



Legislative Assembly of Alberta

The 27th Legislature
Fourth Session

Standing Committee
on
Public Safety and Services

Treasury Board
Consideration of Main Estimates

Monday, March 21, 2011
6:30 p.m.

Transcript No. 27-4-3

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The 27th Legislature
Fourth Session**

Standing Committee on Public Safety and Services

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Department of Treasury Board Participant

Hon. Lloyd Snelgrove Minister

Also in Attendance

Anderson, Rob, Airdrie-Chestermere (W)
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6:30 p.m.

Monday, March 21, 2011

[Mr. Drysdale in the chair]

**Department of Treasury Board
Consideration of Main Estimates**

The Chair: Okay. I guess it's 6:30. Welcome, everyone. We'll call this meeting to order. I'd like to remind everyone that the usual rules regarding electronic devices and food and beverages in the Chamber continue to apply.

Members and staff should be aware that all the proceedings of the policy field committees in their consideration of the budget estimates are being video streamed. The minister whose department's estimates are under review is seated in the designated location, and all other members wishing to speak must do so from their assigned seat in the Chamber. Any officials or staff members seated in the chair of a member must yield the seat immediately should a member wish to occupy his or her seat. Members are reminded to stand when speaking.

Note that the committee has under consideration the estimates of the Department of the Treasury Board for the fiscal year ending March 31, 2012. The speaking order and times are prescribed by the standing orders and Government Motion 5, passed on February 23, 2011, and are as follows: (a) the minister or the member of the Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes; (b) for the hour that follows, members of the opposition and the minister may speak; (c) for the next 20 minutes the members of the third party, if any, and the minister may speak; (d) for the next 20 minutes the members of the fourth party, if any, and the minister may speak; (e) for the next 20 minutes the members of any other party represented in the Assembly and any independent members and the minister may speak; (f) any member may speak thereafter. Within this sequence members may speak more than once; however, speaking time is limited to 10 minutes at a time.

A minister and a member may combine their time for a total of 20 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Committee members, ministers, and other members who are not committee members may participate. Department officials and members' staff may be present but may not address the committee.

Three hours have been scheduled to consider the estimates of the Department of the Treasury Board. If the debate is exhausted prior to three hours, the department's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn; otherwise, we will adjourn at 9:30 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

Vote on the estimates is deferred until Committee of Supply on April 20, 2011.

Written amendments must be reviewed by Parliamentary Counsel no later than 6 p.m. on the day they are to be moved. An amendment to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. The vote on amendments is also deferred until Committee of Supply, April 20, 2011. Twenty-five copies of amendments must be provided at the meeting for committee members and staff.

Written responses by the office of the President of the Treasury Board to questions deferred during the course of this meeting can

be tabled in the Assembly by the minister or through the Clerk of the Legislative Assembly for the benefit of all MLAs.

I now invite the President of the Treasury Board to begin his remarks.

Mr. Snelgrove: Just thunderous applause. The excitement fills the air.

Ms Calahasen: Do you have to ask for it?

Mr. Snelgrove: I have to beg for it, Pearl.

Well, thank you, colleagues and Members of the Legislative Assembly. We're not only going to deal with the Treasury Board here today. We're going to deal with corporate human resources, which is one of the other ones.

I am going to introduce my staff to you just so we know who to blame when I don't have the answers. Grant Robertson is the Deputy Minister of Treasury. Dale Silver is our Public Service Commissioner. Lori Cressey does all the work in both departments; well, you know, from a financial point of view and others. We have a couple of assistant commissioners up in the gallery keeping an eye on the opposition's computers. Just teasing. Teasing. Mary Anne Wilkinson and Lori Cooper are up there.

With that, Mr. Chairman, we certainly will have the to-and-fro, the back-and-forth that we've had in the past, if that's okay with the hon. members, except for the hon. members on our side, in which case it will simply be to.

It's also pretty easy to tell you what the objectives of Treasury Board are when you look at our business plan. Treasury Board promotes efficient and effective government through strategic advice and services. The objective relates directly to the minister's core business of accountability, budget and capital planning, supporting responsible and sustainable oil sands growth, agency governance, and government air transportation services. Corporate human resources ensures that the government has a strong public service to deliver high-quality programs and services to Albertans. As you can see, these are central roles that impact each ministry across government and, in turn, impact the Albertans we serve.

I recognize that the questions today may be about the broader government goals and objectives, but I would like to take a few minutes to look specifically at the Treasury Board goals. Our first goal is an effective and efficient government. This is an ongoing objective that should be part of the thought process when we engage in any government activity. Is it going to be effective, and is it efficient? For Treasury Board our efforts in this area include government re-engineering initiatives, enhancing accountability to Albertans, promoting good agency governance, and improving the efficiency and effectiveness of internal ministry control and the governance process. In each of these areas we have made good progress.

This year, as you've gone through the Committee of Supply with other departments, it was probably easier to look at both the estimates and the business plans because of the work done by Treasury Board. Overall ministry business plans are more strategic, more focused and concise, easier to read, and more effective in providing Albertans with information about the major initiatives planned for the next three years.

Government estimates have also been streamlined by reducing duplication without reducing information. Changes were made to the estimates to improve the readability and to make the presentation more consistent with other budget documents. In addition, all ministry annual reports will be published in June 2011 along with the government's annual report. This is three months earlier than when ministry annual reports were released in prior years due, I

might add, to the incessant and complete questioning by the Member for Edmonton-Gold Bar as to why we drag this out longer than June. These actions will lead to accountability and support an effective and efficient government.

Goal 2 of our business plan is disciplined government spending. Initiatives for this goal include leading the continued implementation of the 20-year strategic capital plan to build priority public infrastructure, reducing deferred maintenance costs, promoting long-term fiscal sustainability, and projecting future spending requirements associated with existing programs. Steps taken in the past have allowed the government to be in a strong fiscal position to weather the recent economic storm. Rather than drastically cutting program spending or raising taxes, continued support for programs and infrastructure has enabled Alberta to emerge from the recession well positioned to move forward.

Total expense is rising only one-half of 1 per cent in 2011-12, including an increase of \$720 million in operating expenses mainly for the 6 per cent base funding increase for Alberta Health Services, teachers' salaries, additional enrolment in K to 12 and postsecondary education, and higher caseloads in programs for seniors and Albertans most in need. This increase is far below population plus inflation. Expenses are forecast to increase by an average of 2.2 per cent the following years, which is again below population growth plus inflation. Through quarterly updates and constant monitoring with other ministries across government Treasury Board keeps a close eye on emerging trends and identifies potential spending pressures as early as possible. This helps government decision-makers to have the best available information to form their allocation decisions.

Goal 3 of the business plan focuses on supporting responsible and sustainable growth and management in the oil sands. The priority objectives here consist of co-ordinating the implementation of Responsible Actions: A Plan for Alberta's Oil Sands as well as addressing growth pressures in the Alberta oil sands regions. The implementation of Responsible Actions continues through work being done across government involving over 50 projects and initiatives.

I can honestly say, Mr. Chairman and fellow members, that the Member for Athabasca-Redwater has done an amazing job of helping to co-ordinate not only CRISP but all of the activities we have up in that region, and we certainly owe him a great deal of thanks.

We are also leading the development of infrastructure plans for Alberta's three oil sands areas through the development of the comprehensive regional infrastructure sustainability plan, or CRISP. CRISPs are a long-term approach to planning future infrastructure development based on possible future oil sands production rates and associated population growth. Each CRISP is being developed in collaboration with municipalities and engaging industries, community organizations, and First Nations and Métis during the development process.

6:40

Goal 4 of the business plan deals with having skilled and engaged Alberta public service employees. The priority initiatives here include developing and promoting effective human resources policies, programs, and initiatives and seeing that the interpretation and application of these policies are consistent across the Alberta public service. We recognize the challenges of the current economic environment, and efforts of corporate human resources will focus on career development, leadership development, and flexible work arrangements.

Now that I've reviewed our business plans and goals, I'd like to talk about our estimates. If you compare the 2011-12 estimates to

the '10-11 forecast, you'll see an increase of \$20.8 million, and you might reasonably ask why the President of the Treasury Board is seeing such an increase in his budget when he is so fiscally responsible. You might ask that, but there is an explanation. The 2011-12 estimates include \$19 million in funding to plan capital projects, which will be transferred to other ministries as projects are approved for capital planning and preliminary design.

Mr. Kang: Is that \$19 million?

Mr. Snelgrove: Nineteen – one nine – million. The golden arches, yeah.

Mr. Kang: I only need a hundred million.

Mr. Snelgrove: Yeah, I know.

The 2010-11 forecast funding for this purpose was either fully allocated to ministries or lapsed; therefore, the forecast amount is zero. Also, the '10-11 forecast is lower because the ministry made a concerted effort to reduce discretionary spending and did not fill vacancies. After adjusting for capital projects funding, the ministry will remain essentially the same budget we had in '10-11.

I might point out to those that want to read *The Armet Report* where he identifies the cheapest minister as opposed to the most expensive one, and you will see that the President of the Treasury Board's office expenses are the lowest by a considerable amount in government. So not only are we asking other departments to do it; we're actually doing what we asked them to do. We're just doing it better, that besides the fact that I'm cheap.

I know that your questions will be more interesting than my speech. I do think Treasury Board has evolved significantly from four and a half or five years ago. I certainly look forward to discussing with the Assembly any of the departmental issues or spending that we've got.

The Chair: Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. I assume you'll want to share your time back and forth.

Mr. MacDonald: Yes, please, Mr. Chairman.

The Chair: Okay. Go ahead, Mr. MacDonald.

Mr. MacDonald: Thank you very much. I appreciate that overview of the department. Certainly, not only are you leading by example with fiscal responsibility; you're also leading by example by working two departments. The hon. member from – I always want to say Kitscoty-Lloydminster, but it's not.

Mr. Snelgrove: Unless you're in Kitscoty.

Mr. MacDonald: Unless you're in Kitscoty.

You're working as both President of the Treasury Board and the Minister of Finance and Enterprise, and you're leading by example that way as well. If you can do it, I don't understand why other cabinet ministers can't do it and shrink the size of government. In fact, I was not surprised to learn that in British Columbia the new Liberal government is going to reduce the size of cabinet from 23 to 17. I was reading that in the *Globe and Mail* over the weekend, and I thought: now, that's interesting; perhaps they will here follow the lead of the President of the Treasury Board and the Minister of Finance and Enterprise in consolidating things. You seem to be doing a very good job at it, so I don't know why it couldn't be done on a wider scale.

Certainly, the Treasury Board is a small but vital area of government, and it's quite an interesting area of government. You have the Department of the Treasury Board, and I must admit it's sort of a mysterious area because so much of the information that is discussed to compile the budget, of course, is not made public. I guess the whole decision-making process is unique to hon. members on that side of the House. The mission of the department is to promote efficient and effective government through strategic advice and services relating to the minister's core businesses of accountability, budget and capital planning, responsible oil sands growth, agency governance, and government air transportation services.

Whenever we talk about an accountable and financially well-managed government, a lot of this goes back to the Treasury Board. When I look at a past annual report – and I'm pleased that they're going to come out in June. It will give the researchers lots of work over the summer.

I would like to start, Mr. Chairman, by asking: when you set the budget – and if I'm reading the Financial Administration Act correctly or interpreting it correctly, the hon. minister signs off – I would like to know if, when you're setting the budget, you compare what is estimated with what the actual is from the year before and what comes into not only your department, if it is, but certainly what comes into the budget through supplementary estimates. Is all of that co-ordinated?

Mr. Snelgrove: Sure. We have quarterly updates. We'll monitor some programs on a more current basis so we know where there may have to be adjustments. I'll go back to the information. The information that is discussed at Treasury Board is only shared with the Treasury Board members in attendance. It is not shared with caucus. The Treasury Board decisions are private. I know that the hon. member would know that in many cases you're dealing with external objectives of maybe purchasing property or settlements and stuff that you wouldn't want public.

I would ask the hon. member if he could let me know down the road just how much reducing the number of cabinet ministers in B.C. will reduce their budget. It's not the cost of a minister; it's the cost of bad decisions that drive spending up. Reducing this government from 23 to 17 would save about 3 and half million dollars. That can be saved by having one good decision, by having a minister who knows their department well enough to make the right decision. We'll watch together what the government of B.C. does with their budget and their smaller cabinet and see if it has an effect.

Mr. MacDonald: Thank you. I would remind the hon. minister that, in my view, an example of a bad decision would be the consolidation of the Alberta Health Services Board. You see it balloon up to well over \$15 billion in budget.

Now, is the government allowed to spend money in excess of what is voted – for example, what would be voted here later on in this session – in excess of the amount that's authorized in that vote or in supplementary supply? Can the Treasury Board or any other department spend money in excess of what is voted plus what comes in in supplementary supply?

Mr. Snelgrove: No. They have to come to the House for authority to increase and, in many cases, to change the voted authority. As the hon. member will recall, a few years ago we put \$175 million in Treasury to be ready to be able to access federal government programs that we thought were coming but that had to be new money. When that money was allocated, we had to come back to the House to reallocate. So we are bound by the legislation requiring voted expenditures with, I think, the exception of emergencies,

which then need to come back to the House. We can declare an emergency. Other than that, we have to live with what are our voted limits.

6:50

Mr. MacDonald: Okay. I'm looking at page 346 of the estimates. We're going to vote \$2.2 million for your ministry support services; oil sands development secretariat, \$3 million. I'm going to pick one. Let's pick air services. Air services currently has an estimate of \$4,280,000 for 2011-12. Now, if we had to use the airplane more frequently or there were maintenance issues with it and you needed to spend more money to keep that fleet of aircraft on the go, and you needed, let's say, another \$2 million, can you take money out of the capital projects budget over on the other page, page 347, for instance? Can you take a couple of million bucks out of that without having a vote of the Assembly?

Mr. Snelgrove: I would have to come back to the Assembly in supplementary supply to do that. That would be correct.

Mr. MacDonald: Is all this governed by the Financial Administration Act? I think it's section 24(2). I have it here.

Mr. Snelgrove: It's covered under our Financial Administration Act.

Mr. MacDonald: Okay. Mr. Chairman, if there were excess amounts spent in this fiscal year or in a previous fiscal year other than what's in a voted expense or in an authorized supplementary supply, are they considered excess amounts that would not be legally disbursed?

Mr. Snelgrove: I'm not sure if the hon. member is talking about lapses. For example, if we budget the department of highways for \$1.7 billion in highway maintenance and the weather is so bad they can only spend \$1.4 billion, the \$300 million would be lapsed into the next year's spending. We would still have the voted authority.

The other thing that might happen with airplanes: if we found this year that we didn't fly as much as we thought, and we reduced our deadheads, and we made more efficient use, but we had some maintenance that we wanted to move ahead with on the airplane because we had budgeted in air maintenance, we could do that, or we could defer maintenance if we were going to be over. We wouldn't do that for our airplanes. But typically you do have to take a look as your year gets on. If you're not going to have the money to do it, you would have to defer.

Conversely, if the highways had more done, they might have to defer. If their prices came in too high, they would have to close the project down. So there are lapses. If they are voted for that, they stay.

Now, Transportation couldn't take the money that was voted for highways and go build schools and that thing. It was voted for highways.

Mr. MacDonald: Okay. Just to make sure that I understand this process. Now, this time I'm going to pick corporate internal audit services, with a budget estimate here of \$3,928,000. All of a sudden the President of the Treasury Board takes a notion that, well, we need to look into Alberta Health. They had two items in their auditor's report – one for \$500 million, one for \$420 million – that just don't make them feel comfortable. The hon. minister is not comfortable with that report. So he wants to take \$3 million and put it into corporate internal audit services so they can check out what's going on with Alberta Health Services and the former health regions going back a couple of years.

What you're telling me is that you cannot take that money from any of these other elements and allocate it into corporate internal audit services without first coming back to the House and getting permission to do so in an authorized supplementary vote. Am I right?

Mr. Snelgrove: If we were going to reallocate on an operational basis and it's not capital, I could identify areas in my thing that may do different amounts as long as you stay in my operational budget as opposed to your capital budget. I would also say that I know that the Auditor has gone through the books of Alberta Health Services, and I know they have reviewed them based on some erroneous allegations from some members that sit a little ways behind you and have found absolutely nothing that would indicate any reason that anyone would need to go spend money on the Alberta Health Services budget.

Mr. MacDonald: Okay. So the operational budgets can be transferred from area to area without any sort of . . .

Mr. Snelgrove: Within the department.

Mr. MacDonald: Within the department. Okay. Does that also apply for agencies, boards, and commissions?

Mr. Snelgrove: No. We don't have any agencies that would have the relationship. For example, ATB couldn't take their money and transfer it to AIMCo. I'm trying to think of another number of agencies or boards.

Mr. MacDonald: Alberta Health Services.

Mr. Snelgrove: Alberta Health Services could jointly fund programs with other ministers within their budget, but once again that would be money that has been voted to either of the departments. They could come out with a joint program with Education, for example, and Parks and Recreation to enhance healthy lifestyles, so collectively those three could go with a project, but Alberta Health Services would be dealing with money that they budgeted for that.

Mr. MacDonald: Okay. So if Alberta Health Services has a budget and they want to get more money, they can go to the ministry and get more funding without coming back to the House here. Correct?

Mr. Snelgrove: Alberta Health and Wellness does have other sources of funds. The money that is voted on in here to Alberta Health and Wellness then makes the transition to them. They reallocate within their budget, but they may have other revenues. They have parking revenues and such. So in their books how they spend their money is based on the business plans they put forward to Alberta Health and Wellness, and those plans are then audited by the Auditor General to make sure that they mirror where they indicated they were going to spend.

Mr. MacDonald: Okay. Now, the Treasury Board has the authority under the Financial Administration Act to do internal reviews. I'm reading, Mr. Chairman, the Financial Administration Act, section 86.

The Treasury Board may conduct, or authorize a public employee, public official or personal service contractor to conduct, an examination of the operations or administration of a department, Provincial agency or fund administrator.

In the budget estimates that we are discussing tonight, does the minister anticipate any need or any reason to use this section to do an internal review?

Mr. Snelgrove: We work very, very closely with the office of the Auditor General, and in many ways we try and complement the information that we each develop or that we develop from the office of the internal Controller to support the work that the Auditor General may do. If we had any reason to believe that there was a department or an agency that was outside of its legal or its voted authority, certainly we would look. We have, I would say, an ongoing watching of the different identifiers in the departments that may trigger spending habits that are inconsistent, but our work right now with the office of the Controller gives us great confidence that between the two of them, them and the Auditor General, we have a very good handle on where the spending is going. The reporting structure seems to be extremely complete.

Mr. MacDonald: Okay. You're looking at, as I said earlier, spending \$3.9 million on corporate internal audit services. You know, it begs the question. I was going to ask it in question period and now is much easier and much better. The Auditor General last fall had a lot to say about the general ledgers: two ledgers for one organization, Alberta Health Services. These ledgers didn't seem to balance. You had two layers of ledgers. Essentially, you had two sets of books now. We had this topside ledger, as it's called at Alberta Health Services, and the Auditor notes errors in the way data was being processed from predecessor organizations' general ledgers among other things.

7:00

Now, the Auditor notes that adjustments had to be made to some entries, and some of these adjustments were not included in the respective ledgers, and therefore the topside ledger, or Alberta Health Services' ledger, didn't pick them up. This resulted in more than \$500 million in misclassified expenses. Then the Auditor General goes on to note that "transactions with Covenant Health were classified uniquely in Capital Health's general ledger." Whatever a unique classification is. It's an accountants' term. "This unique classification was not picked up by the topside ledger and approximately \$420 million of expenses were omitted." They weren't misclassified; they were omitted.

I would like to know what, if anything, this Internal Audit Committee did about this report of the Auditor. Did they discover this through the process of due diligence and report it to the office of the Auditor General, or did the office of the Auditor General discover these omissions and misclassifications that total \$920 million? Which party alerted the other party about these mistakes?

Mr. Snelgrove: Well, Mr. Chairman, on page 171 of the financial statement audits and other assurance work from the Auditor General on Health and Wellness, it says very clearly:

The Ministry's consolidated financial statements include the accounts of the Department, Alberta Health Services, Health Quality Council of Alberta, Alberta Cancer Foundation, and Calgary Health Trust.

Our auditor's opinions on the Ministry and Department financial statements for the years ended March 31, 2010 and 2009, were unqualified.

We issued unqualified auditor's opinions on the financial statements for the years ended March 31, 2010 and 2009, of the following entities:

- Alberta Cancer Foundation
- Alberta Health Services
- Calgary Laboratory Services Ltd., Carewest, and Capital Care Group Inc.—wholly owned subsidiaries of Alberta Health Services
- Health Quality Council of Alberta

Mr. Chairman, when your Auditor General tells you – and they have done the books for years, including all of the health regions –

that while there were some difficulties in aligning the different categories of expenditures, when he was done he gave them an unqualified report, which in accounting terms means a check mark, a little gold star, very good. There would be no reason for anyone to either ask, infer, or certainly insinuate that somehow there was money missing.

This gentleman and the previous gentleman are both officers of the Legislative Assembly. They have absolutely no interest in politics or the political theatre that we've seen in here for the last little while. They are accountants of the highest quality and character, and they say that their accounts are unqualified. Now, I might be unqualified as a finance minister or Treasury Board member, and there could be a great debate, but when your auditor says that in his report, then there would be no one that would spend any money, foolish money, looking for the dog's tail.

Mr. MacDonald: Well, I appreciate that response, but it wasn't the answer that I was looking for. I would like to remind the minister that – and I'm quoting from the Auditor's report from the Health and Wellness annual report – “these financial statements are the responsibility of the [department's] management.” They're completely the responsibility of one of your colleagues, and the audit that's done is done on a test basis. Not every sum is checked out.

Now, this Internal Audit Committee that's in your department has eight members, including the chair. Two of these members are public – two public members – and we have the Public Service Commissioner and another two deputy ministers. I'm not satisfied with this Internal Audit Committee because I think it is an example of a group essentially auditing themselves with no public oversight. Taxpayers have no idea how often this group would meet.

I looked on your website here Saturday night in preparing for these estimates, and I can find a charter approved by the Deputy Minister of Executive Council, who chairs this committee. This Internal Audit Committee is responsible for the oversight of the corporate internal audit services. This all looks nice, but when you read the Auditor General's report, it's shocking, quite frankly, what the Auditor General has had to say about Alberta Health Services and their accounting procedures or processes. We're looking at spending an additional \$3.9 million on these corporate internal audit services. Why do we need this outfit, to start with, if they're not assisting the Auditor in detecting incidences of poor accounting?

Mr. Snelgrove: Mr. Chairman, if I may.

General ledgers.

After implementing the topside ledger, [Alberta Health Services] found numerous errors in the way data was being processed from the predecessor organizations' ledgers. This occurred because:

- Adjusting entries made by the predecessor organizations were not included in their respective ledgers and, therefore, the topside ledger did not pick them up. This resulted in more than \$500 million in misclassified expenses that needed to be corrected in the topside ledger.
- Transactions with Covenant Health were classified uniquely in Capital Health's general ledger. This unique classification was not picked up by the topside ledger and approximately \$420 million of expenses were omitted.
- The topside ledger layered on top of the multiple legacy general ledgers increases the risk of error, and required a significant amount of [Alberta Health Services] staff time to reconcile the year-end accounts between the two layers.

Skip a sentence that talks about how much time, and then it says:

Most of these entries did not impact amounts at the financial statements classification level.

As much as the hon. member would like to pretend there was money missing or the accounting wasn't complete, he's missing the point of what the Auditor General said, which was that when you bring together nine organizations with different accounting processes, they won't always match up. In the time between 2009 and 2010, when they realigned them into consistent classifications in ledgers, they had to redo the budget three times, which they did. When it was all done, he said: “Bingo. You got it. Unqualified.”

Like they say: this dog don't hunt. You're looking for something that does not exist. There are no missing dollars. There are thousands of hours of time invested to make them all align, but there is no missing money. There would be no reason for us to follow up. If the Auditor General said, “Well, I'm not sure; hmm, there's a little bit missing here and a little bit missing there,” but he didn't. He said: it's right on. And that is good enough for me.

Mr. MacDonald: Okay. I appreciate that. Now, if it's good enough for you, was it good enough for the Internal Audit Committee? Did the Internal Audit Committee, that you're in charge of, have a look at Alberta Health Services' books?

7:10

Mr. Snelgrove: No. The Internal Audit Committee has an ongoing relationship with the Auditor General where he discusses with them his proposed work plan. He might identify some options on issues that the government may have come out with. He may decide to look at whether a program around the carbon fund is being appropriately used for what was identified. He may offer to that group of very, very intelligent professionals what they think may be a higher priority, and then he goes, totally independent of government, and decides, after their good counsel, I would say, or certainly with it, where he's going to focus his work.

When he brings his findings back to the Internal Audit Committee, he has a few questions. I should've brought the binder this morning to get them absolutely correct, but what he asks them is: am I sensationalizing any of this stuff? His responsibility is to report it in a factual manner. Accounting is boring, and it should be boring. He asks: did I achieve what I said I was going to do in identifying this particular program and its effectiveness? Have we identified areas where improvement in the systems or the reporting could help? The hon. member could probably look fondly forward to the release of the Auditor General's report and see in the past how many of his recommendations are implemented even before they're made.

When a department – and they work very closely with the Auditor General. If he or his competent staff can identify an issue, for example the IT security and some of the IT issues in a changing world like this, they go to work right now. We don't wait. If he has got something, we don't wait till his report comes out. You start making changes right now. In the past we may not have, both us and them, Mr. Chairman, agreed about making progress on the past recommendations. Now we have agreed. We need to work on them if they've been a past recommendation. In some cases they just haven't been cleared off the books because it hasn't been an issue. We think it's important to set these targets in and look at his past recommendations, where in the huge majority of cases we've accepted them, and then get on to work. So it really is now: let's go back through although neither he nor his staff nor our staff want to take the very valuable time and resources they've got to be looking at things that are already completed as opposed to continuing to evolve the system that we work in.

The Auditor has total independence on where and how hard he looks. He does use the Internal Audit Committee as a sounding board, and they have a very frank discussion in there about what needs to go on, whether it's ATB or other programs they're doing. But they don't get into the internal department data. That's for the Auditor General exclusively. Not ever was it intended for the Internal Audit Committee to review that work.

Mr. MacDonald: I appreciate that, but you're dancing around the role here of this Internal Audit Committee.

My next question. Two of the largest ministry budgets are, of course, health care and education, and you have all these deputy ministers essentially auditing themselves. If you're going to have this set-up, why would you not have the two ministries with the largest budgets on this Internal Audit Committee?

Mr. Snelgrove: Well, I think we might just be one gear off the wheel here, crooked. The Internal Audit Committee is a group of professionals, mostly people with a CA designation, who have had a lot of experience, who have no connection to government whatsoever, and they work with the Auditor General. If you were talking about the corporate internal audit services and the officer of the Controller, those are internal. When you use the term "the audit committee," that is a group that is brought together from business – by nature I'm not sure if many of them aren't accountants or, certainly, CFOs of large corporations – and they have that discussion with the Auditor General. The audit services is not that committee, and the office of the Controller is not that committee. So we may have been miscommunicating what the audit committee is, sir.

Mr. MacDonald: Well, the internal audit committee is responsible for the oversight of the corporate internal audit services, the \$3.9 million budget. You have eight members. The chair is the Deputy Minister of Executive Council. Two of those eight are public members; the other six are either the Public Service Commissioner or deputy ministers. My question is that if you're going to have this set-up where essentially you have an internal group policing themselves, two of the largest budgets – the one with the largest problems is Alberta Health and Wellness. It would make sense that you have someone from that department on this oversight committee. That's what I'm saying.

Mr. Snelgrove: Okay. Now we're back on the same committee, so we've got this done. The deputies rotate on an internal audit committee. I don't think that it would help to have a deputy on that committee of the department because when you go in to do the audit, well, the deputy certainly may be someone you get your information from. We have the chief financial officers, and for Alberta Health Services I'm not sure how many financial officers they would have. But that's where you go, is into the books and into the working systems. You're not going to rely on information that the deputy may have at his fingertips or may know.

In many cases the deputy of Health and Wellness wouldn't be privy, really, to any more work internally for Alberta Health Services than anyone else. In fact, deputies don't normally get sentenced to life in one of our departments; they get out of jail free every now and then, and they move on. So many of them have, certainly, a good blend of experience in the many different departments in government. It's not like you're picking someone that doesn't have exposure, whether it's to education or health or seniors or any of the others.

Mr. MacDonald: Okay. Further along with questions on this internal audit group. Investigative assignments are issued. According to your website

investigative assignments scrutinize allegations of wrongdoing or breaches of government standards of conduct.

Wrongdoing and breaches of government standards. Auditors, you know: that would pick up their interest.

Allegations may be internal or external to government and may examine the records of individuals, organizations and firms with agreements between them and the Government of Alberta. To ensure the need for an audit is properly documented, complaints and concerns of the person making the audit request are recorded.

So you have this process for investigative assignments. How many investigative assignments do you anticipate this year with this corporate internal audit service?

Mr. Snelgrove: I wouldn't anticipate any, but there always could be. You know, there is absolutely no guarantee there would be, and you may have a handful. If our staff couldn't handle or wasn't able to get into the forensics of it, we would certainly set up an outside audit consultant, give them very clearly any information we've got, you know, what the evidence is that's put before us, and then they'd get their independent to go find it.

It is not uncommon for the government to find – and it could be other departments that identify a problem in a department. In any case, a case of mismanaged accounting is one thing. If there's fraud or embezzlement, we would then include the law enforcement agencies in our forensic audit. They are the ones that would be prosecuting. We would share all of our information. You bring them in as soon as any kind of criminal activity is detected.

7:20

Mr. MacDonald: Okay. If there are allegations of wrongdoing or breaches of government standards of conduct, whether these allegations are internal or external, where do taxpayers go on this website to look to see what has become of these allegations? Or are taxpayers just left in the dark?

Mr. Snelgrove: Well, for allegations they might as well just stay home. If there is evidence of wrongdoing or obvious wrongdoing or misappropriation or numbers that don't line up, then they'll go into our books, or they may read about it in the news. But for allegations, then, that's not something that I or any very prudent public servant would send people out on a fishing expedition for just because someone said there were fish in the pond out in front of the Legislative Assembly.

Mr. MacDonald: Thank you.

Now, I would like to move on, but before I move on, I would say for the record that this corporate internal audit service: I think you could scale it back. If the Auditor General needs additional funds or resources to do their good work, they can go to the Legislative Offices Committee and get that money.

I would remind you that in the past government members – and I believe it's in last year's fiscal plan – ignored completely and refused two of the recommendations from the Auditor General. One was in Environment, and I can't remember what the other one was.

I would like to move on, Mr. Chairman, to the strategic capital planning function of this department. Now, two years ago the 2009-10 actual was \$2.9 million, and this year the estimate is up to \$3.7 million. What is being spent here for regional planning and development? You spoke earlier about the importance of regional planning and development, in your opening remarks, and I would like to know what exactly is going on here.

Thank you.

Mr. Snelgrove: You may not remember, but we went through some pretty difficult financial times, and a lot of our capital projects were in process, so the planning dollars had been put to good use. As we've even said this year, our capital plan – and we may get into it later – has a huge percentage of its committed dollars in projects that are on an ongoing basis. [A timer sounded]

The Chair: The bell indicates that there are 20 minutes left in the hour.

Mr. Snelgrove: Oh. It just seems longer.

We realize as we start to ramp up again that to be ready when some of the capital things are going to be completed, we will need more manpower to have a continuance.

I would want to point out to the hon. member that on the corporate internal audit services, that he would cancel, that would be about one-tenth of 1 per cent. The responsibility for audit, I think, is well worth one-tenth of 1 per cent of our budget.

Mr. MacDonald: Yes, but there are audit functions in each and every department.

Now, getting back to this strategic capital planning. Strategic capital planning is responsible for leading the government's capital planning process and includes advice on planning, construction costs, and capital spending. I was startled to read in the Auditor General's report – and I hate going back to the Auditor's report, but on page 168 the Auditor indicates:

Starting in fiscal 2010, AHS Calgary area obtains initial grant agreements and grant funding receipts from Alberta Health and Wellness and Alberta Infrastructure. The other [Alberta Health Services] areas then receive the funds from Calgary, and administer the various balances including tracking related expenses. These expenses are tracked through functional centres or projects set up in the general ledgers or project costing module. Many different functional centres can be assigned to a particular grant.

My question to you, hon. minister, would be: why does it appear that the Ministry of Treasury Board, or the Department of Treasury Board, seems to be ceding control of money to Alberta Health Services in Calgary? I thought you were in charge of planning and of allocating the money. What's with this?

Mr. Snelgrove: I absolutely agree with his statements. What we did was that we instructed Infrastructure to take over the responsibility for all capital projects in Health and Wellness. There was no question that they needed to focus on what they do, which is medicine, and when we have a Department of Infrastructure that would be considered expert at what they do, then we might as well have them building. There is still a responsibility to co-ordinate using Alberta Health Services, Alberta Health and Wellness, Infrastructure, and others, whether it includes the additions part or seniors, to say what needs to be built where for what particular reason: long-term care.

So based on, certainly, some prodding by the Auditor General and on the fact that we weren't seeing the delivery of these Health projects with both the financial management and time management skills that we thought were important, we made the decision to move them into Infrastructure. We do respect what the Auditor said, and we've changed that.

Mr. MacDonald: Well, I'm really glad to hear that, Mr. Chairman. If we get nothing else done tonight, at least we have got this on the public record. I'm astonished that with the previous track record of the old Calgary health region they would be provided with this sort of authority and this sort of cash. So just to confirm, I'm not going to ask you who set this deal up for all the folks in

Alberta Health Services down in Calgary, but can you assure taxpayers that this option has been removed from Alberta Health Services and is now in Infrastructure?

Mr. Snelgrove: He might've been astonished. I was something close to that. But, yes, I can assure the hon. member that the taxpayers of Alberta are now getting full value for their dollars invested in health infrastructure.

Mr. MacDonald: Okay. Thank you. And this is not going to happen again. I assume that Alberta Health Services . . .

Mr. Snelgrove: If Alberta doesn't elect the Wildrose.

Mr. MacDonald: Well, that's certainly their business.

Now, the amounts that we're talking about here would've been in excess of \$1 billion, correct? Okay. [interjection] Yes. I know it's money, and it's just sort of that the sums are rather elastic.

I would like to ask about the oil sands development secretariat. The budget is going to go up again, from \$2.3 million to \$3 million. That's \$650,000. The oil sands secretariat is an interesting operation. Could you explain what you plan to do with the additional \$650,000, please?

Mr. Snelgrove: Yeah, you betcha. We've had very good cooperation with the Wood Buffalo area on that CRISP plan, and we are moving down into the Cold Lake, Bonnyville, Lac La Biche regions to make sure that we have a comprehensive plan in place for them. We know that there's going to be a lot of development in Athabasca and the Peace Country, so we are going to make sure that the same kind of long-range plan is available for all of the areas that are going to see dramatic increases in growth.

7:30

Mr. MacDonald: Okay. Now, I took a look at the public accounts. I must say on the record, Mr. Chairman, that it was this hon. minister that was the first to put the electronic versions of the public accounts on his website, and I appreciate going there on occasion. Now that you're printing and making the annual reports public in June, I would really appreciate it if you could take some time and attention and update the quarterly amounts that you issue in the blue books. I think you could get them up on that website a little sooner. I would like to see you make an effort to do that because they're helpful from an opposition point of view.

Mr. Snelgrove: I don't disagree, but I think we could have a discussion. When you consider that the neighbouring province of Saskatchewan is at \$25,000 or \$50,000, I think if you're going to be quicker – you know how many entries are in that book. Even if you categorized it down to small numbers for consultants or whatever that you thought there was an issue, but for most expenditures we need to raise the limit because we're burying all the detail that you might want, and it's just impractical. I will commit to you and to the other opposition parties: let's look at the book and see what we can do to make it more useful for you and for Albertans to find information that may be useful. Quite honestly, it is so big, so much information, unless you have researchers with nothing to do and all day to do it. I think there may be a way that we need to evolve its effectiveness into the electronic age, too. Let's get the information that you can look for at least under a category or event or whatever. It's not very effective right now.

Mr. MacDonald: I know. I would agree with you. If I could make a suggestion: instead of having it alphabetical – you could certainly have it alphabetical, but have it by department as well. We

could just see what is spent in each department. Because now, well, it's difficult, but it can be done. It takes the best part of the summer to do that, and then getting those numbers to balance. A lot of times they don't balance, and I don't know what that's about.

One item in there caught my eye, and this is from last year. Treasury Board had a supply and services contract with Suncor Energy that was valued at \$278,000. What is this contract for?

Mr. Snelgrove: That was one of the best deals that we ever made. That was an agreement with Suncor to give us one of their senior vice-presidents to use in the position of the oil sands secretariat, and her name was Heather Kennedy. We went to the Ethics Commissioner to get approval for it. She worked for us for two and a half years or so, and she provided us an incredible amount of insight as to the issues facing Fort McMurray-Wood Buffalo to do with the human side of the city. We had no issues with her involving Suncor or the oil sands development per se in the mining area, but when it came down to planning and co-ordinating government supports for that region, she was extremely effective, and that will be where you're seeing that entry in there.

Mr. MacDonald: Okay. Is this individual no longer working with the oil sands secretariat?

Mr. Snelgrove: No.

Mr. MacDonald: I see in your last year's annual report that you have a list of assistant deputy ministers, spending management planning, strategic capital planning, but this individual, this assistant deputy minister of the Oil Sands Sustainable Development Secretariat, who is a member of executive committee, is listed in the notes down below. If it was a crackerjack position, it's odd that it was listed in the notes down below and not in the formal part of the salaries and benefits schedule. That's \$278,000.

In the time that I have left – and I can't believe how quickly this has gone by. Air services: that's always interesting. I see last year you had a \$19,000 contract with Skyservice Business Aviation Inc. Given that, you know, you operate and maintain the air services, why would we need to have a contract with Skyservice Business Aviation Inc., and how much money do you think will be spent this year with this outfit?

Mr. Snelgrove: You'll have to tell me where it is. Occasionally departments will lease planes, whether they use a single-source supplier or other ones, I don't know. Without knowing the particular plane, I don't know if that was a maintenance contract on the planes. They need to go back to Kansas City, I think, to get some maintenance done on them. We'll follow up on that one. That's one thing I will get you a written response to because – I'm sorry – I just don't have the answer.

Mr. MacDonald: No. That's fine. It's on page 562 of your estimates.

While we're at it, I notice Resinova Research Inc. does about \$400,000 worth of business under contracts with the government, but 25 per cent of that is with the Treasury Board. What does Resinova Research Inc. do, and will they be getting any contracts this year with the Treasury Board? Under which of the voted expenses would that money come from?

Mr. Snelgrove: The Resinova group did a corporate employee survey for us for corporate human resources, and we do that normally bi-yearly or every year. We've nipped it down a little bit, but we do have to have a pretty good understanding of what our public services issues are. That was that company's contract.

Mr. MacDonald: Okay. Now, the capital projects development: in 2009-10 this was a non-item, in 2010-11 we had \$9.6 million budgeted, and this year it's going to \$19 million in the estimates. What do you plan to do with this \$19 million? Is this for more 3Ps?

Mr. Snelgrove: It's \$4.0 billion to \$5.95 billion for re-engineering initiatives in Service Alberta, Infrastructure, Municipal Affairs, Energy, Seniors and Community Supports as well as Treasury Board; \$1.563 million to develop the first responders radio communication system project; \$500,000 for work on a core design concept for courthouses; \$250,000 for work on the Evan-Thomas water treatment plant in Kananaskis; and \$2.692 million was lapsed. That was in '10-11.

Mr. MacDonald: My research indicates there was \$13 million unexpended last year, a little bit more. You have use for each and every dollar of that \$19 million estimate. Correct?

Mr. Snelgrove: Yes.

Mr. MacDonald: Yes. Okay. I believe you.

Now, strategic capital planning: we're seeing a \$700,000 increase in that budget. Is this the group that negotiates and evaluates 3P projects?

Mr. Snelgrove: Yes, among other things, they do that.

Mr. MacDonald: Okay. How do they precisely go about evaluating 3P projects? There's a lot of controversy, as you know, whether it's a school or a road. Taxpayers are not convinced they're getting the best deal for their money.

Mr. Snelgrove: Well, I can sure tell you the teachers and the students think they're getting pretty good schools. We work with whatever department is actually providing, whether it's Transportation, Education, or Infrastructure. Among other things we have the private-sector comparators where we have a group that reviews the other tender processes, and that is done completely in isolation of the departments. It's held by Justice to make sure that their numbers are competitive. After the completion of every P3 we do a value-for-money report as recommended by the Auditor General. To the best of my knowledge at this point he hasn't suggested that we're not getting good value; he is suggesting if we're not using the P3 model, we may be missing out on savings for the taxpayers. So, I mean, it's a very accepted practice across just virtually every other developed country.

7:40

I'm no different than you. I don't want to see any wasted money of any kind ever, so we do look very critically at these P3s, and if we're not accomplishing that, we're not going to do them. The thing to not lose sight of is that with them you have identified the ongoing operational cost for 30 years, which in some cases is difficult to do. You know very well that there are going to be janitors and maintenance, furnaces and lights and that wear out no matter who builds them and how they build them, so you are going to have an ongoing cost. With the P3s it's in their best interest to build a quality that would mitigate or minimize any of their ongoing costs, so you're in many ways getting the best of both worlds.

It's an incredibly difficult process; it's an incredibly thorough process. I'm sure you've probably seen the documents to even qualify for them and then the documents to go to tender, so it is not kind of a hit-and-miss opportunity. It's very, very thorough and has allowed us to move, especially on schools, much quicker

than we would in a conventional build, and we'll continue to use whatever we can to get more schools built.

Mr. MacDonald: Thank you.

Mr. Chairman, in the 2011-12 estimates under air services again there's \$4.2 million allocated, in 2009 there was \$5.1 million in expenses, and in 2010 there was \$4.8 million in expenses. Accommodation costs for air services were \$241,000 in 2010. Is this accommodation cost for pilots and crew who have to stay overnight somewhere? Could you explain accommodation costs and what you anticipate them to be this year?

Mr. Snelgrove: No, I can't really anticipate because I just don't know where people are going to end up going. I mean, we have a travel protocol, and all of our travel is very well documented, but I don't know what the costs would be this year. We have an allocation. We wouldn't necessarily use it. It's costs around the hangar.

The Chair: Thank you, gentlemen. Your hour has been exceeded.

For the next 20 minutes members of the third party, if any, and the minister may speak. I assume that will be Mr. Anderson and that you will share your time back and forth.

Mr. Anderson: Yes. That would be great if we could do that.

Well, I've only got 20 minutes, so I want to kind of stick to one key area, and that's with regard to capital and how the Treasury Board budgets for capital and plans long term for capital investment. The context that I'm bringing this up in is just that one of the things that we've kind of gone back and forth between this minister and the party that I'm with, the Wildrose caucus, is this debate about – obviously, we've put out some ideas for balancing the budget, and we've been as specific as we can with the knowledge that we have from the budget documents, but we don't have enough information to be as specific as we would want to be.

In particular, one of the things that's always said, you know, when we propose to spend \$4.3 billion in capital this year and the government says that they want to spend I believe it's \$6.2 billion or \$6.6 billion, one of the two, on capital – I think it's \$6.6 billion – they say: "Well, where will you cut? Where will you cut this year and where will you cut long-term in order to balance the budget?" That's a good question. That's a fair question. The problem that we are running into is that we don't have in front of us a very detailed plan about the things that we could postpone, for example.

Our plan is to take the budget and postpone it, stretch the existing three-year capital plan over four years. The Liberals have said that maybe we could do it over five years. Whatever it is, what projects can we stretch out? What would allow us to be able to balance our budget responsibly and still make sure that the priority projects got done? That's what I want to talk about today. I was going over the city of Edmonton website, and I pulled up a document which, you know, is their infrastructure planning document, their capital projects plan from 2009, 2010, 2011. It's a very good document. I mean, it's not overly complicated, but essentially it gives the capital budget, and then it goes into very, very deep detail about exactly what projects the city of Edmonton is doing over the next three years.

This one is a 2010 document, so they talk about what they're going to do in 2010 and 2011, and they go into very specific detail. For example, they're going to rehabilitate in 2010 St. Albert Trail from 118th Avenue to 124th Avenue. They're going to rehabilitate 115th Avenue from 80th Street to 89th Street, 142nd Street from 111th Avenue to Yellowhead Trail. They go into very, very specific detail on what the monies are going to be used for.

It talks about: where are we going to do neighbourhood overlays? Well, McLeod, Lymburn, Summerlea, Patricia Heights, Westridge, Stone Industrial, Balwin. Then it talks about major growth projects. Anyway, they go through all these, and there are quite a few. They even explain some of the larger projects that they're doing and how much exactly they're going to cost over the one, two years. Then they go into the next year, 2011, and they do the exact same thing. These are the neighbourhood overlays. These are the reconstructions. These are the growth projects, et cetera.

If you look at the city of Calgary website, they also have a similar report, where it goes – in fact, it's not just three years. They go from 2009 to 2018, specifically naming the projects that they want to complete in those time frames, and that's good.

The problem that we run into in opposition here – and it's not just the Wildrose – is that when we're asked what we would delay, we can't answer that question for one reason, and the one reason is that the government won't give us the exact list of infrastructure projects in the order of priority that you feel that they should be placed in and based on what objective criteria you use to arrive at that priority.

Mr. Minister, if you could just comment on that. It would make things so much more appropriate, I think, and a better debate and a better discussion about how we can balance our budget while still sticking with some of our priorities and delaying some of the things that might be kind of B priorities instead of A priorities. Why can't we have a list like that as opposition?

Mr. Snelgrove: The fact is that most, 70 per cent, of all our capital spending is in our capital plan in our budget on pages 106, 107. For greater detail on a lot of those you can go to the departments. We have some issues about announcing ones that we're not going to do immediately because it can create speculation or it can lead sometimes to land procurement problems.

The priorities in many cases are done on a departmental basis. Education, for example, and health and safety are two of the most obvious. Student numbers, the demand for students, is big on their list. Transportation also has safety concerns at the top of any changes they may be going to make.

7:50

The Treasury Board has a prioritization process that's based on several criteria. One of them: how critical is it to be done and to integrate maybe projects that have started? An example could be the last leg of the ring road in Edmonton. The importance to the program delivery for the department: an example could be the commitment made to cancer in Calgary, Red Deer, Lethbridge, Grande Prairie, and here in Edmonton and the impact it will have on current infrastructure, its external impacts, and its impact on our operating budget.

To the hon. member about projects, the problem is that it's difficult, without getting into great detail on the actual place in the project as to its cash flow, for us to extend what it would be to stop projects that are in progress. With just a cursory look at our big projects there are probably \$4 billion or \$5 billion of projects that are well under way or under way, and this also leads a little bit to the frustration where we're not announcing new projects because we don't have room in our capital spending for new except the ones that meet the criteria that we talked about.

The cities in many ways have a much better opportunity to focus, clearly, on their city. That's not going to change a great deal. I know you will be very aware of the rapid changes that can come to an area from the announcement of an upgrader or a mine or a disaster in a particular community. We do have a responsibility to

keep probably a bigger, broader look at what we need to be able to commit to on maybe a shorter notice. I think our 20-year capital plan would be an extension that the cities would be looking at, where we're able to say: this is what we would like to do in this order, and this is the effect it has on the circumstances, and if the money was available, we'd do it.

I know, hon. member, that is not an answer to your frustration about why we can't just put the projects out so that they can look at them. We have found – I think you will recall, too – that when we were announcing projects one or two years ahead of when we were actually going to do them and then circumstances changed – the crashed-market state, the economy tanking – you're left out there committed to projects that you might not do if the times were different. It is that balance between too much information and information that can come back to create unreasonable expectations or commitments.

Mr. Anderson: Thank you for those answers. Perhaps in question period we should extend the time for questions and answers so that we could, you know, have more effective debate during that time, Mr. Chair.

I would say that I guess I would err and I think our caucus would err on the side of transparency on this. Yeah, things do change, for sure. No doubt about it. There are tanks in the global economy although I would say that that didn't really slow our capital spending down a great deal. But things do change. People will understand that. If you have transparency, if you have to instead of building 12 schools go to nine schools, as long as everything is transparent and, you know, there's a reason behind it, there's no reason why you can't stand in front of the public and say: "This is why we had to go to nine schools. This is why we had to cut back our capital expenditures for these next two to three years, so we can balance the budget. You won't get your school in year 3. You're going to get it in year 4 or year 5 or whatever." If you're transparent like that, I think that people appreciate it. It's when there's not enough information; that's when people get so frustrated.

In the example of Airdrie – and you know this well; you've heard me repeat it so much that it's probably driving you nuts by now – the simple fact is that we do have a severe school shortage. I mean, it is brutal. I'm not one that just likes to spend money for the sake of getting pet projects in my constituency. I've said many times: "Don't do anything else. Don't widen a single road. Don't build a single bridge. For the next two years get us our schools." That's all we need in Airdrie right now. There are other things that we need that are B priorities or C priorities, but they can wait. We need schools now.

One of the frustrations for parents has been that we see areas in Calgary where their utilization rates in a school are far lower than what Airdrie's utilization rates are for their schools, yet they're getting another school and we're not. It kind of goes back to the point where if everything is open and transparent and we see the objective criteria and everyone knows that, okay, it's part school utilization rate and it's part growth projection and it's part current student enrolment, if everyone can see that and they can see an objective formula, then when these decisions get made, not only does it hold the politicians accountable, to make sure that they're not bringing politics into the equation, but it also allows the people to understand when they don't get what they want. Everyone wants everything. I mean, everyone wants everything right now.

Mr. Kang: How about the airport tunnel?

Mr. Mason: And we want even more.

Mr. Anderson: That's right. Some want even more than everything right now, my friends in the NDP.

It's okay to be transparent. If people know that there's an objective criteria that's being adhered to and followed for the decisions that are being made with regard to capital projects, if they don't get everything they want right away, at least they can understand it. "Look, there's this much money for capital. Under this objective criteria this is why we didn't get it this year, but we're going to get it two years from now according to those same criteria." That type of transparency, I feel, would really cut down on the frustration and would allow us to do better long-term planning as well.

Yeah, maybe we can't change everything this year and cut our capital this year because, you know, the road, the bridge is already half under construction or whatever, but maybe in two years or three years we can defer some projects. If we had that priority list in play, then instead of \$5 billion tied up like this year, in two years from now it's going to be \$2 billion or \$1 billion, and we can start making decisions.

What about kind of starting? Even if you can't change anything right now, why not at least start with making these objective criteria that you use to come up with your priority list completely public and transparent and start the priority list for any new announcements of schools going forward or any other infrastructure so that we can have this open and transparent way of doing things?

Mr. Snelgrove: I don't have any disagreement with the fact that we need schools not just in Airdrie but in several other communities. You know, the school boards and the Department of Education do have the authority to give us schools. They work with the school boards, and I'm sure the hon. member knows that the schools in Airdrie certainly are in the top list of schools to be done. I can assure him with absolute, unequivocal commitment that in Treasury Board we have not, certainly since I have been on Treasury Board, ever changed the priority listing of schools from the Department of Education. We absolutely have not and have no intention to.

Things can change quite quickly. You know, for a long time Wood Buffalo was kind of a stay-over town. People came there, they worked, and they went home. They left their families in Edmonton or Cape Breton or wherever they came from. In the last 10 years or so they became second- or third-generation Albertans, and they started to stay there and raise their families.

8:00

There is an incredible boom in that city that doesn't show. If you just looked at population growth, you might not expect that many students to show up. But for anyone who's been in the community, you realize it became their home. It didn't happen overnight, but it certainly happened very quickly. They are also a community that is in dire need of some schools. They have more portables in Wood Buffalo than they have in the city of Edmonton. So these things can happen quickly.

The unfortunate reality in some of the cities, in Calgary for example, is that we have schools where there aren't students anymore. The inner-city populations have aged or they've developed business areas, and now we have some wonderful schools in Calgary that students are riding a bus for over an hour to. You know, that speaks to some of the issues about safety. How productive is it for these young students or middle-aged students or whatever they are to be on a bus? It is a little frustrating, and it would probably be helpful if we had a way.

I know the Minister of Education has worked in the past on a way to convert these old school assets into new schools in a city and just revolve the money from the sale of some of these properties. We have made some progress in declaring school sites that aren't needed, where the growth has surpassed, and certainly try to reinject that into schools.

We are hopeful. We have been given the authority from cabinet and Treasury to work with Education to look at other opportunities to accelerate the school building program. I can't tell you what route that might take, but I can comment that the Minister of Education, the Minister of Infrastructure, myself, and the Premier have met and said that this is something that Albertans understand, that everyone understands.

This is not a political game here. It is really serious. We know that we're going to have a hundred thousand more students in 10 years. A hundred thousand more students. We can't take a break in building schools and ever hope to catch up. So we're looking at some alternative ways to get building.

You know, from an Albertan point of view, it's a great problem to have. I've got a hunch that if you did a poll of the rural communities in Nova Scotia or possibly some areas of Manitoba or Ontario, they don't have a problem with too many students. They have a problem with half-full schools. We couldn't solve that problem nearly as well as we can solve the overcrowding, more students. The future looks good. I know I'm not the parent with the students not in a school, and I don't want to sound condescending or hypocritical, but help is on the way. I think we're all happy that we're seeing these students in Alberta.

You know, bear with us. We're not the Lone Ranger here. We have all of the departments in government working on the issues. We know your area of Airdrie, and I know that you don't mean it in a selfish way one bit. We'll get there.

Mr. Anderson: I appreciate that. That's good to hear.

I agree with you that we do need to . . . [A timer sounded] Oh, well. Twenty minutes is up.

The Chair: Sorry, gentlemen. Your 20 minutes is up.

For the next 20 minutes the members of the fourth party, if any, and the minister may speak. I assume that will be Mr. Mason?

Mr. Mason: You assume correctly, Mr. Chairman.

The Chair: And I assume you'll share your time back and forth with the minister?

Mr. Mason: Thank you very much. I think I surprised the minister when he was here in his other capacity by suggesting that the government didn't necessarily have to characterize the budget as a deficit budget based on the spending. I'm going to throw him another bone tonight, Mr. Chairman, and suggest to him that in terms of the proposals to shorten the capital spending by the Wildrose by one year and by the Liberals by two, we disagree. We think that this is, in fact, the appropriate time to make spending decisions with respect to capital projects.

I do want to ask this, though. I mean, I know that since the beginning of the term this minister has been in the position of Treasury Board president. Certainly, you'd think that the job of the Treasury Board president is to keep an eye on the finance minister. He's kept his eye on three of them now, and now he is the finance minister, too. I don't know if it's the fox guarding the henhouse or what it is. I just want to ask him what he has done or what he plans to do for the remainder of the term, at least while the PC leadership race is on, to find economies between the two departments. And I'm just really curious if he gets both salaries.

Mr. Snelgrove: I would certainly accept that as a recommendation to the committee, Mr. Chairman.

Well, I'll tell you, we moved the office of finance in with ours. We never brought anybody down from that office. It's meant an incredible amount of work for the people in my office to do it, and overlaying what was expected of finance on top of Treasury Board has certainly been some logistical stretching, if I can put it nicely.

We had developed a very good working relationship between Treasury Board and finance, I mean, to the point where what we were doing in Treasury Board, we had finance people there. We had included the former minister of finance in just about all of the discussions about spending, probably even more so than in previous years just because, you know, it's good to have the collective knowledge, in my opinion.

We have worked with two parliamentary assistants now: the hon. Member for Red Deer-South in finance and the hon. Member for Athabasca-Redwater in Treasury Board. In all fairness, whether we like to admit or not, time marches by, and there'll be a time soon when the next generation of MLAs will be asked to take the job. I think if there's one thing that we do, it's to recognize that it's important that people get an opportunity to learn on the job.

I haven't looked into the department of finance for any other savings. We have included all departments, I think, equitably in the last couple of years as we look to streamline administrative costs everywhere. There will be some savings this year, but I don't anticipate much more than simply the cost of the finance office, which may be around \$400,000 or \$500,000.

Mr. Mason: Thanks very much. He didn't answer the question about his salary. I'm assuming he's only getting one. Is that right? The minister is indicating yes. Well, if it had been otherwise, we would've had great fun tonight.

Let's go on to a sort of strategic question because, you know, Treasury Board is responsible for strategic initiatives and so on. One of the things that has concerned me while I've been here and when I was also in municipal government is the cost – and I'm talking about the cost to the taxpayer – of poverty. It seems to me that when we cut programs, whether it be in education or social supports and so on or even in housing, we look at that as savings, but we all know that there are costs. There are costs for policing. There are costs for remedial types of social services, costs for social housing, police costs, corrections costs, and particularly health care costs. All of these are costs, then, that come back to the taxpayer.

8:10

I'm just curious if the government has ever really done a cost-benefit study, where they look at if you invest in certain preventative programs – there might be a preventative health program or, you know, a youth employment initiative or more funding for education in low-income areas, whatever it may be – versus the costs at the other end, the downstream costs of not doing that. I really think that this is something that some governments are starting to look at so that when they make a decision about how much funding will go into a certain program, they know all of the implications of that financially for the government.

Mr. Snelgrove: You probably couldn't ask me a question that I'd like to answer better. The simple fact is that when the Premier set up the safe community initiative, it really was to address all of those issues from a collective wisdom. We took the money at the time, we put it in there, and we said – homelessness, for example, and the success that we've had with the municipal partners isn't just because we built some homes. It had to include Justice. It had

to include Health and Wellness. It had to include Employment and Immigration, our aboriginal communities. It had to include all of them. So we took the issue of safe communities – that can mean a lot to everybody – and said here’s the pool of money.

Now, to help out with this. It’s not just about more police. If that policeman is arresting the same person who got kicked out of jail because it was overcrowded, then we’re making very poor use of his time. So is it prosecutors that we need? If it’s a 14-year-old drug addict, putting him in jail isn’t going to be the solution to the problem. You’ll deal with them in the two most expensive systems, health and justice, unless they have an opportunity to get treatment for their addiction.

It really is about looking at where the bottleneck is in this community of poverty, and poverty normally leads to homelessness, to crime, to drive people past where they wouldn’t normally go. It really is about the initiatives and the ministerial working group, where not only the minister has to come into the meeting; they bring their deputy or the relevant official, and you talk about: “Okay. If you’re getting this \$10 million for addictions treatment or if you identify that we need 70 beds, then, Mr. Infrastructure, where the heck are you going to get the money for the 70 beds?” We can’t pretend this is your problem or your problem. It’s our problem, and we need to deal with it along the lines that I think you’re talking about.

I will say this. We had Dr. McLellan come here from the Obama cabinet. In my understanding, he’s the number two man on their drug-reduction strategy. Heard about the success we were having with the safe communities initiative in Alberta through Nancy Mannix with the Norlien Foundation. Came up here and talked to them, talked to the groups, talked to the universities, talked to the ministries involved.

I had the pleasure of sitting down with him for a little while one day, and what he said was actually quite flattering for a Conservative government in redneck Alberta. He thought that the safe community initiative was the best piece of public policy he had seen in his 35 years in public service in the state of Pennsylvania, anywhere. I mean, he’s looking at opportunities all across the U.S. He said: “How did it work? How did you make these departments come to the table?” Quite simply, they didn’t have a choice. This idea that used to be that you’d just baseline fund everybody and see if you had success, I think we were able to move aside.

I absolutely take his suggestion that we need to look at poverty from – and I don’t want to use my friend from Lac La Biche-St. Paul’s “holistic” term, but in fact we do. I think we are, and I think we’ve had varying degrees of great and better success to do with it.

Mr. Mason: Thanks very much. Well, I guess I have really two questions that come out of that. One is: is there a methodology, something that the Auditor General would like, that says, you know, if you have these programs and this funding here, you have these savings here, and if you make these cuts here, you’re going to have these costs here, so that we know? I mean, I appreciate that you’ve got the safe communities program. The second question is: why can’t we take this a step further and have an explicit poverty-eradication strategy in this province?

I just want to give you some statistics. According to the Alberta College of Social Workers’ Social Policy Framework 2010 report there are 77,595 children living in poverty in Alberta, one-third of whom have one or both parents working; 47 per cent of people working full-time, full-year at minimum wage are living at or below the poverty line; 63 per cent of families using food banks have at least one adult working full-time; and there are 43 per cent of seniors living in poverty. I guess the question that I have for the minister is: why can’t we go further and have strategic invest-

ments to eliminate poverty and at the same time reduce expenditures? The downstream costs are often the higher ones because they require institutionalization.

Mr. Snelgrove: With regard to the Auditor I don’t think he has started to or has developed a way – I’m sure he will have the knowledge of how to do it, but I don’t believe he has something that can audit that program now and say that we’re getting good value. I guess my challenge back to the hon. member – I don’t know of anywhere that has eradicated poverty. There are governments that have certainly brought down the top end. We’ve seen that work in eastern Europe and some other countries where they’ve been able to limit wealth. But I don’t know of anywhere in the world that has been able to eliminate poverty.

Is it important to us to use all the tools that we can? Yeah. I think the recognition and I think some of the stuff that New York City did around the million-dollar man – you’ve probably read about the million-dollar homeless man that cost that much, and it would have been a hundred thousand dollars if they had housed and cleaned him up. But I think we have finally gotten our heads around to that area that says: “You know what? If we’re going to be looking out for them collectively, then maybe we can do it better.” No arguments with that kind of logic, but it just doesn’t work to wish poverty away or to try and spend your way out of poverty. You can spend your way out of wealth, but in many ways the best you can do is co-ordinate your programs.

There has to be a resolve at every level of government. There also has to be personal responsibility. There’s going to have to be a collective agreement in there that maybe people don’t always know what’s best for them. Unfortunately, we see time and time again the addictions, not only illegal drugs but other substance abuse that virtually renders a person – I won’t say incapable of looking after themselves but nearly, with the glue, with the crystal meth. It really is about intervening at a younger age for many of these people who are starting a life of habitual drug use and crime. It is a huge cost to us both socially and economically.

I don’t think the hon. member would say he’s seen any reluctance from us to adopt best practices or collective work and wisdom from it. I think we’ve been very progressive with the safe communities and the homelessness initiatives. Just that simple breaking down of the barriers to the many, many groups that deliver the homelessness initiatives – I think there were some 41 groups in Edmonton that were operating kind of in isolation. So, you know, I wish it was something of the past. We probably have as good a chance at reducing poverty as anywhere that I know of in the world and still maintaining the standard of living for you that there is.

Mr. Mason: Thank you.

I’d like to turn now to P3s. You know, I’ve never understood how P3s bring something to the table or bring some advantage to government that government couldn’t have itself if it chose to organize itself properly. I remember a case when I was on city council where we were going to build an indoor soccer arena somewhere in the city, a fourplex arena. Some developers came to us and wanted to do it as a P3, but they wanted the city to put up the land, and they wanted the city to borrow the money for them or lend them the money. You know, it was a case of them borrowing our watch to tell us the time. We had the expertise; they didn’t have the expertise. In the end, 20 years out they wanted to own the land.

8:20

Now, I’m not saying that all P3s are like that. I’m not saying that that’s the thing. But it was clear to me that the city had the

expertise in-house in the construction and operation of those types of facilities. It could borrow capital at a lower rate than the private developers. In every way it had the advantage. I do not understand how it is that a private developer who has to borrow at a higher rate than we do brings something to the table that we don't have.

The question really is – I know we're never going to agree on this, but I just ask you this every year. I put this on the record every year. The thing that I'd like to know is: how can we as the opposition and how can the public clearly evaluate each individual P3 project to make sure that we've secured some sort of advantage relative to doing it in the traditional way? The public cost comparators are difficult to compare because you can't get all the information on the P3 because it's considered to be proprietary information. We can't see exactly how the bids break down and how the expenditures actually are going within the project. It's very, very opaque. I know the government likes to say that it's an open, clear process, but you really can't tell in these P3 projects if we've got some advantage that we couldn't otherwise have had.

Now, take the schools that we built as a P3, the last batch of schools. When I asked this question before, the answer I got back was: well, they're going to do all of them to a standard design, and we're going to save a lot of money in architecture costs and so on like that. But it completely belied the fact that the government of Alberta could have done that, too. They could have secured the advantage of building in bulk themselves without having to go through a P3. I don't know where the advantage is, and I don't know how to tell whether the government is giving us the straight goods on particular P3 projects and the specific advantages that they say we get. They say we can get it sooner. We can do it. I don't understand what's stopping us other than an aversion by the provincial government itself to borrow capital in order to go ahead with these projects.

Mr. Snelgrove: Well, you make some very good points. You know, to try and compare two things, they have to be either identical or very darn close, so it is problematic to say, well, these schools cost this, and the next year these were cheaper or more because things could change. It's hard to compare roads, for example, when you aren't building exactly the same road with the same bridges. But we can look a little bit to others' experiences. Australia, for example, has been using the P3 model for quite some time. They've got, I think, in excess of a thousand schools that they built. There are cities – or I'm not sure what they call them – in England that have used this process for a long time. When you talk to the managers of the school districts, they're very happy with it. They've got cost certainty in the build and the on-going operations.

You are absolutely correct. We could have developed and bid a common model for schools that just need certain adaptations for certain areas, and we can still use that school for projects that aren't all in place. But we do everything we can to show a transparent cost. We had the Auditor look at that, and he certainly doesn't have an axe to grind about whether they're good or bad. He's saying, you know, that as a province we probably go more to the comparative side with our private-sector comparators. . .

The Chair: Thank you, Mr. Minister. Your time has expired for this 20 minutes.

Mr. Snelgrove: Unanimous consent to go 15 seconds more?

The Chair: Fifteen seconds.

Mr. Snelgrove: Just some facts. We have built so many things in Alberta in the last few years that we do know construction costs

by the square foot, by the square metre, by the kilometre compared to just about anywhere else. When we look at this, we don't want to spend money we don't have to spend. We don't do everything P3, but we do what we can when it's in our best interests. We have no connection, no interest in the people that are doing it other than just getting best value for us. Every now and then you just have to look at what the rest of the world is doing and say: well, you know, if it's good enough for them and all the procedures we have in place say that we're saving money, then we just kind of do it.

The Chair: Thank you, gentlemen.

For the next 20 minutes the members of any other party represented in the Assembly and any independent members and the minister may speak.

Seeing there are none here that fit that, from hereafter any member may speak. We'll start with Dr. Brown, followed by Mr. MacDonald.

Dr. Brown: Well, thank you, Mr. Chairman. I'd like to ask a few questions of the hon. minister regarding corporate human resources. I was looking at the voted expenses by program on page 346 of your government estimates. Under corporate human resources we have the category Public Service Commissioner's Office. As I understand that particular office, they administer the Alberta Public Service Act, and it acts as some sort of a central human resources office. I'm curious about how that office operates and what sort of value the government gets from that office. I notice that the budget has remained fairly static. It did get a fairly significant boost from '09-10 to '10-11, but it has stayed the same since then.

I would like to know, Mr. Minister: how does that office function vis-à-vis various departments in terms of the needs? Obviously, the departments are the individuals that have the best knowledge of what the particular requirements are in terms of personnel and expertise that they need to run their departments. How does that office function vis-à-vis various departments in government? Also, what sort of a relationship does that office have with Executive Council and the priorities that are set in terms of hiring freezes or hiring individuals, maybe you can call it downsizing in terms of retiring people that are perhaps at the upper end of the pay scale and taking on more junior positions, and implementing in general government policy? Could you sort of explain those two aspects of it and what value we get for that \$625,000?

Mr. Snelgrove: Well, actually, I didn't think he should hear it, but I don't think we're getting any value, so I was going to shut that office down. That's it.

You know, they've made some incredible moves in the last couple of years. When you're dealing with a workforce that is not only reducing but is in change and you have departments or programs that need staff and you have some that are maybe becoming redundant, you've got to have kind of a central clearing house that can deal with these people on an individual basis, that can bring them in if they need some retraining or reassign them. You know, we invest a lot into them, and they invest a lot in return to work in the public service, and when we've gone through some of the machinations of government, we count on corporate human resources to have the glue to bring people in, find other places.

I mean, they're in the middle now of negotiations with our union. They do have a very good working relationship with the HR departments in other ministries. Some are quite small. Some have very small departments, and they may count on HR a little more.

Some are quite large and have far more staff than we do or collectively of the small ones.

It really is about looking at it from a one government entity, as if we're Coca-Cola and all we're going to do is sell Coca-Cola. As a government we want the public service to know that we are working on having them in a setting where we want them, that we will engage them in whatever department we can transfer them to. Even when we are downsizing, corporate human resources, the commissioner, will get direction from cabinet through me as to what the parameters are around anything that might be outside of our working agreement with our staff.

8:30

Everyone says that the most important thing you have is your human resources, and I think we know that's true. We maintain our equipment on a daily business without giving it any thought, and I think if there's anything that corporate human resources does, it has maintained that relationship with the departments and the people. I sure didn't want them to hear today that we were going to get rid of them. We'll keep them for a little while longer.

Dr. Brown: Minister, just staying with the corporate human resources theme a little bit, under 9 in the various points under there, I notice that some of the items under corporate human resources have taken a fairly significant drop in terms of their allocation, their estimate for the coming year, communications and human resources for example, while the executive search one has got, again, a considerable bump up, in fact close to a 10 per cent increase. What's going on there in terms of the decrease on the one hand and the increase on the other on the executive search side?

Mr. Snelgrove: Mr. Chairman, the executive search: in all fairness we were sneaking by on a shoestring budget for quite some time. As we change, our workforce is in many ways retiring. We have a tremendous number of people that have got their 30-plus years in, and we know we're going to be losing them. So our requirement to find adequate replacement executive position personnel is increasing. We did share some resources with communications, so we had a reduction in that part of our human resources contract. To put it quite bluntly, we're just very cheap around our office. We don't spend a penny we don't have to, and we look everywhere for nickels. We made him climb through hoops in the last couple of years that most other people wouldn't.

Dr. Brown: Well, Minister, just continuing on there with the executive search, which you've increased by just about 10 per cent. You, on the other hand, have decreased the workforce development and engagement part. One would think that rather than having an executive search out there, you might spend more of your resources on training and enhancing the capabilities of your workforce. It would seem to me sort of counterproductive there, you know, to be going down in terms of your workforce development and engagement at the same time that you're going outside to look for executives.

Mr. Snelgrove: You're right. We need to work internally more, but just like every other department in government we're faced with choices that we had to make. This certainly isn't one that we like to make because I think it's essential that we continue to develop the replacement workforce from within to a degree. I don't think that any system where you went outside for 100 per cent or raised 100 per cent inside is appropriate. I think there needs to be a blend. I think new ideas and new eyes at an executive level are important. What percentage of that could be open for debate. But I would agree. As things get better, I will certainly be back in line

with the rest of my fellow colleagues here at the trough looking for a little bit of money. That would probably be where I would like to reinvest, in corporate resources.

Dr. Brown: Minister, I recall several years ago when Mr. Shapiro, who was the federal Ethics Commissioner at the time, came to pay us a visit when we were doing a review of the Conflicts of Interest Act. I recall a comment that he made at that time about the desirability in government of having some interchange with private enterprise. He saw nothing wrong with the fact that people from private enterprise would come and serve a stint in government and that government officials and executives would on the other hand go out into the free market and into the corporate world and spend some time to gain some cross-fertilization there. I wonder: can you comment on whether that's a policy of the government of Alberta? Is that something that your department would be encouraging? Can you give me any examples of where that might be a productive strategy?

Mr. Snelgrove: Well, I'm a little concerned. Every time we send some of our talented, young management team out to pollinate the free market, they don't come back. I'm not sure whether it's the pollination or the price, but they don't come back.

We did see how valuable it was to go to the free market for the oil sands secretariat to bring Ms Kennedy out of Suncor business group and into government, and I think she actually found it quite informative, too, the different processes we do. Coming from a large company like Suncor is not significantly different than government. I know the Auditor General has looked at embedding new talent into departments, but I think it removes them from dealing with that department for three years. I don't know why. It doesn't make sense because there's nothing in it except that auditors are sticklers for detail, contrary to what the good hon. Member for Edmonton-Gold Bar would say, but they will not allow them to work. When you're limited on what you've got, you can lose too many good people. But I think the idea that you could put an auditor from that office into a department works both ways because, quite honestly, we don't have a bunch of people in government that are trying to embezzle. I'm sure there are some, and we catch them occasionally.

Yes, there has to be a way. Quite honestly, we can't compete, and we might as well get used to it. We can't compete with the private sector on a straight salary scale for many, many positions, so we need to make sure that we have a working environment that offers stability and predictability. The trade-off is there. I'm not suggesting that we're out of whack with them.

Even to change with other provinces or even a state so that you would be exposed to different kinds of initiatives within them. I know we talked with Texas, I think, about exchanging some professors or some graduate students with the University of Alberta on the nanotechnology file. I don't know if that came to fruition or not, but those kinds of exchanges, obviously, would benefit both parties. We certainly don't have a policy against it, and if an opportunity presents itself to us, we'll have to see if we can make it work because I think it's a great idea.

Dr. Brown: Mr. Minister, can you comment a little bit about the hiring and wage freeze, how that is implemented? Perhaps discuss a little bit about how it's impacting your ability to attract and engage your employees.

Mr. Snelgrove: Well, I can tell you it doesn't give me any great pleasure whatsoever to have to freeze hiring or let people go. I've had to do it in my business life, and it's probably one of the hardest jobs you ever have to do. I mean, it's not too hard to get rid of

somebody who can't do their job, but at the end of the year or in some cases, the national energy program, when you've got to go shake the hand of the guy that you've paid wages for years and know that he's got to go home and tell his wife and kids: I'm unemployed. It's absolutely the worst thing to have to go home and tell your wife that the banker just took the keys to the office. That's probably a little worse. It isn't an easy job. It isn't easy to ask from them. They all have the same costs we've got.

8:40

We are in a position now where we are running at about 3,000 fewer positions than we were 18 months ago. We're on a replacement basis now. When people leave, we can replace them. We've always maintained the opportunity, where health or safety were involved, that we could bring people in. We were never going to put people in the position to risk their or others' health and safety.

To the best of my knowledge we are not suffering from vacancies that we're not filling. Now, we could. We've gone through that. In just about every indicator – and I'm sure the hon. member is hearing of the impending labour shortage, both skilled and non-skilled, professional, and trades – we certainly won't be isolated from those pressures again. It's not probably as easy to hire, too, when we're in the middle of negotiations and we're asking for a two-year salary freeze. So we're faced with all the things that a lot of businesses are faced with. What we have to offer, then, is the fact that we have a good relationship with our staff and over the years, I'd say, a good relationship with our unions.

We have an incredibly diverse public sector. I had the privilege of passing out long-term service awards a few years ago, when I was Minister of Service Alberta. I can tell you: for a province that is deemed to be redneck, you've got to go see these awards for people that have been here 25, 30, and 35 years. They resemble our caucus now. They're from all over the world. They've come here to make their lives better, and I think that's a great deal why we are able to attract really good people into our community of public service.

We still are very competitive with any other entity, both municipal or neighbouring provinces.

It's a challenge, no denying, but we have historically treated our public service well, and I think they realize that when we're out of this bit of a funk, we'll be back there with them.

Dr. Brown: One further question, Minister, on your business plan, page 119, 4.1. This is relating back to my earlier question about, you know, how the hiring, human resources, works across ministries. You've had as one of your priority initiatives there to develop and promote effective implementation of cross-government human resource policies, programs, and initiatives. Can you explain a little bit about what is happening in that field and what you hope to achieve?

Mr. Snelgrove: Well, sharing information and making sure that on our government website or on our HR websites it's out there very clearly what skills we need and what skill sets come with it and making sure that anyone in the government that may be affected by a shuffle or a reduction in staffing levels knows what opportunities there are across government, even little things like trying to co-ordinate advertising and searches for people in a common Alberta government ad. So just a lot of little things add up to the approach that we are one corporate entity, all working for the people of Alberta.

As part of the long-term strategy, you know, you sit down with the other HR departments and try and determine: where are you going to need people and what skills? It's not a short-term, yearly

thing; it's a long-term workforce strategy just like large corporations develop.

Dr. Brown: Just one final question, and that is relating to your targets there with respect to the performance measures on 4(a). I see that the last actual performance measure was 68 per cent of your stakeholders agreeing that the public service has effective human resource policies. It seems quite low. Then the target for the coming year is to bump that up to 71 per cent, again fairly low. Is there something you can attribute that performance level to or the reason that we're only trying to achieve a little over two-thirds satisfaction there?

Mr. Snelgrove: Well, I think one of the first conversations I had with the commissioner was that I didn't want to have a survey that was self-serving. I'm not going to ask questions that are going to give us a lovely answer. If we've got issues to work on in our workforce, we want to know about it.

Is that lower than we'd like? Yeah. Am I going to change it around so that we ask questions that they can answer yes to just so that I can come here and tell you: "Look at this; 98 per cent are happy"? I mean, that isn't real. I think we've been very honest in the way we've approached it. There have been some difficult times in these last years, with reductions and wage freezes, so I don't expect them to be a great deal higher. On the other hand, I'm still not going to ask any of the departments to just put out questionnaires that serve their own purpose.

The Chair: Thank you, gentlemen.

Next is Mr. MacDonald, please.

Mr. MacDonald: Thank you very much, Mr. Chairman. Now, I have a few questions yet. My first question is: effective not quite a year ago the Agency Governance Secretariat transferred from the Premier's office to the Ministry of the Treasury Board, and in this budget that we're discussing tonight are there any costs associated with that transfer?

Mr. Snelgrove: There would certainly be no more cost to government. Mr. Chairman, we took the staffing that was there and the budget that was there and reduced that.

Mr. MacDonald: When will we finally see the law or the bill that came from the agency's secretariat with the governance legislation? When are we going to see that finally enforced? We had a long discussion earlier about Alberta Health Services, and I know the problems they're having with their budget. When could we get that finally settled?

Mr. Snelgrove: I would say that the term "enforced" is probably not what the hon. member wanted to know; it was when it might be proclaimed.

Mr. MacDonald: Yes, that's right.

Mr. Snelgrove: In many ways what we're doing is trying to not put the cart before the horse. I'm of the opinion that we know what we need to accomplish. We're going to work with and we have been working with the departments and the agencies that work on their behalf. We have to develop that culture and that experience around the makeup, responsibilities of boards and the way to identify the needs that they have for their boards. So we're working with them.

I think the study showed a lot of weaknesses, and I think in some ways that's been reflected in past years. I think we're making progress on it. It's not something that you can drive by

legislation. You have to learn it by implementation. Once we believe we're in a position that we can effectively proclaim it and use it, then we'll proceed with that aspect of the bill.

Mr. MacDonald: Okay. Now, corporate human resources. I was following the questions from the previous member with a great deal of interest. One of your goals, of course, is to have a skilled and engaged Alberta public service, and I can understand that. Two years ago we got rid of the bonus system, which, in my view, was totally unnecessary and totally unacceptable if we're going to have an independent and impartial civil service. They shouldn't be beholden to anyone for any kind of bonus structure. That being said, the government did the right thing after it was exposed and got rid of it.

8:50

The public sector is so different from the private sector. In my view, in the public sector there is continuity of employment. There are pension benefits. If one sticks with the civil service for a number of years, they can retire with dignity and respect, with a pension that is certainly reasonable. Perhaps it could be better, but it certainly is reasonable.

Now, I'm looking at some of the public-sector pension plans from last year. These are multi-employer pension plans. I notice that in other public-sector pension plans under the guidance of this government the deficiencies went down. At December 31, 2009, for instance, the management employees pension plan reported a deficiency of \$483 million. In 2008 it had a deficiency of \$568 million, which, as we proceed here, is \$85 million less.

There are more of these public-sector pension plans that also, when you compare last year to the previous year, had less of a deficiency. This is during a time of investment chaos and investor confusion, shall I say. But with the supplementary retirement plan for public service managers there was a deficiency. Instead of trending with the rest of the public-sector pension plans, it trended the other way. In 2008 it had a deficiency of a little over \$7 million, and it jumped to \$39 million, or an increase of over \$32 million.

Now, there were some actuarial changes to that. Can I get an explanation, please, as to why there was such a dramatic jump in the deficiency of that one specific pension plan at the time that we removed the lavish bonus scheme?

Mr. Snelgrove: The simple fact around pensions is that there are two sides to the equation. You either have more contributions and make more money on your investments, or your anticipated payout may drop. That's why you have to review pensions on an ongoing basis. If you ever get out of the actuarial soundness, then you need to readjust your contributions. Contributions can change. I mean, there's absolutely no magic bullet around it. The rest of the world, us included, maybe not as bad as many, are going to have to make some very difficult decisions around our public-sector pensions. You cannot be committed to payouts that have not been funded by contributions and show no chance of finding those dollars in the market in the near future.

With regard to the specific one you said, hon. member, I will see if I can find a more concise report for that one. But I will tell you that we are talking on a Canada-wide basis with other finance ministers about the liquidity of many of the pensions that people are counting on for their retirement. It is a very, very dire situation for many of them.

As to the one you've suggested, I know we've got notes, and that'll be the second thing I have to get back to you on.

Mr. MacDonald: Okay. And to be specific, I'm talking about the supplementary retirement plan for public service managers. I do know there was an actuarial valuation change. It's noted in the minister of finance's, whoever he is, annual report. I just find it odd that the other ones seem to be going down with their deficiencies, but this one took a big jump. I would like an answer to that, and I would appreciate an answer to that directly.

Now, I also have some questions. We sort of skated around the alternative financing, the P3s, and debt. Alternative financing is the term used by the government to describe P3 funding. Page 293 of last year's ministry business plan states:

The ministry will continue to pursue new ways of providing cost effective infrastructure, such as public-private partnerships and other alternative financing opportunities. The ministry will also provide guidance and coordination to ministries and municipalities to address immediate and long-term needs related to infrastructure and community development.

This year's strategic plan, 118, has the priority initiatives, and it goes on to say here in bullet 2.1, 2.2, and 2.3 – I won't read that in light of the time that we have, Mr. Chairman. But what ongoing measures are used now to evaluate cost-effectiveness and the feasibility of P3 financing compared with public financing?

Mr. Snelgrove: Well, we have had this discussion with a few of the other members. We still use, obviously, the private-sector comparator, where they look at the job that's budgeted out and totally independent of the department held and the Department of Justice until it's done. We also have the opportunity to look at the large investment in infrastructure that we've had as a province and just go back and look at what overpasses, miles of roads, schools cost us. So you can compare the upfront cost. It's harder to project a maintenance cost on a school that's not in a P3 but strictly on a build. We can look to other parts of the world where they have been involved longer and with greater numbers of P3 projects where they're very satisfied with it.

We have the history of our build. We have uncertainty. We've seen cost overruns in some of the buildings we've done under the traditional build. I don't know how we'd do that. When I was a contractor, if I bid too low, I got paid too low, too. I don't know where we changed those rules.

The fact is that it's in no one's interest in government to spend money we don't have to spend. We're obligated to try and build as much of the infrastructure as we can with the dollars we've got, and that's what we're doing. We're not totally committed to having to use P3s. We're certainly at this point looking at a blend of some other ways to accelerate our school building capital. We've got the northwest section of the ring road that by the nature of the P3 and the sheer size of the project actually established several businesses in Edmonton now that are selling other products on a world-wide basis, for example the bridge beams. They wouldn't ever have been able to set up to build up those massive beams and the engineering technology around it without that, and now they can build them for anywhere in the world.

So, you know, it's not just the fact that that road is going to be done. It's a huge project. The other one is actually more man-hours involved. It's not that it's going to be done sooner. That's great. But the fact is that when you build that capacity into your industry to tackle big projects, they can stay here. The head office can stay here, and they can sell that expertise around the world, so you get an ongoing benefit of, you know, sometimes stimulating a business investment that several smaller projects wouldn't have done.

Mr. MacDonald: What specific projects is the Treasury Board planning group planning to fund under alternative financing, and what proposals have been submitted to the Treasury Board for this method of financing?

Mr. Snelgrove: The only project right now under alternative financing will be the northeast ring road in Edmonton. We are looking not necessarily at P3 projects but at some kind of alternative financing for schools. So that is the only P3 project that's on our radar right now.

9:00

Mr. MacDonald: I find it funny that we would be investing through AIMCo in a P3 project in Chile. I believe we just bought a portion of a freeway down there around Christmastime.

Mr. Snelgrove: You should go check that out.

Mr. MacDonald: I would like to check that out. That's on my to-do list, actually. Definitely.

Now, as the recession has effectively lowered construction costs – and it certainly has if I read the government's fiscal plan from last year – and labour demand has subsided as well, what implications do these changes have on current P3 projects that have been signed? We're locked into those contracts, and we're locked into the cost escalators that are incorporated in them, right?

Mr. Snelgrove: Yeah. The P3s have an equation built into them. It works both ways. It won't change on the construction part of the P3. That's a set price to be done. But on the operations what would typically be the increase in cost to maintain is based on several factors. It would be fuel, labour, and other ones that are predetermined and agreed upon before the contract is ever signed. So there are accelerator, or increased payment, components to the contract. I don't think it would have anticipated that prices would drop, but when that equation says that you use the price of fuel and the price of labour to determine what it would be, then you would use that formula. We're not necessarily obligated to pay more.

Mr. MacDonald: I would like now, Mr. Chairman, if you don't mind, to go back to corporate human resources. We certainly need to have a skilled and engaged Alberta public service; there is no doubt about that. Since this sort of office has moved over to the Treasury Board, I have difficulty locating many of the interesting statistics around the age of the public service. If we go back to the Lougheed era, when there were a lot of young, bright civil servants hired – and it's not that they're getting on in years or anything like that. I'm not suggesting that. They may be getting to the point where they want to do some other things like perhaps check out a road in Chile and maybe rent a car and drive up and down that road for all I know. What is the age of the civil service? Are we looking at a demographic bubble that may be retiring? How do you plan to deal with that?

Mr. Snelgrove: Well, it might just be me, but I think they're pretty darn young. Actually, this document that's titled Corporate Demographics – it's not as flashy a cover as you probably use in finance – has got several categories: management, professional technician, administration. In the years going from 2004 to 2010, for example, in management you're from 48 to about 49, administration is from 45 up to just about 47, and the professional/technical is from 44 to 45. So, you know, we are looking at probably a higher average than we'd like. That's what we talked about a little bit earlier, why we need to enhance our work within government to continue to make it a good place to

work and to build a career. We are attracting very good people. At this time we don't have a real problem recruiting.

It will be problematic when the economy takes off again and we're left a little behind in salaries, probably. We've seen that happen. There's not a lot we can do. Our focus for the last several years has been on the fact that we are going to lose a great deal of the collective knowledge of government, and we are going to have to look both internally and externally for replacements. It's a challenge, but it's a challenge that just about every business is faced with.

Mr. MacDonald: Okay. I appreciate that.

I was interested in the changes that have occurred in the last 10 years in the civil service and the increase in the amount of money that some of them earn. There has been a significant increase in those that are making, I think, over \$70,000 as a percentage of the total civil service. I haven't had a look at last year's number, but I will. It certainly is interesting because the civil service – you're right – may not offer the immediate compensation that the private sector does, but there is continuity and stability there. If an individual in their 20s gets in there, they know, probably, that if they do their job, the President of the Treasury Board is not going to lay them off. [Mr. MacDonald's speaking time expired]

The Chair: Thank you, gentlemen.

Next we have Mr. Rogers, followed by Mr. Anderson.

Mr. Rogers: Thank you, Mr. Chairman. Mr. Minister, I want to thank you for presenting your estimates tonight and certainly for the way you've answered the questions from the hon. members before me. Accountability is certainly very important to all of us as Albertans. I refer to goal 1 of your ministry's statement. It says that the goal is "effective and efficient government." One of the strategies identified is to "enhance accountability to Albertans by providing more informative, timely and readable business plans, annual reports and government estimates." My question to you, Mr. Minister, is: what specific initiatives are you taking to ensure that you're meeting this strategy and delivering that? Is what you've presented here tonight an example of some of the steps you're taking in that regard, or is this work in progress? How are you doing?

Mr. Snelgrove: I'm not sure they can call everything tonight concise and to the point, but it's a strategy.

We really took a long look at business plans and our Measuring Up documents and tried to make them readable. We have a tendency in the accounting part of the world to create documents that accountants can understand but that the people who are paying the bill can't. We did commit to the hon. House leader for the opposition that we would look together at our budget documents. If we can further enhance their readability, we will. We did move several pages of documents out in our budget documents, ones that were not voted dollars.

It's kind of an ongoing process. On one hand, you don't want to change your budget too much and be accused of cooking your books or changing the format. I think you need to keep that continuance of their reportability. I have to think that if we wanted to have any better readability, we may need to engage the public to look and tell us. The Auditor General does spend a lot of time, you know, trying to establish: are his reports readable? Could an average Albertan take them and understand the points that he's trying to make?

9:10

It's a fine line between estimates of budgets that may tell a better story and ones that are required by law to keep the reporting

structure there. You know, we've condensed the Measuring Up documents. We think we've made our budget more readable. We limited our size of business plans or reduced them, I think, to an average of four pages from a document that was about as thick as our budget. We're working on it. We are certainly open to suggestions from anywhere. If we can make them more readable and still maintain the requirements, we're happy to do that.

Mr. Rogers: Thank you for that answer, Mr. Minister. I have to say, having started my professional career as an accountant some 30-plus years ago, that I certainly know and appreciate what you're talking about. The language of accounting as it was certainly 30 years ago and even in more recent times has been something that, while it's not akin to a foreign language, certainly to most laymen really required something a little bit more, certainly a lot of time to decipher, I would say.

So I laud your efforts in that area, and I guess I look forward to some of those results because, as I said, having worked in that field for so many years, you know, it's usually a very small band of individuals who speak that language, so to speak. If you can through your efforts do more, I guess, to make that more of a universal language, certainly by tidying up – you talked about making the business plans much more user friendly, more concise, and I guess in more of a manner that speaks to people rather than tells a large, flowery story – I think that's something that Albertans will appreciate.

Are there any other areas that you're looking at that might help you and help us as a government and Albertans to have more of a sense of accountability from your efforts?

Mr. Snelgrove: Well, you know, I think we can all learn – or, certainly, I can learn – from what we see in other governments about presenting it online. We have had questions about the blue book and the readability of the blue book. I think we need to collectively work with other members of the Legislature in determining what really is important to be out there. Can we use electronic media better? There's no doubt, once you get in the habit, like with the filing of all of our ministerial expenses with the airplanes all going online now, it makes everyone more aware of it.

There was a gentleman in Wood Buffalo that mentioned to me several years ago: in the absence of information there's speculation. I'm certainly not an old-timer by standards around here, but I think things have changed considerably in the last five or six years to where we are putting information out in a more timely manner. I think what we find is that once it's out there and available, nobody cares. I won't say nobody but hardly anybody. When there's kind of the hint of something maybe awry, then they're all concerned. I sure don't want to trigger the phones with the full moon out now, but since we published all of our airplane expenses and ministerial expenses, the calls or e-mails we get around that have virtually dropped right off. We can learn from that. We see the federal government going to a system that they've spent 10 or 11 months on, if I'm not mistaken, presenting their information online for people to peruse.

It's just about not being bound by the electronic age we live in now but maybe using it more effectively to put out in usable amounts. Quite honestly, the hon. member, I know, has a very familiar background in accounting, but for most people to look at a book like this and have a concept of what it means to them is probably a bit of a stretch. They can look at some totals, but I'm not sure they know what communications on line 6 in Education means. They can get into the business plans, and by moving them up to June, they're going to be probably closer to it for those who

want to follow it along. I think it really is trying to develop a situation where we're not also re-entering data. I don't think it's helpful when we or Finance has to get it from departments and put it out there. There's going to be a way for people to integrate on.

On a bit of an aside, a little bit like the FOIP situation we're always in, there has to be a way to pre FOIP. The cost that it goes to to go back and get a document, to see what can be released and what can't: there has to be a way to say: "Guess what? This information can never be released, and therefore it's not, but this can, so it's in. FOIP it." Let people electronically get the information they're entitled to. I see the tremendous expense that goes into going through some of these old documents.

To a certain degree I think that from a Finance reporting point of view there has got to be a way to streamline how we get that information out there. While I'm not a fan of the information age, I think we could probably make better use of it and the usable information bites.

Mr. Rogers: Thank you for that.

If I recall, last year there were some significant reductions in your department, and I'm just wondering whether or not that might have been a detriment to some of the accountability that you were trying to achieve. You've got a bit of an increase this year. What's the correlation between what was less and what is more? Do you see that helping you in some way?

You also talked in your last answer, Mr. Minister, about electronics and the use of electronics. I know that you have been one of the ministers in this government that has really worked hard to spearhead a common computer platform across government, going away from the multitude of systems that we've had across government. How is that coming? Do you see that process starting to bear some fruit now or maybe in the future?

Thank you.

Mr. Snelgrove: Yes, absolutely. Service Alberta has taken a great deal of work on in trying to move forward with a common domain. In fact, when we're all talking the same language and the same systems, then the financial reporting becomes much easier in a consistent way to put out there. The department and the funding: you know, you can do without for a while. It's kind of like dinner. You can miss the odd meal, and you'll get by, but if you don't eat for a long time, you'll start to lose the opportunity to do a heck of a lot.

In Treasury Board and corporate human resources I think there's a case where you take one for the team. We were asking departments to make some significant reductions that were going to have an effect on the ability of their department to operate, and they were going to have to make difficult choices. I don't think it would have been either practical, prudent, or fair for us to not show that we could do it, too. Under no illusions did I think that the department could operate on an ongoing basis without severely hampering the ability to be effective. You know, we can see now in Alberta that we're coming back out of the recession. Our revenues are showing a great deal of promise. As a government we made a very public commitment to infrastructure because we could very easily justify how important it was and is, and we'll need to make that same commitment to the human infrastructure, that makes it all work.

You see the bridges and the schools and the roads. You wouldn't see any of it if we didn't have a public service. If they weren't running the departments to get the projects out there, you wouldn't see any of it. Yes, it did put an extra workload on our staff – no question about it – but I think it sent a message that we're willing to walk the walk, talk the talk, and they got through.

The reality is that human resources are as important. You know, look at the grey hair he's got, and Dale hardly has any, so maybe we still could take a little more from him.

9:20

Mr. Rogers: Well, thank you for that, Mr. Minister.

Maybe in just following along on the theme, you know, we touched on the piece about IT and what you're doing in terms of trying to work with common platforms and systems. But there have got to be some other opportunities. I think one of the challenges that we have in government and any large organization is duplication. Are there some other opportunities that you and your team, grey hair or not, maybe be able to look at or maybe that you're already working on in terms of trying to reduce some of the duplication across our system? I mean, we have – how many? – 40,000, 50,000 employees right across our system. Certainly, I'm not looking to put anybody out of work, particularly in these times, but wherever we can find efficiencies, obviously that's going to benefit us all. I'm just wondering if there are some other initiatives you might share with us.

Mr. Snelgrove: One initiative, that we started in December of '06, when it actually came about, was the SBAR initiative, where we realized that we were spending too much money on the administration of a lot of our social-based programs. In many ways we didn't know whether we were duplicating efforts or whether we were dealing with the same people because we had IT systems that couldn't communicate with each other. There is the relationship between IT and the department and what you're trying to accomplish, and they all have to be in sync to make it work. I know those four departments have been working at developing programs, working on IT that can, you know, make those programs function. Then let's look at how we can do more with less for the people we're trying to help.

I'm a firm believer that there are situations where you can have a win all the way around. The taxpayer, the recipient, and your public service can benefit if they have the information they need and are allowed to make front-line decisions regarding people. They'll make the right decisions, but they need to be able to be connected to the other departments to know whom they're dealing with and what's available for them. It's a big re-engineering project, but it really is about that co-ordination and information that they all need virtually at their desktop. Then they need to look to us to give them support to make decisions when they have the information that they need.

You know, there are some really big things that are going to take a little while to evolve. We're also working in Infrastructure on looking at our accommodations. We know that a workstation isn't what it used to be. We know we have to adjust some buildings, some floors, and make very effective use. It's a great expense. Also, with IT we have developed a system for procurement, but you have to have the IT to back it up. It's not the chicken and the egg. It's a whole lot of eggs. We need to be able to provide. If we're going to ask for standard procurement, we've got to have standard methods and IT to back it up.

I said that we took the capital construction back from Health Services. We also moved all of the furniture in this building. I know the hon. member has been here when cabinet shuffle time comes around or office moving, and you would think it was garage sale 101. It was bizarre that the people of Alberta, who own all of this, would pay to move it from office to office and out. We've nationalized our own furniture into Infrastructure.

So there's a constant evolution of things that we can do. You know, it might not seem like much, but if we're not prepared to do

it, how can we expect our civil servants to do it, and how do we expect the confidence in us to be there?

We're looking again this year for \$240 million in in-year savings. That'll be the fourth year. It was kind of a new idea to put a line item in and say: let's find out where we can get the money out of. We have exceeded our goals every year, most of the time by double. I think that's a reflection that no one can predict what's going to happen in September or October, but as long as everyone is looking for savings at every opportunity, they turn up. You know, the culture has reflected that. Even the little things we do around travel and accommodation: everyone has to justify everything they do, and that's showing up in our bottom line.

Mr. Rogers: Thank you for that, Mr. Minister. I just want to pick up on something you said. You talked about SBAR. I think I remember the acronym, but you may want to just remind us. It's social-based assistance and something. What that review is doing is looking at all of the various social programs that we deliver through EI and Seniors and Community Supports and others. Certainly, I think that's a really important place to look. Again, the more efficiencies we find in those programs, the better we are able to use the funds that are dedicated for what they're meant for, to provide a hand up to the people that need that.

But is there anything in that review that's looking at helping these individuals to build capacity? It's one thing to provide assistance when people need it – and that's a very important part of our process – but what about helping these individuals to build capacity?

The Chair: Thank you, Mr. Rogers. That's your time as allotted.

The next speaker up is Mr. Anderson.

Mr. Anderson: Thank you. All right. I've got about four minutes left, so I will be quick. You talked a little bit earlier about some of the things that you have to think about with regard to controlling pension costs and things like that. One of the things I've noticed that has really caused a budgetary problem for us in Alberta recently is tying union contracts, MLAs' salaries, ministers' salaries, et cetera to the average weekly wage index, which has consistently outstripped the rate of inflation. I was wondering if on a go-forward basis you guys have given any thought to not only MLAs' wages and government wages but also union agreements and so forth to not go above that rate of inflation rather than tying it to the weekly wage index. It's becoming very difficult to control our budget costs in that regard.

Mr. Snelgrove: The only one that's really connected to it is the agreement with the ATA. The MLAs, as you probably are aware: this will be their third year of a freeze now. We are in the middle of our negotiations with AUPE, so I'm not really going to comment on what I would or would not expect from them. Sometimes you get lucky, and sometimes you don't. I'm not a fan of the formula they use. I think we could develop a formula in Alberta that actually reflected the true costs, but there's probably not enough time in four minutes.

Mr. Anderson: I mean, that's one of the reasons that I proposed in the past that at least till we get to kind of the average of Canada, tying our spending increases every year to the rate of inflation plus population growth, one of the reasons being that if there's an expectation built into government that we're going to cap increases and spending to that amount, at least until we're kind of back to where the Canadian average is, that will help us in our negotiations when we're addressing union contracts or whatever, any kind of wage costs. Is there any thought to just kind of an overall commitment to keeping our spending in line with inflation plus

population growth? You did that this year. Great. But going forward, is that your goal?

Mr. Snelgrove: I don't disagree that you could use that when you or I, I guess in this case, were confident that we were at the right rate of spending. I'm not convinced we are, and that's why we continue to look at ways to save money, to deliver programs better. If we got down to the point where I could look all Albertans in the eye and say, "Okay; now we're where we have to be, and here's the formula we'll use going forward," then we would debate it at that time. I think we need a little more time to make sure

that we're at the right level of spending before we tie it to some other accelerator.

The Chair: Thank you, everyone. I apologize for the interruption, but I must advise the committee that the time allotted for this item of business is concluded.

I would like to remind committee members that we are scheduled to meet next on March 22, 2011, to consider the estimates of the Department of Justice and Attorney General.

Pursuant to Government Motion 5 the meeting is adjourned.

[The committee adjourned at 9:31 p.m.]

