'll answer any questions.

The Chair: Why don't we have the Auditor General speak to this, and then we'll open the whole floor for questions to both Philip and Merwan?

Mr. Saher: Mr. Chairman, I don't think I have anything in particular to add. I mean, I would concur with your research staff's assessment, you know, that the practices of Alberta's committee are in line with general practice across Canada.

The Chair: Okay. Sounds good. Are there any questions?

I guess my only question would be: when you say that they're in line, how broad is the scope of that statement? Are there pieces where we are out of line with regard to our reporting function, our making recommendations, the way we call witnesses, the material that we cover? Is there anything that we should be flagging that we are – and not necessarily wrongfully out of step. But is there anything that makes us different from kind of the norm in the country?

Mr. Saher: Yes. I think Alberta is unique, and I would add to that that it's perhaps positively unique in the approach here of calling ministries before you in a systematic fashion. That, in my opinion, is unique. I think the trend or the tendency in other provinces is to look at recent Auditor General reports and pick a topic and then focus the committee's attention on that topic. I use that word "focus." Others seem to want to spend a lot of time on a particular issue that has been audited, a particular subject area. Alberta, by contrast, takes a broader view, I think, of the public administration. It takes the view that the public administration is delivered by a number of ministries, all of those ministries should at some time be called before the committee to discuss their affairs, and thus the reason for coming before the committee is not wholly and singularly because the Auditor General's office has made a recommendation. I would say that that's at the heart of the difference in approach.

8:10

The Chair: Well, I'm glad to know that our committee is perfect. I really appreciate that. I'm putting words in your mouth there.

Mr. Saher: No. I'm just trying to give you some facts.

The Chair: Absolutely. I appreciate that.

Mr. Saher: I will just add, then, that there is an approach which says: let's spend a lot of time focusing on this issue. I mean, for example, the Public Accounts Committee in Ontario has spent I can't tell you how many meetings but a huge number of meetings singularly devoted to one agency in that province. They decided that that's what they wanted to focus on. This committee has never in the time I've been associated with it ever taken that approach, that we want to have six meetings on this subject matter. You know, these are the two ends of the continuum. You have this singular focus on a particular topic or an approach which calls a number of people.

In the end, the debate would be: is the Alberta approach too diffused and not focused enough? I think that's probably the question I would suggest to committee members is the one that you'll have to consider as you debate how you want to be as effective as you can be.

The Chair: Sure. And I would say that one of the main reasons we are progressing and are doing a good job is your contributions, Mr. Auditor General, as well as our research staff. It's just been phenomenal. It's made all the difference, frankly, in the world.

Ms Fenske.

Ms Fenske: Thank you. I appreciate the information. I believe we had this discussion when we structured this committee about 18 months ago, and I think that based on recommendations from the Auditor General, from the vice-chair, and the chair we took this new approach, which was, in my understanding, different than the previous approach. I don't know. Do we need a motion to say that we'll continue on in the vein that we have been? If so, I would certainly recommend that we continue on that way.

The Chair: Thank you very much, Ms Fenske.

Mrs. Sarich.

Mrs. Sarich: Thank you, Mr. Chair. A couple of observations that I found quite interesting. I appreciate, first of all, the matrix provided province by province to really give us some clarity as to how things are structured in other jurisdictions. I think that what is quite evident here is that when we call various groups to appear

before the Public Accounts Committee, perhaps a question is whether or not they're sworn in or if we have the ability. That's a question that I would have this morning.

Some of the jurisdictions use standing orders to provide a provision for their public accounts committee to swear in. Some other jurisdictions seem to have some type of flexibility to do that. I was just wondering whether or not it is necessary to formalize that for the purposes of our standing committee or what the recommendation would be on that.

One of the other points of interest is on the nomenclature. I think this came forward and was clear to me, having attended the conference in Regina, that some jurisdictions refer to their meetings as hearings; some said meetings. It was a very interesting discussion about the use of the term hearing, a public accounts hearing – maybe that's in the piece of correspondence – rather than a reference to meeting. I just find it very interesting.

I don't know if there is any desire or any point to change the nomenclature for our committee purposes from a meeting to a hearing, other than the feedback from the jurisdictions that use that nomenclature. It definitely set a different tone when groups were invited to come before the Public Accounts Committee. I'd be interested in any comment about that point and, certainly, on the provision of swearing in of witnesses, whether we need a provision in the standing orders or whether we already have the flexibility in absence of that.

The Chair: Well, that looks like a question for Shannon Dean.

Ms Dean: Thank you, Mr. Chair. Committees have the ability to swear in witnesses if they want to. You are the master of your own proceedings. Now, this committee has never adopted that practice. One committee that does do that is the Standing Committee on Private Bills. I'll just leave it at that.

The Chair: What about the issue of calling it a hearing instead of a meeting? Anybody else feel strongly about the need to do that? Would that make our guests take things more seriously? I don't think we have a problem with them taking it seriously right now. Would it, you know, raise the importance of the meeting with the public? Are there any comments or views on that?

Mr. Hehr: Well, maybe I'm not understanding the technical differences, but to me it doesn't really ring. Whether we're having a meeting or a hearing, it doesn't seem to bother me as long as we're getting the appropriate questions asked and the timing, unless there is some difference that Mrs. Sarich can explain to me.

Mrs. Sarich: In response to your question, I really wouldn't have any answer because it was just based on conversations with other colleagues, for example in Ontario, at the conference. It was unique to their Public Accounts Committee, and they had chosen to title their committee not as a meeting; it was a hearing. They felt, you know, in Ontario that it set a different tone. So it's unique to Alberta. I mean, I'm not asking the question for change or anything. I just thought it was quite interesting that a number of jurisdictions have that nomenclature, and Alberta has adopted "meeting." It's just a point of interest.

Mr. Hehr: Okay.

The Chair: Thanks for that, Mrs. Sarich. It is very interesting. This is a very good report to give us kind of an idea of some of the practices from around the country in that regard, so thank you for asking for that.

Mrs. Sarich: Also, Mr. Chair, if I may, on the provision of having the ability to swear in witnesses, if we already have that ability and there isn't a need to formalize that – I just, again, realized through the report that some jurisdictions had that made available to them in a standing order. So if it's not necessary for us to structure something like that in a standing order or to make a recommendation, then, you know, we could just proceed as we have been up to this date.

The Chair: Okay. Mr. Stier, then Ms Pastoor.

Mr. Stier: Thank you, Mr. Chairman. I'm perhaps without the information that some of you are looking at, but I noticed that in our September 12 minutes we had a request to get this sort of information. I'm just wondering if this is what you're referring to in this conversation. Okay. All right.

I can only say that in my past experience, having attended I don't know how many dozen hearings versus meetings, there is certainly a significant difference between those two terms, in my opinion. Hearings certainly do have the ability for individuals to come up and be heard sometimes with more openness, I would believe, rather than in a meeting, where you have more directed questions for different purposes. I think it's not as two-way as communication could be when you have a meeting versus a hearing. Just an observation from my experience only.

Thank you.

The Chair: Ms Pastoor.

Ms Pastoor: Yes. I don't see it here. I'm not sure. I wonder: in other jurisdictions how long do they allow for the meeting or whatever they want to call it, and do they do it outside of legislative sittings?

Dr. Massolin: Thank you, Mr. Chair. I'll provide some information. I think it varies quite dramatically from jurisdiction to jurisdiction. For instance, I think in Ontario – I can't remember the exact details, but I believe that they stack the meetings together in a series of days on a particular audit from the Auditor General, and it's several hours per meeting, so it's quite intense. For the federal situation I think there might be a couple of meetings per week. I can't remember exactly what it is. Other jurisdictions meet less frequently.

In terms of meeting in or out of session, I believe that most jurisdictions, if not all, have the ability to meet outside of session, but I'm not absolutely sure on that one. I think several do.

Maybe Ms Dean has something to add to that.

8:20

Ms Dean: Just a footnote. I mean, some jurisdictions allow for committees to meet while the House is sitting. For example, in Ontario the Public Accounts Committee can sit while the session is going on, so it allows them more time.

The Chair: All right. Are there any specific motions?

I don't know if we need a motion or not, Ms Fenske, to continue. I don't think so. Yeah. I think we just continue on, and if we have a motion to change, we'll change it. Duly noted.

Are there any other questions on this before we move on to other business? Ms Pastoor.

Ms Pastoor: Yeah. I wouldn't know how to really put this into a motion, but I don't think I'd be averse to having some kind of conversation around the fact that we should be meeting more often and perhaps with even more time. I don't know how to put that on the floor to have that discussion.

The Chair: Well, one thing that has been mentioned by the deputy chair in our discussions as well as by Mrs. Sarich and others, actually, is the possibility that after the Auditor General releases a report like he has just released, we have a meeting dedicated to just going over the report itself with the Auditor General and research services just to kind of get an overview of it in perhaps more detail than we might otherwise have. That would, of course, necessitate a couple more meetings a year.

You know, I have the view that I would like to at least once a year have a meeting where we have the Auditor General in again and discuss, maybe, departments that had come before us and had undertaken to do certain things but perhaps were a little slothful in doing so, get his views on that, and if there is something, then maybe include those in our annual report as recommendations. So that would necessitate an extra meeting. Those are a couple of possibilities.

Ms Pastoor: Well, if we have those quarterly reports, should perhaps we not be meeting after the quarterly reports and going through them as well? I don't know quite how to get the conversation started, but I really think that that has to be something on the table. Are we really doing as much as we can with this committee?

The Chair: Well, I appreciate that.

Mr. Hehr: Just on the suggestion brought up about the quarterly reports that the Auditor General does, I would reiterate what the last member said. A four-hour meeting going through that in more detail would help me immensely. I, like you, am a recovering lawyer, not an accountant, and having his expertise to actually distill a little more than what I get out of the papers and the one-hour briefing when we're trying to rush and do a two-minute sound bite afterwards at the press conference – well, I think it would be wise of this committee to try to spend four or five hours with it, going through the quarterly reports. I'll just leave that to your wisdom and go from there.

The Chair: Okay. Mrs. Sarich.

Mrs. Sarich: Thank you, Mr. Chair. I'm wondering, in the spirit of this very brief conversation about that, if maybe there are colleagues on this standing committee that would be leaning in the direction of, at the very least, having a meeting, since the Auditor General has recently released a report, to at least capture that spirit and maybe look for that time. Let's try it and maybe evaluate it and see the value of at least trying one, you know, between now and the time that session closes or shortly thereafter or something like that. I, too, would be in agreement with leaving it up to you as chair and the deputy chair to organize that for the committee. I'm not sure if we need a motion, but in the spirit of that conversation at the very least . . .

Mr. Dorward: Well, I would caution the committee that within the realm of what we're doing, in my opinion, we have already ample opportunity to do a more fulsome job of what we do. We have briefings that arrive most times on Friday if not on Thursday. I will speak for myself: I certainly spend a lot of time on those, but I can spend more time on those. I can also spend more time on the financial statements. I can also spend more time on the Auditor General's report. I can come up with deeper, more focused questions to the people that already are coming before the committee. To add a body of work or examination in a world where, I think, we can do a more fulsome job of what we're doing already concerns me.

Now, I will put an asterisk on that relative to the AG report if we can squeeze out the time as a committee. Understanding the complexity of our committee clerk trying to drag us all together at the same time, I do think that if I was to say to the people of Alberta that we, this committee, are responsible for receiving this report that was just tabled in front of the Assembly and we actually didn't meet on this report – I think we should be meeting on this report and findings. I think that just strengthens our ability later on to do the examinations because we will have already touched on these issues in that update and therefore will be better prepared to do the examination when we bring people before us.

Mr. Chair, my thoughts would be that if the committee clerk can pull us together, we do take a look and ask the Auditor General to give us a briefing on this document. Beyond that, personally I am happy with the way that we're going, and I think in our own worlds we can be better prepared for the examination we do each Wednesday.

The Chair: Yeah. I understand, you know, and appreciate everything that you said, Deputy Chair. My concern is that you have to understand that not everyone is an accountant and has the ability to come and talk to accountants. When we look at a statement, we don't see the same things that you see. That's an issue, that we are mere mortals in this room, most of us, and we do need people who understand these things and whose job it is to understand these things to sometimes interpret these things because they can be quite, quite complicated for someone just picking up a binder and looking at it.

Mr. Hehr: Just a comment on that. Just pushing back a little bit, David, if we thought about it here, all of us going away for four hours trying to figure this stuff out, all of us meeting for four hours with the Auditor General would actually be less time and more constructive time given our limitations. In fact, not all of us would have to go. A couple of members from the Wildrose, a Liberal, a couple of PCs could do that work. The opportunity for the full committee would be there for those interested, but narrowing it down for this meeting may be something that would be more constructive for us all for timelines, schedules, and actually getting the information to us that we need to do our jobs.

The Chair: Might I suggest that – if we were going to do something like this, would it be okay to do it during, you know, dinner at 6 o'clock in the evening like some of the other committees and hold it for an hour, kind of have a dinner-meeting type thing between when session ends at 6 o'clock and then starts back up at 7:30, maybe have an hour and a half dinner meeting over it or a couple of them to go over this report? Would that be a possibility for people? How do people feel about that?

Ms Pastoor: I've sort of picked up on the idea of what Ontario did. You can actually have it running concurrent with the Leg. sitting. I mean, we certainly sit there in the evenings and could be doing some work.

Mr. Dorward: Just to comment on that from my discussing this with colleagues across the country that are on public accounts committees – and I don't mean to say that I phoned them all, but I met with them last year in August and actually talked to, I think, everybody that was there, certainly.

8:30

We are structurally different than most. I'm brave in saying that we have the most Public Accounts members on our committee than anywhere across the country, including the Canadian govern-

ment. You know, I didn't make that decision. It's different powers that made that decision, not myself. But there are 18 of us, I think, that sit on this committee. I do believe that in Ontario and other places you have a different structure, which means that you might have eight to 10 sit on the committee, but those individuals within their caucuses are focused on that, so they are more succinctly Public Accounts individuals. They don't have a whole raft of other obligations that they're responsible for. Thus, they have more time. Thus, they are able to be more focused. You know, I'm on record as saying that we have an awful lot of people on this committee, and it's difficult in the meetings, as we know, to get your two minutes in, let alone the seven minutes you would like to have.

Unless the powers that be are prepared to consider making us a smaller group, which would then mean not so many other tasks in our life, perhaps, and we could then be more succinctly pointed at doing just Public Accounts. It's difficult to find the time – and that's speaking from my perspective with our caucus – to try to talk to everybody and ask: when do you have time? Mostly the answer you get is: I don't.

The Chair: Okay. We'll end with Mrs. Sarich because it's 8:30 and we need to get going on the main meeting, but after that I guess you need to talk as members to your caucus representative on the working group and get feedback in. Then as an informal working group, hopefully, we can come up with a time to at the very least go over the most recent Auditor General's report.

Mrs. Sarich.

Mrs. Sarich: Thank you, Mr. Chair. I did have one other question on the report provided to us on the action plans. I was wondering. It was pointed out that there was no standard format for the action plans and updates received by the Auditor General and the level of detail varies.

One of our roles as members of the Public Accounts Committee is to help support our Auditor General. I'm wondering if there's anything that we could do to help strengthen this particular area for our Auditor General so that at least the action plan's updates and details – well, the details would vary, but at least there would be a matrix or some sort of format that would be easily understood. I don't know what the process would be. I could leave it in your capable hands.

The Chair: Sure.

Mrs. Sarich: If there's a willingness by members of this committee to support our Auditor General in having the departments and other entities report back in a standardized format for him.

The Chair: Mrs. Sarich, it's a very good point. That actually is on the agenda today at the end of the meeting. We do have a template that we've distributed, so we'll talk about that at that point. It's a very good point.

Let's move on to the main meeting. If we could have our guests come and sit at the table.

Okay. We're going to get started with the main portion of our meeting. Of course, we have Treasury Board and Finance with us today, and we're going to ask them to introduce themselves in a second here.

The reports to be reviewed, that we are looking at today, are the Treasury Board and Finance annual report 2012-2013, the reports of the Auditor General of Alberta for February and July of 2013, and the 2012-13 annual report of the government of Alberta consolidated financial statements, and the Measuring Up progress

report. Members, of course, should have a copy of the briefing documents prepared by committee research services.

Joining us today are representatives from Alberta Treasury Board and Finance, as I said. I would now invite them to make a brief 10-minute introduction on behalf of their ministry. Why don't the four of you introduce yourselves really quickly by name, and then go ahead, Ray, after that.

Mr. Gilmour: Ray Gilmour, deputy minister.

Mr. Perry: Bruce Perry, assistant deputy minister.

Mr. Bozek: Darwin Bozek, Controller.

Mr. Neumeyer: Aaron Neumeyer, assistant deputy minister.

The Chair: Go ahead, Ray.

Mr. Gilmour: Thank you, Mr. Chair.

Thank you and good morning, everybody. I'm here today to present an overview of the areas that fall under the responsibility of Treasury Board and Finance. We all appreciate the opportunity to be here this morning.

The members around the table have introduced themselves. Also, in the gallery are staff from the department and representatives from ATB Financial, Alberta Gaming and Liquor Commission, Alberta Investment Management Corporation, and Alberta Pensions Services. We will all be happy to answer any questions you may have for the balance of the morning.

First, as required, I will review the 2012-13 annual report for the government of Alberta and the 2012-13 annual report for Treasury Board and Finance and the February, July, and October 2013 reports of the Auditor General.

To start with, the 2012-13 annual report for the government of Alberta. The annual report includes three major components: the executive summary, Measuring Up, and the consolidated financial statements. The first component, the executive summary, provides a fiscal and budget summary along with economic and tax highlights, spending and revenue highlights, and an overview of capital spending. This year's summary showed that Alberta's economy expanded in 2012 by an estimated 3.9 per cent, closely in line with the 3.8 per cent forecast in Budget 2012. It also showed that the capital plan supported \$5.2 billion in projects in '12-13. That's a decrease of \$516 million, or 9 per cent, from budget, and \$643 million, or 11 per cent, lower than in 2011-12.

The second component is Measuring Up, a report that compares actual performance results to desired results set out in the government's strategic plan. The report lets Albertans know the outcomes of government's work for the past year and answers a few important questions like: what did the government achieve with the dollars spent, did the government actually do what it said it was going to do, and did the government progress toward achieving its goals?

Measuring Up for 2012-13 also introduces results-based budgeting to the government's strategic planning and reporting publications. The Results-based Budgeting Act became law in February 2012, launching an initiative that will link government program and service outcomes to financial planning.

Financial results make up the third part of the annual report. Both the consolidated financial statements in the annual report and the fiscal plan documents adhere to Canadian public-sector accounting standards. However, the fiscal plan does have a narrower scope, and it does not report on the SUCH-sector entities, which include schools, universities, colleges, health entities, Alberta Innovates corporations, deferred capital contri-

bution treatment for capital transfers, and pension liabilities. The 2012-13 fiscal plan deficit was \$2.8 billion while the consolidated financial statements deficit was \$3.1 billion. Details on the differences are available in the annual reports.

8:40

Revenue for the fiscal year 2012-13 was \$42.4 billion per the consolidated financial statements. On a fiscal-plan basis revenue in 2013 was \$38.6 billion, a decrease of \$1 billion from 2011-12 and \$1.8 billion from the budget. The decrease from 2011-12 and budget was due mainly to lower bitumen, crude oil and natural gas royalties, and Crown land lease sales. This was partially offset by higher tax revenue and investment income.

On the expense side total expenses for the consolidated financial statements were \$45.5 billion. On a fiscal plan basis expenses were \$41.4 billion, an increase of \$1.9 billion from 2011-12 and \$0.1 billion from Budget 2012.

Health and education accounted for 62 per cent of total expense. The change from 2011-12 was mainly due to increases in operating expenses. This was offset by a slight decrease of capital grants, primarily due to lower school, housing, health facility, and postsecondary institution grants. The change from Budget 2012 is due to lower operating expenses and capital grants of \$0.4 billion while disaster emergency assistance was \$0.5 billion higher than anticipated.

Now a brief look at the financial highlights of Alberta Treasury Board and Finance for 2012-13. Revenue for the fiscal year was \$23.3 billion. This was \$3.1 billion, or 15.2 per cent, higher than 2011-12, and \$1.5 billion, or 7 per cent, higher than budgeted. Revenue for 2012-13 and from Budget 2012 was higher mainly due to higher taxes from improved economic recovery, higher net investment income from improved market conditions, and a favourable year with higher net income reported by government business enterprises, ATB Financial, and AGLC.

Total expenses for Treasury Board and Finance were \$35 million, or 1.5 per cent, lower than the year before. This was due mainly to a smaller pension provision resulting from improved returns in the pension plans over the last year net of various offsetting increases. Compared to Budget 2012, total expenses for Treasury Board and Finance were \$37 million lower than budgeted after excluding the pension provision, which, subject to the Fiscal Responsibility Act, is a noncash expense for the ministry. This decrease from budget was due to lower-than-expected debt service costs and lower costs for the Alberta Securities Commission and Alberta Pensions Services.

Treasury Board and Finance reported on nine performance measures for 2012-13, and these were related to strong and sustainable government finances; revenue programs that are administered fairly, efficiently, and effectively; sound investment, treasury, and risk management; effective and efficient government; accessible financial services for Albertans; and Alberta's gaming and liquor activities, conducted with integrity and in a socially responsible manner.

Mr. Chairman, I appreciate the opportunity to provide this overview and would be pleased to answer any questions.

The Chair: Thank you very much.

Mr. Saher.

Mr. Saher: Thank you, Mr. Chairman. In our February 2013 report we discussed the province's fiscal updates. Last year the province changed the form and content of its quarterly fiscal updates. We provided some observations to the Department of Treasury Board and Finance to make the fiscal updates more useful.

In our July 2013 report we discussed the province's budget. Because of the changes within Budget 2013 and our audit of the province's financial statements we undertook a review to identify the differences between the results reported in the financial statements and planned results reported in both Budget 2013 and Budget 2012. We focused our work on the items that impact the annual surplus/deficit.

The key outstanding recommendations we have to this ministry are from our October 2008 and 2009 reports. These recommendations relate to executive compensation systems and disclosures at provincial agencies. These outstanding recommendations are included in our latest report, the report released this week entitled October 2013. All outstanding recommendations to this ministry and its agencies can be found at page 161.

The significant risks we concentrate on during our audit of the province's and the ministries' financial statements are pension obligations and personal tax revenues. Both are large estimates based on assumptions of future economic growth and demographics.

Thank you.

The Chair: Thank you.

We'll turn it over now to the floor for questioning, starting with the Progressive Conservative caucus for the next 16 or so minutes.

Mr. Dorward: Thanks, everybody, for being here, and to that gallery in the back, thanks so much for coming over. I'm sure it will be really boring here as you either hope that we have a question for your area of expertise or you don't, one of the two. I'm not sure.

Mr. Gilmour, the budget as it was presented to Albertans is in a different format than I understand the financial statements are going to have to be for the year ending March 31, 2014. Can you comment on how the government intends to reconcile those two and tell Albertans how, when they see those final numbers for the year ending March 31, 2014, they're going to be able to take a look at the budget as it was presented thus far and make sense of that?

Mr. Gilmour: Thank you for that question. I'll ask Aaron, our assistant deputy minister of the budgeting process, to add a few comments as well. Similar to past years, as we've looked in the annual report that's presented forward, there's a consolidation document that's part of the annual report that shows the changes when you include the SUCH sector as well, compared to the fiscal plan, which is the government. We will obviously continue to do that as we move forward.

For a few more details I'll maybe ask Aaron just to expand on that a bit.

Mr. Neumeyer: Thank you, Ray. Mr. Dorward, yes, as we have had ever since the move was made to go to the fully consolidated SUCH sector financial statements, there will be a section in the annual report, in the executive summary, that does provide this reconciliation. The other thing that you will see in the '13-14 financial statements is that the department is committed to preparing what we're calling a constructed budget on the same basis as the financial statements will be done. That will be included in the financial statements for comparison purposes.

Mr. Dorward: Is it true that the budgets in past years did not include the SUCH sector but the financial statements did include the SUCH sector?

Mr. Neumeyer: If you go back a ways, if you go back far enough, the treatment was the same. I forget the year exactly, Darwin, but initially the province went to a modified equity approach to bringing in the SUCH sector, and then it went to fully consolidated, line-by-line reporting of them. Ever since they started with the modified equity approach, there has been a difference between the budget and the financial statements. Now, we should recognize that the budget includes the grants that are made to the SUCH sector, and the financial statements report kind of on a line-by-line basis how those grants were used.

Mr. Dorward: So the fact that today the budgets don't match up with eventual reporting is a world that we've been living in for a while now. Is that a true comment?

Mr. Neumeyer: That's correct. Yes.

Mr. Dorward: Okay. Switching gears, we're going to bounce around here a bit. Thank you for your shorter answers. The first comment I have is that on page 25 of the annual report for Treasury Board and Finance, fourth paragraph, you commented that the department, following the internal review of the SRED tax program, eliminated the grind mechanism. I guess it's more of a comment. Thank you for doing that and being responsive to issues out there. That was confusing out there for many, many Albertans that wanted access to that program, and while it probably costs money, as I noted, \$25 million, it was responsive to an issue within the corporate tax scenario. Any comments on that at all from the tax side of things? There's a microphone there.

The Chair: Could you please state your name.

Ms Cuelenaere: Nancy Cuelenaere.

The Chair: And your position.

Ms Cuelenaere: Executive director, tax policy.

I don't know that there's much to add to that. We did do the internal review. There were submissions that we heard from industry, and this was their biggest issue. I think it's been well received by industry and has actually simplified the administration of the program.

8:50

Mr. Dorward: You might not want to run away. I'll get to a corporate tax question here real fast. The numbers on page 54 of the consolidated financial statements for the ministry scare me, quite frankly. If you look at the comparative on personal tax, we went from \$8.45 billion to \$9.6 billion. The budget, actually, was \$307 million low. So that's a big increase.

The increase in corporate taxes is over a billion dollars, \$1.1 billion. You say, "Well, that's really good," but, wow, did we not collect enough taxes last year? That's the concern. How can the corporate tax ship turn that fast? You would think that there would be some kind of consistency within the taxation world. I mean, the province is doing well. The economy is doing well. But, wow, from \$3.6 billion to \$4.7 billion in one year is a really, really big change. Does that make sense?

Ms Cuelenaere: I'm going to pass this question along to Kate White, who's the chief economist for the province. She does our forecasting, so I'm just going to let her answer.

Ms White: Yeah, absolutely, it's a very big increase. It does not reflect the fact that we weren't collecting enough in the past. It reflects two things, mainly improved economic conditions, and we

did see a big improvement over that tax year in terms of economic growth. The other thing was that the province followed suit from the federal government in terms of closing a couple of what you could call, I guess, tax loopholes in terms of partnerships and trusts. One of the big reasons we see such a large increase in corporate income tax is because we see some carrying forward of revenue that under the old rules would have happened in the following years. We don't expect as large of an increase going forward.

Mr. Dorward: Thank you. If I go to the annual report for the government of Alberta, 2012-2013 consolidated financial statements, and the Measuring Up document, in Minister Horner's address on page (iii): "Alberta's economy and population grew significantly . . . Even with the addition of about 100,000 people to our province, and with a severe drop in resource revenue . . ." So we continue to have this discussion over what the heck is the right number. Can somebody speak to the issue of: how the heck do we forecast energy revenue? Have we learned anything in that regard? I know a symposium was held in late spring, early summer. You know, are we going to get better at this business of forecasting energy?

Ms White: I guess that would be a question for me also. Unfortunately, getting better at forecasting energy prices is something we'd all like to do, but it's not always the easiest thing to do. We did hold a symposium in July, that was actually quite well attended and quite successful. There were two main points that came from the room that day. You can take a fundamentals-based approach to forecasting and really kind of build up a forecast from the bottom, or you can look at the futures market. Even from that room there was not a consensus approach that was brought forward.

Right now we are continuing to review forecasting processes on the energy side, particularly, and as we go forward, we will be looking at the various processes that were recommended from the forecasting summit. Right now it remains our process to have a look at private-sector averages and industry experts when it comes to forecasting energy revenues. As the private sector improves on energy forecasting, so will the Alberta government.

Mr. Dorward: Awesome. Does that mean we're going to get better?

Mr. Gilmour: One of the challenges you always face, certainly, with this commodity, which is a world-wide traded commodity, is that a lot of impacts can happen in the world, which can adjust your forecasts once you've put them in place. Of course, while we work with private industry and try to get as much knowledge as we can, you can't predict what's going to happen in different locations around the world necessarily. You're trying to predict for a whole year, and sometimes that can be a long time when you're looking at the world and the implications of things that can happen. It's always a challenge when you have a commodity that trades on a world basis. So many things can impact it.

To answer your question, I guess we're always trying to get better at it. To think that it's ever going to be perfect will always be a challenge, but hopefully we can proceed in getting continuous improvement, anyway.

Mr. Dorward: Okay. Colleagues, we still have some time. Mrs. Sarich, did you want to hit some items?

Mrs. Sarich: I'd like to ask the Auditor General a question, and maybe this would help provide a framework for other questions that would flow based on his answers. I would like to know what

your views are on when the constructed budget should be prepared so that at least anyone who is interested would have better information or would have it in advance of receiving the actual results. I wonder if you had any insightful comments about constructed budgets and when they should be prepared and released.

Mr. Saher: First, I'd like to say that I'm very pleased to hear the department endorse the idea of a constructed budget. I think that that is progressive and good. In my opinion, the constructed budget should be constructed and made public at the same time as the budget that is put forward under the Fiscal Management Act.

Why do I believe that? I believe that because the purpose of putting forward a budget is to express a plan, the planned activities in terms of financial impacts, at the beginning of the cycle. Then accountability requires the reporting back at the end against that plan. In my opinion, it's good that there will be a constructed budget placed in the financial statements, but I think that accountability requires that constructed budget to be presented to Albertans at the beginning of the cycle.

Mr. Dorward: Ms Pastoor, did you have any questions? MLA Jeneroux, did you want to go ahead and take some time?

Mr. Jeneroux: Yeah. How much time do we have, Mr. Chair?

The Chair: Four minutes.

Mr. Jeneroux: I could probably get this one in, then. In the consolidated financial statements the total pension plan deficit is shown as \$10 billion for 2013 – page 62, for your reference – and the province's share is shown as \$4 billion. Why the difference?

Mr. Prefontaine: My name is Mark Prefontaine. I'm the assistant deputy minister for financial sector regulation and policy in Treasury Board and Finance, and this is an area of my responsibility.

The difference between the \$10 billion and the \$4 billion is a direct result of the difference between the total unfunded liabilities and the province's share, or obligation. There are a couple of factors that go into that. One is that the funding of the public-sector plans is, on average, split 50-50 between employers and employees or members of the plan. The other is that there are a number of entities that participate in these plans that are not consolidated on the government's financial statements, most specifically the municipalities, which are part of the local authorities pension plan. Those two reasons explain the difference between the \$10 billion and the \$4 billion.

Mr. Jeneroux: That's all I've got.

Mr. Dorward: Okay. Great.
Any others? MLA Amery?

Mr. Amery: Thank you. My question is about the teachers' pension plan funding and liability. On page 38 of the Treasury Board and Finance annual report the teachers' pension plan pre-1992 pension liability funding increased from \$425 million in 2011-2012 to \$436 million in 2012-2013. My understanding is that the government is making payments on this pension plan funding liability. Why is it going up while we are making payments?

Mr. Prefontaine: That is correct. The government is making the payments regarding the pre-1992 liabilities for the teachers' plan. The unique part about the pre-1992 portion of the teachers' plan is

that there are no assets; there is no fund set aside, unlike the other plans. The government is meeting the annual obligations associated with those liabilities. As teachers retire and/or draw benefits out of the plan, those obligations are met year after year, so the reason you're seeing increases. These are expected to increase, I believe, until about 2023, based on current estimates as more teachers retire and receive obligations. Eventually those liabilities will be wound down over a period of time, but until such time as there are no longer benefits being paid associated with that period of time, the government will have a line item associated with the pre-1992 liability. That could be anywhere from 50 years or greater, depending upon life expectancies.

9:00

Mr. Amery: You answered my next question. Thank you.

The Chair: All right. I'm going to turn over chairship of this meeting to our deputy chair so I can ask you some questions.

[Mr. Dorward in the chair]

Mr. Anderson: I am also happy to hear that you've accepted the recommendation of constructed budgets. For those wondering what that means, it just means that we're going to be comparing apples to apples when it comes to seeing the budget before and after, the actuals versus the budget at the beginning, that they'll be both prepared according to generally accepted accounting principles, which is great.

I know that everyone in your department, Mr. Gilmour, works very hard. I've been in lock-up with Darwin and Aaron in particular, and I know they work extremely hard. They know their stuff inside and out. That is not in question. But we cannot as a province have what happened in the last budget with regard to the way it was reported.

What I mean by that is that you had multiple media outlets, think tanks, obviously parties – that's not to be unexpected, mind you – as well as, essentially, the Auditor General of the province giving different deficit and surplus numbers. It was unheard of. It's never happened like that, I mean certainly not in my time and, I don't think, previously, where you had such a discrepancy. No one understood what was going on. I remember during the day hearing different numbers with regard to the deficit from the department, from the Associate Minister of Finance, and from the Finance minister, saying what the deficit would be under the old rules, and they had different answers for it. That loses our province credibility, I believe.

I understand that you want to do this new: capital, operational, savings. I get that. You want to do that. But we have to make sure that the integrity of these documents and these financial statements is clear, concise, so that everybody understands what the deficit is, what the surplus is, you know, what they need to be looking at. We can't have that again. Is your department going to take the necessary steps? It sounds like you're taking one of them. Are you going to take the necessary steps to make sure that we don't have that kind of confusion again going forward when you release the next budget?

Mr. Gilmour: Thank you for the question. I guess, obviously, as we move forward, we're always striving to continuously improve how we present information and how we move forward. Personally, without having the full experience of being here last year, you know, I'll obviously have to follow up a bit with the department as we move forward on that.

But maybe, more specifically, I can ask Aaron to add a comment or two to that.

Mr. Neumeyer: Yeah. I think what I will say is that you can expect that Budget '14 will be presented on the same basis as Budget '13. That is what is required under the Fiscal Management Act. In terms of some of the confusion, you know, all I can say there is that we will be clearer in our communication on, if you will, the operational deficit. You'll continue to see that number. The main difference between the two is primarily the way we're treating the capital grants. You still do see the effect, if you will, on the old basis through looking at the balance sheet and the change in net assets of the province. That information will be available. We have moved to a new presentation, and we're staying with that.

I will say, Mr. Chair, that I attended 10 of the 11 consultations on Budget '14, that ran through October, and I did not hear anyone comment about, you know, the budget format. So we're moving forward with this format. The information will be available to do the old calculation, if you will, and I think I'll leave it at that.

I also want to say on the constructed budget that the timing of it is going to be different. Our processes are that we provide, in the budget, grants to the various board-governed institutions, who then go through their processes to allocate the budgets and the amounts that they're provided from the province, so there's going to be a timing difference between the two.

Mr. Anderson: Okay. In a question that Mrs. Sarich asked of the Auditor General, she asked: at what point in the cycle should a constructed budget be prepared? The answer that the Auditor General gave was: at the beginning of the process, at essentially the same time as you release the budget. Do you agree with the Auditor General? Is that the plan for this next year?

Mr. Neumeyer: No, it's not, sir. Mr. Chair, we've had this discussion with the Auditor, so I can have this discussion with you. Again, in our view, our process respects the board-governed institutions and their processes to take their provincial grants and allocate them as they see fit.

Last year we had a budget on March 7, and Alberta Health Services came out with their budget based on amounts provided by the province in about a month. School boards, who are on a different timing cycle – you know, you don't see their budgets approved till months later, into late June, into the summer, and in postsecondaries the timing varies as well. That's why the constructed budget will not be available at the same time as the Fiscal Management Act budget.

Mr. Anderson: It's a budget. It's a forecast.

Mr. Auditor General, is that an acceptable response, or is there a reason why we can't have it at the same time?

Mr. Saher: Well, I understand the reasons that the assistant deputy minister is putting forward for not constructing the budget, and if I understand it, I think he would be saying that it would be improper to construct something before the underlying entities have in fact decided how to use the monies that have been provided to them. I think that would be the logic.

I'm not arguing with that logic, but I believe the government, being the primary funder of the SUCH sector, is in a position to take a reasonable estimate as to what the revenues and underlying expenses of these SUCH-sector entities will be with sufficient precision that they could be included in a constructed budget at the beginning of the cycle. So my opinion is that it can be done.

Mr. Anderson: Okay. Well, thank you for that. I hope that the ministry will take that very considered opinion and implement it. I think it's a very reasonable request.

We already talked about this a little bit, but I've been harping on this for years, as you know. In lock-up I've asked you probably every time we're in there: why aren't capital grants to municipalities included in the operating expense if the province doesn't own the resulting asset? In other words, right now the deficit was \$451 million, and the Auditor General said: well, actually, if you include capital assets or grants to MSI and so forth, the deficit would actually be closer to \$2 billion, \$1.975 billion. Why don't you just include that number in what the deficit is? Why do you continue to pull that out of the final deficit number? That's part of the confusion, right?

Mr. Neumeyer: Right. So that presentation is one that – it's a fair comment. We kept it in the capital plan, and in part that allows the history of the capital plan presentation to be on a consistent basis. Again, that question is something that we are taking under advisement. We're looking at that.

Mr. Anderson: Okay. Again, it would be great if it was included. A lot of the confusion is from that.

Mr. Bozek: Mr. Chair, just for clarity, those MSI grants from the consolidated financial statements presentation are included in the operating expenditures. So from a budget perspective, again, the fiscal plan perspective, they're included in the capital plan, but when we do the accounting, if you will, from the consolidated financial statements, those grants are treated as expenses.

Mr. Anderson: Oh. You're saying: when the actuals come out at the end of the year.

Mr. Bozek: Correct.

Mr. Anderson: Right. But I'm saying that at the beginning of the year it would be good to see them in the final deficit surplus number. They're not at the beginning of the year.

Mr. Bozek: Correct. I was just clarifying.

9:10

Mr. Anderson: Right. Okay. That's part of the confusion, though. Okay. Moving on to the February 2013 report of the Auditor General with regard to quarterly reports, again, there's a lot of frustration with regard to the public's trying to understand what these quarterly reports mean. You've changed the format in that you no longer include a forecast in the quarterly report. You include the actuals, and that's great, just like – let's start at the beginning. You have a budget document. It has a forecast of what the deficit, surplus, operating expenses, revenues, all that stuff, is going to be. Then, of course, we have these quarterly updates to give us a picture of what's going on, how the world has changed each quarter so that the government can adapt and the public can understand what's going on within the budget. The only problem is that in the new format you have, you're not including in the quarterly updates the forecast going forward. You're only including the actual.

Now, in the Auditor General's report he notes this. He says that actuals for the current quarter are compared to the budget estimate for the quarter and the prior-year quarter. The government also provides an estimate of the year-end balance for the contingency account and for year-end operational results. But then it goes on to say that it does not include the forecasting piece. It doesn't include what it may look like at the end of the year now. That's a really important number. So you get the weird situation like the last quarterly update we had, when we had the actuals for the year and the third-quarter update. The difference is that we didn't know we

had the \$750 million range of what the surplus or the deficit was going to look like, and it ended up being a deficit. That's confusing to people.

Why aren't you doing what you do at the beginning of the year with the budget? Why aren't you forecasting so that people understand in the first, second, or third quarter where we're headed? Why do you just do the actual? It seems like something is being hidden. There's no reason to hide that information.

Mr. Neumeyer: My view, sir, is that this change in the quarterlies – and I'm looking at the first-quarter update from this year. You know, I'm quite proud of how the report has come together. We have used recommendations from the Auditor General in Budget '13. We took the full-year budgets and published them and then also included in Budget '13 the budgets by quarter. We're using those to compare against the actual results that we're reporting. I think that is a significant improvement from the first time we did this, in the first quarter of 2013.

The decision of government was that instead of, in essence, redoing the budget three times a year, we're providing to Albertans our actual results, our actual performance for each period: three months, six months, nine months. At the same time we do provide kind of a range of where we think we're headed in terms of the operational surplus deficit, in terms of the contingency account balance. Also, we do provide in the report an economic overview which does include updates of some of the key components in the budget, including oil prices and other key economic indicators. I think we have provided a good balance right now of both.

Mr. Anderson: Okay. In his report, page 103 – this is the February report – the Auditor General says:

When the government released the 2012-2013 first quarter fiscal update, the form and content of the report had changed, and it did not contain the same information that was previously reported publicly, such as a balance sheet.

And such as the forecasts. You were doing it before, but you're not doing it now. Why? Why change it?

Mr. Neumeyer: Again, this document, like the budget documents, is a policy choice of government. The decision was made to report, if you will, on a more kind of comparable to a private-sector model, that provides actual results. So you're comparing per period the actual results. Again, we do provide a flavour, a range of where we think we're headed on some of the key components, including the contingency account balance and the surplus/deficit. Now, I will say that the first report that he commented on – you know, if you look at the quarterly updates since then, they've improved significantly.

Mr. Anderson: Okay. So the first-quarter update wasn't very good?

Mr. Neumeyer: The first-quarter update of '12-13: you know, the first time we did it, I'll say frankly, we could have done it better. In that report we provided revenue at a higher level by major category. Now you have the same line-by-line presentation that's in the budget. It's a full page. All 50, 60 revenue items are there. The expenses are broken down in detail. You see every ministry operating expense, the capital plan spending, their inventory consumption, et cetera, et cetera. All the categories expensed are here by ministry.

Mr. Anderson: All right. Okay. So I think it's clear on the record. I hope that you will start doing the forecasting again because I think that's important to the process.

I only have a minute 30 left here. In the Auditor General's reports, October 2008 and 2009, there were six recommendations that, if implemented, would improve the transparency and accountability of executive compensation practices of public agencies. In October 2008 it was recommended that processes be put in place to provide public agencies with guidance on how to select, evaluate, and compensate CEOs and other executives. It was also recommended that monitoring processes should be implemented to ensure that good executive compensation practices are followed and reported to the minister who is accountable for the public agencies.

In that same 2008 report they made four related recommendations to improve the public disclosure of executive compensation in the Alberta public sector. These recommendations included improvements to disclosure of termination payments, pension plans, benefits, and variable pay. The question is – here we are; it's the end of 2013, and these are not, as far as I know, implemented – what's the holdup? Why is it taking so long to get this done? It's obviously in the news every couple of months, you know, the latest problem with this benefits pay, these bonuses, et cetera. What's taking so long?

Mr. Bozek: All right. In terms of the response I'll take the opportunity to maybe provide a status update in terms of where we're going with this and, hopefully, answer your question. In terms of expectations I think the recent announcements in the last couple of weeks like the Premier's commitment to enhance salary and termination disclosure are going to dictate where we're going.

I remember last year at this time we were sitting here and having the same conversation, and there was a commitment or a discussion from the deputy at that time that there was a process to deal with the six outstanding recommendations. Really, I see them as two separate areas being addressed by those. One was the CEO and public agency guidance, accountability, and compensation practices. Those are primarily directed to the Agency Governance Secretariat, which was formerly in Treasury Board and Finance. The other set of the recommendations was around CEO compensation disclosure and termination benefits being paid. Those are primarily directed through the current system, through the salary and benefit Treasury Board directive.

In terms of the Agency Governance Secretariat piece there were recommendations tabled with the Finance Internal Audit Committee last year that have also been discussed with the people in the workforce committee, so recommendations were being put forward. At that time, April 1, 2013, the Agency Governance Secretariat was transferred to Executive Council as part of the proclamation of APAGA. I do know, in talking with officials there, that they had made a commitment to the Auditor General to have the recommendations addressed or a proposal to deal with those recommendations by December 31. I was, again, privy to some of those discussions. So that's in progress, and recommendations are being put forward.

Having said that, in terms of going back to 2008, the Agency Governance Secretariat actually has developed a guide to public agencies, boards, and CEOs employment governance. It's not approved or officially endorsed by the government, but it is in play. It is being shared and worked on through the work that the AGS has done with the public agencies. I'm not going to commit to saying that they're all following it, and so forth, but there is guidance that I know that they're actually using. So, again, that's in progress, and I think that will deal with the recommendations.

In terms of the Treasury Board directive and termination benefit disclosures I think you'll see that coming through the Premier's

commitment, and you'll see that resolved. I think the commitment was made for December 31.

Hopefully, that addresses the question.

[Mr. Anderson in the chair]

The Chair: Thank you for your response.

To the Liberals. Mr. Hehr.

Mr. Hehr: Well, thank you very much, Mr. Chair. I'd like to start by thanking the Department of Treasury Board and Finance for being here. I appreciate all your hard work and effort that you do on behalf of this province. Some of the ground we've covered here today I will go over again because I start with the view that the implementation of the Fiscal Management Act was a sham, a political document not really designed to give us open and transparent government but merely to hide the true state of our finances and to make it more difficult to ascertain what is happening in the government of Alberta.

9:20

Now, I understand that your political masters have decided to go down this path, but I don't think it has fooled very many people who have looked at this as merely a political document, not necessarily the best practices for understanding financial documents. It is meant to hide our overreliance on the use of fossil fuels, and it looks like that's going to continue for some time into the future.

With that backdrop, with Budget 2013 under the Fiscal Management Act the government presents its budget in the form of an operational, capital, and savings plan. This is different from how actual results in the financial statements are reported. Staff at Treasury Board and Finance have informed the Auditor General that they will construct a budget for financial reporting purposes that will be used for comparison to actual results included in the province's consolidated financial reports.

It's been noted that capital grants to municipalities should be part of this operating expense, not capital, because the capital assets acquired with these grants are not owned by the province, and I believe that the chair already covered this. Why is this important? Accountability is based on meaningful comparison of the budget to actual results. With Budget 2013, because the actual results in the financial statements will not be compared to the budget, accountability may be diminished. A constructed budget for financial reporting purposes would allow comparison of the budget to the actual results. That has been gone through here. Why is a constructed budget for financial reporting purposes necessary? Why? Why can't we do it all at once?

Mr. Neumeyer: Well, sir, when you say necessary – you know, we're meeting the accounting standard. Again, it's a policy choice of government on how to present its budget, and it's true for any jurisdiction. We're ultimately going to be providing both. On a fiscal plan basis we provide actual results. You see those clearly in the exec summary of the annual report. That compares four-year results, budget to actual. The financial statements, which are on a fully consolidated basis, in the past provided a comparison of budget to actual through no disclosure, and now, starting with '13-14 – and Darwin, the Controller, can supplement – we're working on this constructed budget that will be used to compare against the financial statements' fully consolidated results. Also, as we said earlier, since the accounting standard of fully consolidated financial statements was adopted, we have always provided a reconciliation in the annual report of the difference between the two, and we'll continue to do so.

Mr. Hehr: I take what you're saying to me with a grain of salt. I accept the Auditor General's position that a constructed budget should be done at the same time as – like I've said, I might as well keep on this path – the Fiscal Management Act puts their political spin machine together, at budget time. Have you brought this up with the minister? Why isn't it being done at the same time? Are you going to take that message to the minister, that the Auditor General has recommended that this can be done given that the province essentially calls the tune to the various school boards as to what their budget is? The school boards don't change what the actual numbers are, do they? They have no taxation powers. They have no ability to raise revenue. Their hands are tied right there. In my view, that answer is not acceptable. You seem to give me no clear indication as to why this can't be done at the time budgets are constructed.

Mr. Neumeyer: What you see in the financial statements – the school boards, for example, are given a grant. The fiscal plan will show a grant-to-school-boards amount. For example, you know, let's say round numbers: \$6 billion for '13-14. Okay. That's what the fiscal plan and the estimates of the Department of Education will show you. Those amounts are then taken, and then school board specific allocations are provided by the Department of Education. Those are made publicly available. With those amounts school boards then decide how they're going to allocate those resources. That includes how much is going to go for salaries, supplies, et cetera. Ultimately, in the financial statements of government those are consolidated and rolled up, so the spending of those boards – and you see that in the annual report – you know, is by the object of expense. The salaries are reported that way in the financial statements. The difference is that the budget includes the grant to the school boards, and ultimately the financial statements will show you how they spent it.

In constructing this budget – and, again, the position here of the department is that we're respecting the board-governed institutions in allowing them to determine how they're going to allocate the amounts they're given by the province. No, they can't change the amounts they're given, but they are determining the allocation. Ultimately, then, the accountability back is that we will show you both how they actually used the money versus how they budgeted it.

Mr. Hehr: How does that implement your putting forward a constructed budget? You just told me that the numbers don't change. Why does how they spend this money impact your department's ability to put out a disclosed and constructed budget? You didn't give me an answer there. You told me how these school boards are going to spend the money, which, in my view, has no impact on your constructed budget.

Mr. Neumeyer: Well, I mean, for '13-14 it was not possible to even consider it. The recommendation from the Auditor General didn't even come out until after this time. Going forward, again, the position of the department is that the budget will include the amounts we pay or provide to these institutions. They will then decide, and their boards will approve the allocation. Those allocations will be used to prepare a constructed budget that will be used to compare ultimately against the actuals.

Mr. Hehr: So prior to the release of the Fiscal Management Act there was no discussion in your department. You're telling me: look, these numbers are all going to be mixed up; we're going to change our fiscal reporting to some mechanism that takes us back to the Dick Johnston years, from '86 to '93, where our budgets never made sense and you could never figure out a deficit

compared to the revenues coming in. You're telling me that there is no discussion in your department on how we're going to reconcile these books to meet with generally accepted accounting principles. That's what you're telling me here today.

Mr. Neumeyer: No, sir.

Mr. Hehr: Until the Auditor General's report came out?

Mr. Neumeyer: No, sir. The reconciliations are always provided. We provide a reconciliation, an apples-to-apples comparison on a fiscal plan basis and on a financial statements basis. The two bases are different. The budget, again, is a policy choice of government, but we provide in our reports a full comparison, an apples-to-apples comparison, on both bases.

Mr. Hehr: Well, I don't think so.

The Chair: Sorry, Mr. Hehr.

Mr. Bilous, NDP.

Mr. Bilous: Thank you, Mr. Chair, and thank you all for being here. I'd like to follow up on some of these questions that Mr. Hehr was asking because I, too, am quite confused as to how if in the constructed budget we're not looking for line-by-line spending but looking for a budget or a proposal – Treasury Board and Finance knows how much they're giving each year to, say, the education board. So the number that you used – and I get that it's hypothetical. But if the \$6 billion is given over, it shouldn't matter, when we're looking at forecasting, how they're spending it line by line. We're looking at having that number included in budgets or the constructed budget. So I'm still not quite understanding why those numbers can't be included so that we know at the beginning of the year.

As well, I'm curious to know when these constructed budgets will start coming into play. You made a comment earlier that boards need time to implement this, and I'm hoping that you can clarify that a little further.

Mr. Neumeyer: Well, I think some members on this committee used to be on school boards. You know that the school boards have a process they go through to allocate their amounts.

Now, when you really boil it down, one of the main differences is in the financial statements basis compared to the fiscal plan. In the fiscal plan we'll show – and I'll stick with the Education example – a grant to the school boards of \$6 billion for operating purposes. Where does that wind up in the financial statements at the end of the day? Instead of showing us a grant expense, there's a schedule, which, as I'm flipping through, I'm not quite finding. It's called object of expense, and that takes the actuals and splits them by salaries and wages and employee benefits, supplies and services, et cetera. That ultimately, in terms of the way it's reported, is the main difference in what you see.

What I'm saying to you is that those boards are deciding how they're going to allocate those budgets, not the province. The comparator is that we're going to construct this budget. We're working on this now so that everyone is clear. There's a significant team of folks working with the main ministries involved. We're working on this now. Okay?

9:30

So 60-some school jurisdictions will have taken their grant from the province and decided how they're going to allocate it. We will roll that up. You have to make consolidation adjustments betwixt and between them, like we do on the financial statements, and that will give us numbers that will be compared against the actuals at

the end of the day. It will be an apples-to-apples comparison, but we are allowing those boards to make the allocations, then rolling those up, and we will use those to compare against the actual results.

Mr. Bilous: But the number at the end of the day is the same regardless of how they allocate the dollars?

Mr. Neumeyer: The global, total amount will be the same, but again the main difference is that on a line-by-line, fully consolidated basis the financial statements take grants – from a budget perspective, they are grants. In the school boards' case, it's a global number, \$6 billion. That amount: at the end of the day they don't report that as a grant expense. It's reported as salaries, wages, employee supplies, et cetera, et cetera, and that's what's rolled up into the financial statement.

One could argue – it appears the Auditor General is arguing that – you should make an estimate and produce this constructed budget. I'll say that we can take that under advisement, but at this time, right now, we're working on this constructed budget for '13-14, and that will be provided and used for comparison against the actual results in the financial statements at year-end.

Mr. Bilous: Right. It seems to me that that makes the most sense as far as if we're trying to compare apples to apples and oranges to oranges. You know, when the new act came through, I don't think it was to provide clarity. In fact, I think it did the exact opposite, and there was a lot of confusion as to numbers and trying to compare. So you're saying that for next year that will be in place?

Mr. Neumeyer: No. I'm saying that with the '13-14 annual report you'll see a constructed budget to compare against the actual results. Again, I want to be clear. We always have and will continue to provide apples-to-apples comparisons on a fiscal plan basis and on a consolidated financial statements basis.

Mr. Bilous: Okay. I'm moving on, actually. I'll just go through this. On April 29, 2013, the Fiscal Management Act replaced the Fiscal Responsibility Act and the Government Accountability Act. The legislation governs how the budget and financial statements are prepared. Previously the government had a consolidated fiscal plan, including total revenue and total expenses by category as well as consolidated net revenue and expense.

Now to the FMA. The operating plan, capital plan, and savings plan are all separated. The operational plan relates to the day-to-day programs and services, the savings plan relates to the Alberta heritage savings trust fund, and the capital plan relates to supporting infrastructure projects. The operational and capital plans use different formats for reporting revenues and expenses and, therefore, surpluses or deficits as well. What assurances can you give that the operational plan and the capital plan, as considered and reported separately, are accurately reflecting our surplus and deficit?

Mr. Neumeyer: Well, again, you're really just comparing kind of the old basis to the new basis, and the presentation, again, which is a policy choice of government, is different. But at the end of the day if you want to get back to the old basis, the change in financial assets is a number that is there. You can always calculate that. If you want to go back to the old way, you'd still be able to make that calculation.

Mr. Bilous: Right. But, again, if we're looking, you know, for the ease of Albertans to compare what was projected, what was spent, doing the calculations between them, in my view, makes it a lot

more complicated for the average person, who is not an accountant, to see how the numbers line up. How can we get a clearer picture of the current state of finances, particularly the balance of government expenses to revenues, in order to make priorities for expenses at present and informed spending choices for the future?

Mr. Neumeyer: Well, again, that's what the budget does. It provides that information. Again, we always will continue to provide the ultimate results on an apples-to-apples basis, so you will have that accountability comparing the actual results to the budget.

Mr. Bilous: Because capital expenses were moved off the operational plan, they're not part of the surplus-deficit calculation in the budget. Operational revenue also excludes allocation for debt-servicing costs, which are important in determining a surplus or deficit. At the end of the day the Auditor General concludes that had the 2013-14 budget been prepared on the same basis as the '12-13 budget, the calculated deficit for '13-14 would have been \$1.975 billion, which is \$1.524 billion more than the currently projected value. How will discrepancies like this be resolved in the preparation and calculation of future budgets so that Albertans can adequately be informed of the financial state of the province?

Mr. Neumeyer: The debt-servicing costs: I want to be clear on that. In the way we presented it, it actually makes no difference in the calculation of the surplus, and the Auditor General's July report acknowledges that. The President of Treasury Board and Minister of Finance's commitment through the budget consultations last year was that if the government was going to start borrowing for capital, we were going to show the cost of that borrowing and take it, if you will, off the top. That's why it's presented in the way it is presented in the budget. You start with your total revenue, and there are a couple of deductions. One is on the savings. The government has as part of this committed to start a savings plan, and those amounts are taken off the top and not used for operational spending. That's why the presentation is made that way. On the debt-servicing costs, the way we're showing it – and, again, the Auditor's report recognized it – it makes no difference in the calculation. It's just a presentation difference.

The Chair: Okay. Thank you very much.

For the remaining time, up until 9:50, we'll go to the PC caucus.

Mr. Dorward: We'll go to Ms Fenske.

Ms Fenske: Thank you. Good morning. Thanks for being here. ATB questions to start with and then to AIMCo quickly. I think it was last year at this time that we were discussing some of the issues that happened with respect to IT and the changeover. Could you update us on how that happens to be going now? Perhaps while you're up at the mike to say something, also let us know about the recommendations and the key controls in your new banking system that are still outstanding from November 2011.

Mr. McKillop: Thank you for the question. My name is Jim McKillop, and I'm the chief financial officer of ATB Financial.

With respect to IT controls, you know, the prime ones that were outstanding – and they were identified in the most recent Auditor General's report – were around program change management controls and risk assessments. Those are both progressing as planned.

With respect to program change management controls, during our banking system conversion we took a route that was more efficient to make the change management requirements that we had during that time. We have since made those controls more effective, and we're comfortable that they will be completely in place over the next couple of months. We're going to validate that through another external assessment of the work that's been done.

I'm sorry. If you can remind me of your second question.

Ms Fenske: It was basically on the key controls. That was, again, your risk assessment and your control matrices that were implemented. I think that you've addressed that.

Mr. McKillop: In terms of the key controls around our banking system the specific point was around the operational effectiveness testing of our controls within our banking system. We have since stepped up with a project around internal controls over financial reporting. It's a requirement for public companies, which we now have in place, and we have complete effectiveness testing for the controls that we have identified. That is done. We've done that for the fiscal year-end of March 31, 2013, and we will redo it again before we complete the March 31, 2014, year. So that is in place.

Ms Fenske: Great. Thank you.

Perhaps, AIMCo, you could update us on the IT changes that you were undertaking to the outstanding recommendations.

9:40

Ms Colville: I'm Jacquelyn Colville. I'm the CFO of AIMCo, a little shorter than Jim.

We did complete in August the system implementation that has been under way by AIMCo for the last four years. We went live in August, and we've been operating under the new system since then. The project went quite well. We're operating day to day with, really, no issues.

In terms of outstanding recommendations from the Auditor General we have two open recommendations currently. One of them relates to our documentation of controls and processes on our risk system. That has been completed from our perspective. The Auditor General expects to be able to review the documentation of those controls and processes in the audit that they're completing right now, and we hope to have that signed off by the end of the fiscal year.

The other open recommendation has to do with financial reporting requirements in our investment management agreements. That is part of a process that's under way with the government of Alberta and our pension clients to try and draft a new investment management agreement that, among other things, does a better job of documenting those financial reporting requirements. That process is ongoing. We expect it to complete perhaps in 2014, at which time I hope that the Auditor General will also clear us of that recommendation.

Ms Fenske: Okay. Thank you very much.

Mr. Dorward: MLA Khan, go ahead.

Mr. Khan: Thank you, Mr. Dorward, and thank you very much to the team from Treasury and Finance for being here today. As most of my colleagues have expressed, we very much do appreciate your work. I have an AGLC question. If we're going to be looking at page 356 of the Treasury Board and Finance annual report, which are the results of the AGLC, with the 2013 net income higher than the 2012 net income, my question is: how does the AGLC strike a balance between acting as a regulator and an

organization that works closely with the gaming and liquor industry?

Mr. Robinson: Good morning. My name is Bill Robinson. I'm the president and CEO of AGLC. We've developed, certainly, a number of programs on the social responsibility side relative to ensuring that there are good programs for players and ensuring that on the liquor side of the house we have programs like ProServe and ProTect. On the gaming side we have GamTalk, which, of course, is a national program. Essentially, we want to make sure that with every program on the gaming side and on the liquor side of the house we have programs that provide support, whether it be to the player or whether it be to the consumer, that allows them to certainly access programs that will help. We have RGIC representatives in 20 of our casinos, where if players run into difficulty, they have someone to talk to and to get advice from and to take a time out.

Certainly, we're always examining the balance that we have between profits from both the gaming and liquor industries and the programs that we have in play, and we're always trying to ensure, you know, that profits aren't made at all costs, that we have those programs which balance with the public need and the public concern.

Mr. Khan: Okay. That speaks to sort of the interesting world in which you exist in that we're asking you to create revenue, but at the same time, when it comes to gaming and when it comes to liquor consumption, we're asking you also to promote moderation. That obviously presents you with some interesting challenges.

I understand that the medical examiner recently called upon the AGLC to work with Alberta Health Services to implement a strategy that revolves around that moderation. My question specifically is: what progress did you make last year to implement the Alberta alcohol strategy and meet your goal to promote a culture of moderation to reduce alcohol-related harms?

Mr. Robinson: Well, actually, we certainly appreciate the report, and we recognize the recommendations in the report. Last year and certainly into this year we've introduced advertising campaigns and programs which talk about the applicable number of drinks and moderation for men and women, and we've had an advertising campaign regarding that.

The inspections that we do in licensed premises relative to underage drinking and overconsumption: we've created a program now that strikes a balance between the highest risk premises and the time that our inspectors put into that work. And, of course, we're looking at and acting on the entire topic of binge drinking. We have an advertising campaign now that focuses on what we refer to as preloading or drinking prior to young people going out and enjoying themselves for the evening. We recognize and try to certainly educate the public that predrinking prior to going out into the environment, into the community should be recognized as the total consumption number that you have as you go out.

Again, we're striking on many fronts, on the advertising part and on the education part and, of course, on the inspection part. We're hitting this in a multifaceted effect.

Mr. Khan: Thank you very much.

Mr. Robinson: Thank you.

Mr. Dorward: I'll take the next question. On pages 24 and 25 of the ministry annual report it discusses the new fiscal framework, as it's been described, and the new act. At the bottom of page 24 it comments that there were 3,800 Albertans that participated in a

survey, that there were other methods of finding out what Albertans wanted to hear, and then I understand that this fall there was another series of feedback. How has Albertans' response been to the actions taken by the government as you've stated here in this discussion of strong and sustainable government finances?

Mr. Gilmour: As you mentioned, we got an opportunity to go out and speak to numerous Albertans through this fall, through October. As you had discussions with them, there was certainly a sense, a feeling from people in the crowd that they appreciated the fact that they could understand, you know, the operating, the capital, and the savings. There were a lot of comments that came in from Albertans that focused on continuing to meet the challenging needs of the province. The province continues to grow and will require infrastructure and other areas of support around that. There was certainly a strong message that it's important to remain vigilant, to spend within your means, and to move forward.

Mr. Dorward: I hate to cut you off, but we're very short of time.

I'm going to put a question on the record, and then we're going to go to MLA Sarich. The question for the record: I'd like you to get back to the committee on it. I have some concerns over the decision that was made or the methodology that was put into place to have a limit on the borrowing of capital. I'm reading from page 25. It says: "the FMA legislated a limit on borrowing for capital by capping capital debt servicing costs to a percentage of revenue and funds will be set aside annually to accumulate for future debt principal repayment." Just via comment back, how was that number determined, and what risk is there to Albertans that somehow there's going to be more debt brought on? Interest rates could rise, and all of a sudden we're in a pickle here because that is going against what the legislation states. So if you'd get back on that whole debt-servicing issue I'm concerned about.

Mrs. Sarich.

Mrs. Sarich: Thank you. Very quickly, two things. I was wondering if you could take a second look at the readers' guide in the Measuring Up document on page 80, and a written response back would be appreciated. The introduction talks about the results-based budgeting process but does not include the information on the costs relating to that process. I was wondering if you could write back on how the government demonstrates that the programs and services that are being delivered are being delivered in the most effective and efficient way by explaining the issue of the costs.

9:50

The second is more of a comment. We have a little bit of diverse views on the constructed budget, and there was a comment made about the school boards. My comment back, having served as a school board trustee, is that school boards in the province typically would like the government of Alberta to release their budget sooner than later so that they've already gone through their forecasting procedures and how their allocations would be based on profiling some possible forecasts of 1 per cent, 2 per cent, or half a per cent, and all of that. So extending the time into way later, four or five months after the government releases a budget, is not something that would be a view subscribed to by the school boards. They are prepared to release money once the grants come in, and they work very hard up until they get the signal from the government as to when the budget is going to be released so that they can respond as quickly as possible, including the adjustment that happens in the fall.

The Chair: Okay. Thank you for those comments, Mrs. Sarich.

We're going to wrap up here. We've got a couple of items for the committee to deal with unrelated to our guests, so our guests may go. Thank you very much for coming and answering the questions. Please, come back soon.

Before we wrap up today, you should have all had the chance to review the draft copy of the Public Accounts Committee's 2012 annual report. It is a very basic summary of what happened in 2012. I know we're almost at the end of 2013, but better late than never that we get this out. It's ready to go. We've already had some discussion on this, but we do need to pass a motion that

the 2012 annual report of the Standing Committee on Public Accounts be approved and distributed.

Would you like to move that? Mr. Quadri. Those in favour? Any opposed? Carried.

The last piece. You should also have been distributed a copy of the status report on outstanding OAG, office of the Auditor General, recommendations from the Auditor General of Alberta template. This is something that was discussed at the working group last week in order to help the committee in being better prepared for meetings with departments. Departments scheduled to meet with our committee would be sent these forms with each outstanding recommendation listed in the shaded-box section at the top of the boxes. They would be asked to check the appropriate boxes and fill out the comments section inside the boxes and then send them back to the committee one week prior to their meeting date.

These completed forms would be included with that week's Public Accounts briefing material on the internal committee website. It has been suggested that we send these out to Alberta Energy, who is scheduled to appear before us on November 27 – that gives them enough time – Alberta Health and AHS, who are scheduled for December 4, and Alberta Ag and Rural Development, who will either appear on December 11 or next year, depending on how long the House sits, of course, as we've discussed.

Is there any discussion on that? Mrs. Sarich.

Mrs. Sarich: Thank you, Mr. Chair. I'd just like to be assured by the Auditor General that what has been put together to help streamline this process is actually serving his best interests and all of his people that help in the audit function. Also, because this is something new, I'm wondering if after we go through maybe a couple of the departments utilizing this particular status report form, we would do an evaluation. Maybe it would be by the signal of the Auditor General, you know, because it's something new. I think, in all fairness, that if there are adjustments to be made, then we should be bold enough to listen very carefully to what those adjustments would be and move forward with that.

Mr. Saher: Yes. I think that's a very good idea. This is something new. I think, in essence, that if you go forward with this, what you'll be saying as a committee is: "Let's pilot this form. Let's use it with two or three ministries and solicit feedback from committee members, the ministries themselves, and the audit office." I think that that's a good plan. I want to say that I think this will be very helpful to the audit office. I think that the quality of this template will in fact be sort of reverse-engineered back into the working processes we have so that if ministries realize that this is how they're going to have to present information to you, they will start presenting that information to us with this degree of detail.

In my briefing to you earlier I had said – and I think the member picked up on this – that we have good working relation-

ships. We don't have consistency in how each department is working with us at an operating level. I think this will help with that consistency because people will say: one pass. I mean, why do it one way for the audit office and another way for the Public Accounts Committee? I think this will be very useful in streamlining processes, and I think it gives you as a committee a direct connection with the department. I mean, we list the outstanding recommendations. We list at a high level whether the department is ready or not. This will allow you to, if you will, create a relationship directly with those entities because they're talking directly to you.

I wish to go on record as saying that if you see a large number of recommendations that the ministries are telling you are ready for the audit office to audit and if your senses are, "Well, why aren't we getting on with it?" you should hold us accountable. You should ask us that question.

The Chair: Thank you very much, Mr. Auditor General.

Are there any other comments on that?

Seeing none, we need a mover that

the proposed status report on outstanding recommendations from the Auditor General of Alberta template be approved as distributed and that the template be sent out attached to the committee's formal correspondence with invitees going forward subject to feedback from this pilot.

Is that appropriate? Do we have a mover for that? Mr. Luan.

Mr. Dorward: Well, you can have a mover if you want, but . . .

The Chair: You want to speak to it?

Mr. Dorward: Yeah.

The Chair: Go ahead.

Mr. Dorward: I don't support it for only one reason. It came in only yesterday, and I didn't even have a chance to print it off. It was only nicely put on my desk here, so I haven't even looked at it. It's two weeks, I think, correct? Are we meeting next week? So it's two weeks. I apologize, but things like that I really think are important for me in particular to have a fulsome thought on.

Then I would add to that, and maybe it would be good, Chris, to consider this part. It would be one of the questions that I would come up with, so I can ask it now. Are we going to be supplying it electronically to them so that they can just fill it in, and then are they able to take the recommendations in it electronically so they don't have to retype those into the document? You know, I'm just trying to administratively make the burden less. Do they see the recommendations in an electronic form so they can cut and paste those, or are we asking them to type all those darn recommendations out again into the document?

Mr. Tyrell: There are actually two documents there. One is the blank template, and the second one is a sample one that is prepared for Alberta Energy. You can see that we would have the recommendations already in there, and they would be receiving them electronically so that they could just kind of input their answers and send them back to us.

Mr. Dorward: Okay. That was just an example of the kinds of things I'd like to explore, and I didn't have a chance to even do that.

The Chair: Okay. Well, we have a motion on the table.

Mrs. Sarich: Maybe this would be helpful. My question was directly to the Auditor General, asking on his level of assurance that pulling something like this together was simply to streamline the information that he already receives from departments and also to give a tool. That is really what it is. Then there was also a comment of how there were conversations in the working group, which the majority of the committee members are not involved in. So it's unfortunate. I hear what my colleague is saying, that the release of the document maybe didn't come in advance, but I guess we have this business. Are you asking for this to be held to the next meeting so that there could be a further exploration of the document for a level of comfort? I'm not too sure that that would be acceptable.

10:00

Mr. Dorward: Yeah. Conceptually I like the idea. Conceptually I like the idea of the individuals coming to us to save us some time in the examination process, to already get beforehand the information relative to where they're sitting with respect to the Auditor General's recommendations. That seems to make sense to me, and it'll probably streamline our process. But I don't know what we're asking them. I haven't seen the cover letter that goes to them to try to explain that. I haven't seen the time frame. Are we asking for this a week before, two weeks before, or four days before? I don't know all of those things, and I didn't get any chance to do it yet. I'm supportive of it, but I think we should take some time and make sure we get it right. I'd rather talk about it and vote on it in two weeks. Well, we can vote on it, but I would rather vote in the affirmative with some possible adjustments in a couple of weeks here.

Mrs. Sarich: Well, you know, with a high abundance of respect for process, maybe it would be good measure. I mean, we're very thankful that something has been put together. It is a pilot, and if it requires a further examination or a "let's have this item rest," I don't see any difficulty with that, Mr. Chair. I know that there's a motion on the floor, and maybe we're having this friendly discussion about what to do here. We could bring this piece of business back, and you have your working committee meetings and whatnot in advance of the next meeting. So maybe there's a little bit more insight.

The Chair: Mr. Luan, would you like to table the motion?

Mr. Luan: I will table it in light of the conversation we had.

The Chair: All right. Why don't we do that, and then in two weeks we'll bring it back and can outline some of the rules that he's talking about.

Mr. Dorward: Thank you.

The Chair: Okay. Is there any other business that committee members would like to raise?

The date of the next meeting will be after constituency week, on Wednesday, November 20, 2013, with Medicine Hat College to discuss their international education division as well as Alberta Enterprise and Advanced Education to discuss Campus Alberta.

Would somebody like to move adjournment? Mr. Rogers. Those in favour? Any opposed? Carried.

Thank you, everyone.

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

