



PROVINCE OF ALBERTA

**OFFICE OF THE
ETHICS COMMISSIONER**

ANNUAL REPORT 2006-2007

ABOUT THE OFFICE OF THE ETHICS COMMISSIONER

The Office of the Ethics Commissioner exists as a result of and operates under the *Conflicts of Interest Act* (Chapter C-23 of the Revised Statutes of Alberta 2000).

The Ethics Commissioner is an Officer of the Legislative Assembly. The Ethics Commissioner is appointed by Order-in-Council following passage of a motion in the Legislative Assembly approving the appointment. The motion follows a report and recommendation from the all-party Standing Committee on Legislative Offices.

The Ethics Commissioner reports to the Legislative Assembly through the Speaker with respect to annual reports, investigation reports, and matters relating to the Ethics Commissioner's jurisdiction or authority under the *Conflicts of Interest Act*, with the exception of administrative matters. The Ethics Commissioner presents budgetary estimates through the Standing Committee. The Legislative Assembly approves the budget for the Office of the Ethics Commissioner.

Upon receiving a report from the Ethics Commissioner, the Speaker is required to make the report public. If the Legislature is in session, the report is tabled at that time in the Legislature. If the Legislature is not in session, the report is released publicly and tabled when the Legislature next sits. (Reference: section 28 of the *Conflicts of Interest Act*.)

Under the *Conflicts of Interest Act*, the Legislative Assembly shall deal with an investigation report by the Ethics Commissioner within 60 days after the tabling of the report, or such other period determined by a resolution of the Legislative Assembly.

Under section 29 of the *Conflicts of Interest Act*, the Legislative Assembly may accept or reject the findings of the Ethics Commissioner or substitute its own findings and may if it determines that there is a breach

- (a) impose the sanction recommended by the Ethics Commissioner or any other sanction referred to in section 27(2) it considers appropriate, or
- (b) impose no sanction.

The Ethics Commissioner reports and recommends to the Assembly. The Legislative Assembly has full and final authority with respect to disciplinary matters relating to its Members.

Further information on the functions and responsibilities of the Office of the Ethics Commissioner may be obtained by contacting the office:

Office of the Ethics Commissioner
1250, 9925 - 109 Street, Edmonton, Alberta T5K 2J8
Phone: (780) 422-2273 Fax: (780) 422-2261
E-mail: generalinfo@ethicscommissioner.ab.ca
Website: www.ethicscommissioner.ab.ca



OFFICE OF THE ETHICS COMMISSIONER

Donald M Hamilton, Commissioner

July 25, 2007

Hon. Kenneth R. Kowalski
Speaker of the Legislative Assembly
325 Legislature Building
Edmonton, Alberta
T5K 2B6

Dear Mr. Speaker:

It is my honour and pleasure to submit to you the Annual Report of the Office of the Ethics Commissioner, covering the period from April 1, 2006 to March 31, 2007.

This report is submitted pursuant to section 46(1) of the *Conflicts of Interest Act*, Chapter C-23 of the 2000 Revised Statutes of Alberta.

Yours very truly,

A handwritten signature in black ink, appearing to read 'DM Hamilton', with a long horizontal flourish extending to the right.

Donald M. Hamilton
Ethics Commissioner

ETHICS COMMISSIONER'S REMARKS

This fiscal year saw more activity than any other year since my appointment in May 2003.

The report of the all-party Select Special Conflicts of Interest Act Review Committee, which considered amendments to the *Conflicts of Interest Act*, presented its report on May 18, 2006. (A copy of the report may be obtained from our website.) Two of the proposals – one recommending the creation of a lobbyists registry and the other recommending “cooling-off” periods for certain government officials – received the most attention. However, many of the recommendations dealt with provisions that will bring our legislation current with the legislation in many other jurisdictions or that were required as a result of changes in government organization (i.e. updating the schedule of disqualifying offices).

The Government responded to the recommendations of the committee with Bill 2, the *Conflicts of Interest Amendment Act, 2007*. The Bill was not introduced during the fiscal year to which this report relates but was introduced on April 17, 2007.

Premier Ed Stelmach introduced Bill 1, the *Lobbyists Act* on March 7, 2007. At Second Reading debate, all parties indicated their support for this legislation. The legislation will give authority to my office to establish and run the lobbyists registry. We are particularly pleased that this legislation has been introduced as this office has been supportive of the creation of a lobbyists registry for many years. We requested additional funds to enable us to carry out these new responsibilities and the Standing Committee on Legislative Offices did approve our budget submission, subject to passage of the legislation. We look forward to taking on these new responsibilities once Bill 1 passes through the legislative process.

I have often commented to Members and senior officials that my office may be considered successful if our name is not in the news. My office was in the news on many occasions towards the end of 2006 and into 2007.

When I say that our office is successful if we are not mentioned by the media, I am generally speaking about the proactive approach taken by our office in assisting Members in meeting their obligations. Certain references to my office should not be viewed negatively – e.g. our support for lobbyists registration and the assignment of that responsibility to our office. However, in the second half of 2006-07, the office was mentioned in relation to allegations that were raised about the actions of Members and, subsequently, with respect to the reports that were released following investigations conducted by my office. Three investigations were initiated during 2006-07. Prior to this fiscal year, my office – during my tenure – has not been asked to conduct more than one investigation in any fiscal year. I will comment on the investigations in the appropriate section of this report.

Government ministries and even some of my Legislature Officer colleagues include performance measurements in their annual business plans. My office does not do so. There are certain activities carried out by my office that are easily measured – compliance with time lines for filing disclosure documents, responding to requests for advice, etc. I do not believe those types of measurements accurately reflect the “success” of an ethics program.

There are articles that offer suggestions for effectively measuring ethics programs but even those publications acknowledge there are aspects of ethics programs that are not easily measured. One cannot make assumptions that “no investigations” means all ethical obligations were met. Similarly, the number of investigations should not be assumed to mean there are ethical challenges or that obligations are not being met. Some of the articles note that an ethics program may be measured according to a level of confidence in being able to report wrongdoing. That type of measurement may apply in the public service or private sector but would not necessarily apply in relation to elected officials.

Some Canadian jurisdictions only allow requests for investigations of elected officials from other elected officials. The seriousness of an ethics investigation generally means that the requests are based on more than partisan politics. Most of my colleagues have the ability to refuse to conduct an investigation if a request is frivolous or vexatious – as do I. While few requests in Canada have resulted in a finding of an actual breach or a recommended sanction, the requests are treated as legitimate concerns about the appropriateness of an action.

At the International Congress on Ethics in Gatineau in February 2007, my former federal colleague, Dr. Bernard Shapiro, commented in his presentation on a misunderstanding of the role our offices play. We are concerned with “ethics” and “integrity” but our mandates are focused more specifically on “conflicts of interest.” There can be disappointment when a report finds no breach of conflict-of-interest provisions, when a requester has actually asked whether an action was “ethical.” The success of an ethics program may be viewed very differently based on one’s perspective.

As has been said in previous annual reports issued by this office, I do believe that this office serves a necessary role and that the Members of the Alberta Legislative Assembly and the senior officials within the Alberta public service do strive to meet their obligations and perform their responsibilities in the public interest and for the public good. I am further encouraged by the recent focus on transparency and accountability by Premier Stelmach.

The coming year will be another interesting year for us as we follow the debate on both Bill 1, *Lobbyists Act* and Bill 2, *Conflicts of Interest Amendment Act, 2007*. To have these Bills have the priority and support that they have had is a strong indication of the importance of ethics and accountability within the Legislative Assembly.

We have, again, relied heavily on the staff within the Office of the Information and Privacy Commissioner to assist us in carrying out our functions. That office provides us with legal counsel, human resources support (including payroll, financial and accounts payable support), and IT support. We appreciate their efforts on our behalf and thank them for their continued excellent work on our behalf. Additionally, I wish to thank my staff for their support and friendship.

DISCLOSURE PROCESS

It has become routine for my office to report that Members and senior officials have complied with their obligations to file disclosure statements within the appropriate time lines. This year is no exception. Compliance is still dependent on the support of caucus Whips and reminder letters and phone calls initiated by my office. I wish to thank caucus staff for their efforts in ensuring that Members continue to comply at the 100% level.

Should the amendments set out in Bill 2 be approved and proclaimed into force, my office will be required to amend our public disclosure forms. The Bill proposes to increase the values of income, assets, liabilities, and financial interests that are not required to be disclosed publicly. A further amendment would increase the value of fees, gifts or other benefits that are not required to be publicly disclosed.

Bill 2 also proposes that Members be required to disclose to me any travel they accept on non-commercial aircraft if that travel relates to their MLA or ministerial role. That travel would be disclosed publicly.

PROVISION OF ADVICE

Members who were candidates for the leadership of the Progressive Conservative Party of Alberta and who held a Cabinet position were required to step down from Cabinet (the decision of former Premier Klein). Many of the Members who were candidates for the leadership chose to contact my office to let me know how fundraising would be handled. Some Members had trust accounts established in their leadership campaign name and others had blind trust structures set up. Although my office has no jurisdiction with respect to leadership campaigns generally, I supported the steps taken by these Members to separate the political role from their public responsibilities.

After the change in leadership, the new Premier chose to reduce the size of Cabinet and his appointments to Cabinet resulted in a number of new Members being added as first-time Ministers and several Members left Cabinet. My office reviewed the files of the new Ministers and sent letters to them, where necessary, with respect to their obligations as members of Executive Council. Each Member who received a letter met with me within the first month to six weeks of their appointment. Some of the Members arranged an appointment before receiving my letter. Several Members who were no longer in Executive Council also chose to meet with me or phone me for advice on a range of issues relating to the obligations that had applied to them.

As frequently happens when there are changes within the Legislative Assembly (as a result of a general election or the change in the leadership of the governing party), my office received more requests for advice relating to post-employment options.

A number of questions were also raised regarding outside employment matters – either involving a Member, senior official or a family member. In some cases, I advised against the proposed employment given the responsibilities of the Member or senior official.

As usual, the issue of gifts was a frequent subject for advice. In many cases, adoption of the proposed amendments to the Act will eliminate some of the questions relating to certain types of gifts (e.g. an occasional sporting event ticket, tickets to fundraisers, etc.).

Many of the requests for advice this year involved more than one question but have been counted as only one issue in the figures below. For example, a question from an MLA or senior official might be categorized as a “post-employment” question but might have also included questions relating to their position and opportunities for outside employment; or a question relating to “investments” might also include a discussion of blind trusts.

Categories of Requests for Advice

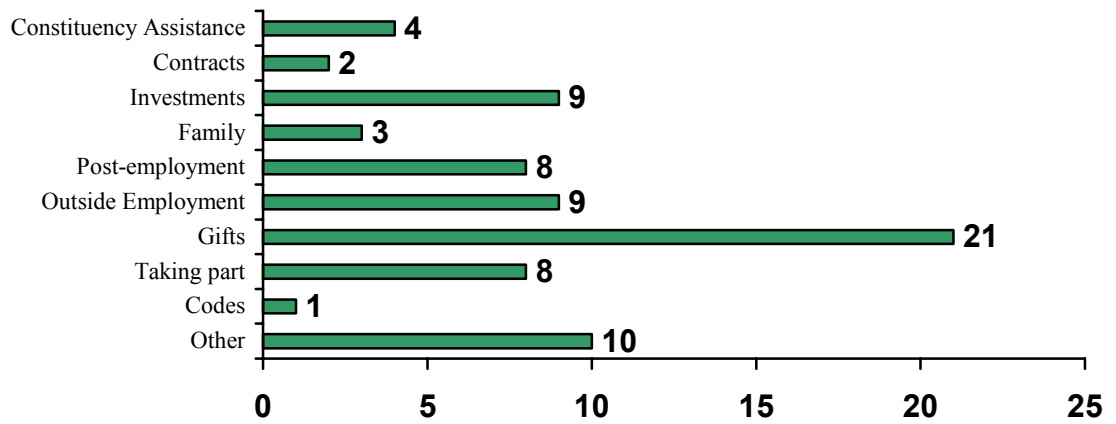


Figure 1

CONDUCT OF INVESTIGATIONS

As noted earlier, my office received three requests for investigation during 2006-07 that resulted in an investigation being conducted. As in past years, my office did receive many more requests for investigation than were conducted. In some cases, the citizen requesting the investigation did link the request to a specific Member but did not provide any evidence or relate the subject to a specific action that could be investigated. In some cases, I advised that citizen that I cannot investigate an abstract matter such as a suggestion that a political donor must have received some reward for their donation. I would consider investigating a specific link between a donation and a contract or other award – as I have done in the past -- but I cannot investigate all government contracts to determine if any were awarded inappropriately to unnamed donors or supporters.

The chart in this section shows the types of requests that my office received during the fiscal year covered by this report. Citizens also phoned with complaints regarding the private sector, professions and other matters outside my jurisdiction. Those phone calls are not necessarily included in these figures as most often, the citizen asks for information about my office and then seeks guidance to the proper source to assist them with their complaint. The figures indicated below include complaints relating to the public service, MLAs, or relate to phone calls or letters specifically requesting that I conduct an investigation.

Requests for Investigations

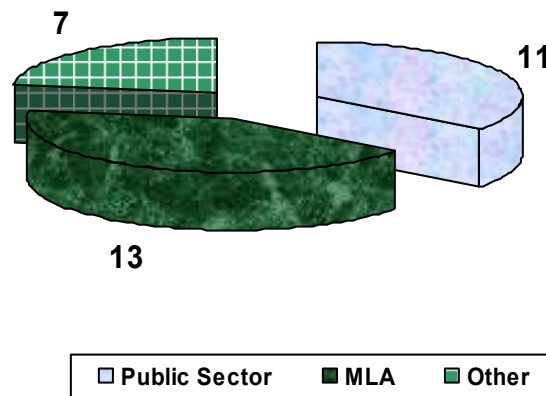


Figure 2

The following information is provided as a summary of the investigations conducted or initiated (one had not been concluded at the end of the fiscal year under review). A copy of the completed report tabled with the Legislature can be obtained from our website.

Investigation involving Hung Pham, Member for Calgary-Montrose

This investigation arose after considerable questioning occurred in the Legislature and through the media regarding grants approved by the Wild Rose Foundation to certain volunteer or charitable agencies in the MLA's constituency. In requesting the investigation, a link was noted between an agency involved with respect to the grant and a campaign contribution to the MLA.

I concluded that the person who made the campaign contribution did so on her own initiative and that it was not linked to the Foundation grants. I found no link between the Foundation grants and the MLA's actions and concluded that there was no breach of the Act by him.

Investigation involving Harvey Cenaiko, Member for Calgary-Buffalo

Mr. Cenaiko served as Solicitor General during the leadership vote for the Progressive Conservative Party of Alberta. After the second ballot when Premier Stelmach was announced as the new leader of the party, Mr. Cenaiko considered the potential issues relating to the Premier's son serving in the Sheriffs Branch of Mr. Cenaiko's ministry. He discussed his concerns with the Premier's son and suggested that Sheriff Stelmach consider moving from the traffic detail into an Acting Sergeant role (a role Sheriff Stelmach had occasionally filled in the past). Sheriff Stelmach discussed this conversation with his father and declined the move.

I concluded that Mr. Cenaiko did not breach the Act but I did note that the timing and direct conversation with Sheriff Stelmach were a concern. Mr. Cenaiko acknowledged that he should have used the appropriate channels within his department and that there probably should have been some documentation relating to the discussion.

Investigation involving Hon. Ed Stelmach, Premier; Hon. David Hancock, Q.C., Minister of Health and Wellness; and Hon. Lyle Oberg, Minister of Finance

This investigation was commenced during the fiscal year under review but was not concluded by fiscal year end. The report of the investigation has subsequently been made public.

The allegations relate to invitations sent out to potential donors to the campaigns of certain of the leadership candidates. The invitations offered an opportunity to meet privately with four of the leadership candidates to help them eliminate their campaign debts after the leadership vote. Three of the four named candidates were the Members named above; the fourth was a former MLA and therefore not included in this investigation. Some of the invitations suggested the private reception offered the opportunity to discuss issues and raise concerns with the Premier and Ministers.

The investigation request raised the possible breach of section 7 (fees, gifts or other benefits) or section 11 (disclosure of income, assets, liabilities or financial interests). A summary of the results of my investigation will be contained in my next annual report. The report of the investigation is available on my website.

EDUCATIONAL INITIATIVES

I. Ethics Events or Conferences

I attended the annual meeting of the Canadian Conflict of Interest Commissioners (CCOIN) in Nunavut in September, as did my Senior Administrator, Karen South. We provided an update to our colleagues on the activities of the Review Committee and Ms South provided comments on a project undertaken by her relating to legislative comparisons re conflict of interest in Canada.

The CCOIN meeting will be held in Ottawa in September 2007. Dr. Bernard Shapiro, federal Ethics Commissioner, had initially offered Ottawa as the host. Since that time, Dr. Shapiro has resigned from his post. His office will still co-host with their counterparts at the Senate (Mr. Jean Fournier) and within the federal public service (Ms Catherine MacQuarrie, Vice President, Public Service Values and Ethics, Public Service Human Resources Management Agency).

In addition to the departure of Dr. Shapiro, Coulter Osborne has announced his departure as Ontario's Integrity Commissioner. At the time of writing this report, Ontario was in the process of finding Mr. Osborne's replacement.

I accepted an offer to speak at a Canadian Study of Parliament Group event in Winnipeg in December 2006. I did attend the event but did not participate on the panel due to ill health. The event focused on Legislature Officers, their roles and their independence. Many of the speakers were academics and electoral reform was a significant part of the discussions.

Ms South attended the International Congress on Ethics in Gatineau in February. Speakers from across Canada and around the world spoke on a wide range of ethics issues, involving both the public and private sector and charitable or non-profit organizations.

II. Speaking Engagements

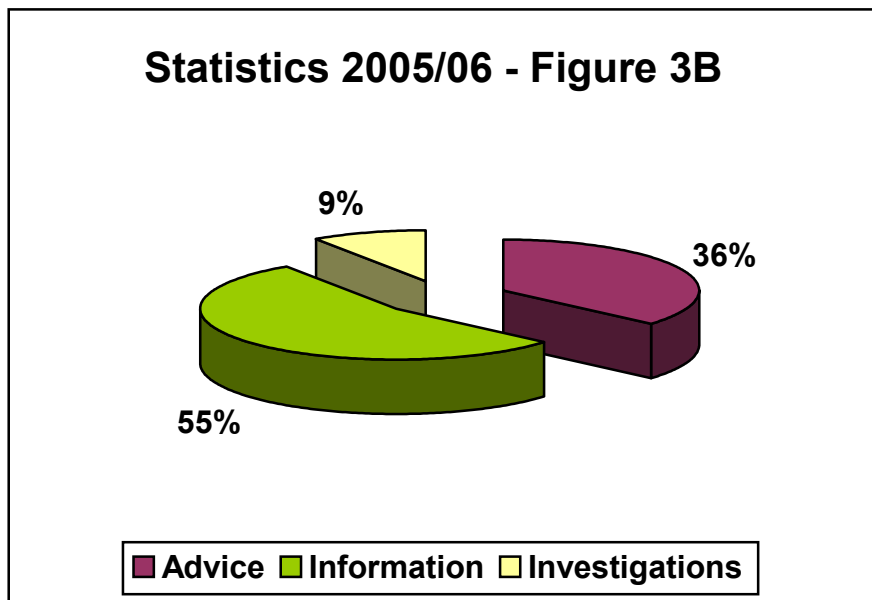
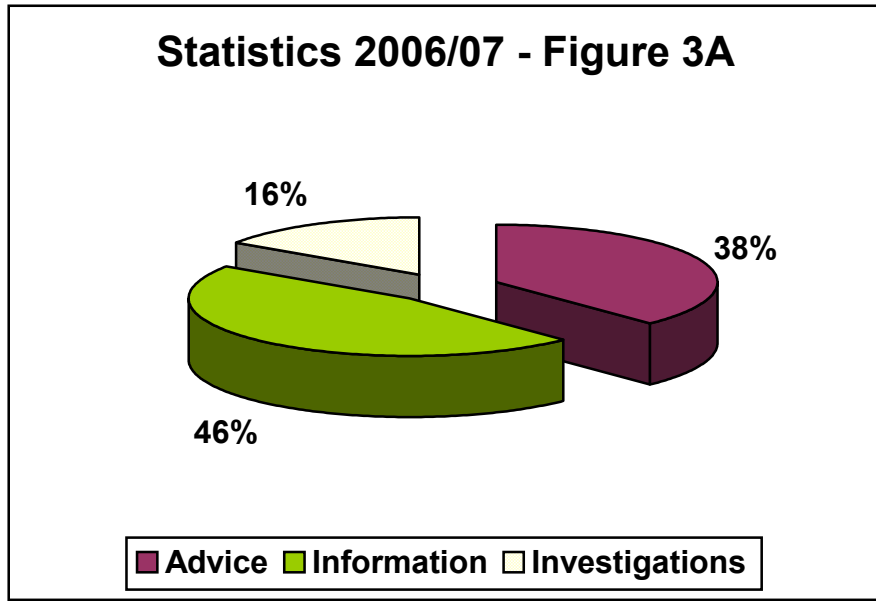
Date	Event/Speaking Engagement
May 31	School at the Legislature, Mother Teresa, Edmonton
November 21	School at the Legislature, George P. Nicolsan
December 12	Canadian Study of Parliament Group, Winnipeg (presentation was not delivered)

III. Publications

No new publications were created during this fiscal year. Once the amendments to the Act are passed, the office brochures will require updating. My office is also developing a brochure aimed at candidates for the next general election.

COMPARATIVE STATISTICS

Figures 3A and B below show the percentage of requests received by our office that dealt with information, investigations, or provision of advice.



Office of the Ethics Commissioner

Financial Statements

As at March 31, 2007

OFFICE OF THE ETHICS COMMISSIONER

FINANCIAL STATEMENTS

AS AT MARCH 31, 2007

Auditor's Report

Statement of Financial Position

Statement of Changes in Net Liabilities

Statement of Operations

Statement of Cash Flow

Notes to the Financial Statements

Schedule 1 – Salary and Benefits Disclosure

Schedule 2 – Schedule of Allocated Costs

Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Office of the Ethics Commissioner (the Office) as at March 31, 2007 and the statements of changes in net liabilities, operations and cash flow for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
June 27, 2007

The official version of the Report of the Auditor General, and the information the Report covers, is in printed form

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Accounts receivable	\$ 103	\$ 221
Prepaid expenses	1,619	895
Total current assets	<u>1,722</u>	<u>1,116</u>
Capital assets (Note 4)	<u>9,279</u>	<u>12,534</u>
	<u>\$ 11,001</u>	<u>\$ 13,650</u>
LIABILITIES AND NET LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,604	\$ 8,570
Accrued vacation pay	28,683	22,073
Total current liabilities	<u>39,287</u>	<u>30,643</u>
Net liabilities	<u>(28,286)</u>	<u>(16,993)</u>
	<u>\$ 11,001</u>	<u>\$ 13,650</u>

The accompanying notes and schedules are part of these financial statements.

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF CHANGES IN NET LIABILITIES

FOR THE YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
Net liabilities at beginning of year	\$ (16,993)	\$ (22,303)
Net operating results	(379,513)	(366,595)
Net transfer from general revenues	<u>368,220</u>	<u>371,905</u>
Net liabilities at end of year	<u>\$ (28,286)</u>	<u>\$ (16,993)</u>

The accompanying notes and schedules are part of these financial statements.

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2007

	2007		2006
	Budget (Note 6)	Actual	Actual
Revenues			
Prior Year Expenditure Refund		\$ 121	\$ -
Other Revenue		12	
Shared Services-Information and Privacy Commissioner		1,635	1,257
Total Revenue		<u>1,768</u>	<u>1,257</u>
Expenses			
Voted			
Salary, wages, and employee benefits		312,440	295,564
Supplies and services		57,341	66,772
	<u>\$ 410,000</u>	<u>369,781</u>	<u>362,336</u>
Non-budgetary			
Capitalization of assets expensed as supplies		-	(4,582)
Amortization of capital assets		3,255	2,814
Shared Services-Information and Privacy Commissioner		1,635	1,257
		<u>4,890</u>	<u>(511)</u>
Valuation adjustments			
Provision for vacation pay		6,610	6,027
Total Expenses		<u>381,281</u>	<u>367,852</u>
Net operating results		<u>\$ (379,513)</u>	<u>\$ (366,595)</u>

The accompanying notes and schedules are part of these financial statements.

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
Operating transactions		
Net operating results	\$ (379,513)	\$ (366,595)
Add non -cash charges		
Amortization of capital assets	<u>3,255</u>	<u>2,814</u>
	(376,258)	(363,781)
(Increase) decrease in accounts receivable	118	(176)
Decrease (increase) in prepaid expenses	(724)	687
Increase (decrease) in accounts payable	2,034	(10,080)
Increase in accrued vacation pay	<u>6,610</u>	<u>6,027</u>
Cash applied to operating transactions	<u>(368,220)</u>	<u>(367,323)</u>
Capital transactions		
Acquisition of capital assets	-	(4,582)
Cash applied to capital transactions	<u>-</u>	<u>(4,582)</u>
Financing transactions		
Net transfer from general revenues	<u>368,220</u>	<u>371,905</u>
Increase (decrease) in cash	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes and schedules are part of these financial statements

OFFICE OF THE ETHICS COMMISSIONER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

Note 1 Authority

The Office of the Ethics Commissioner is operated under the authority of the *Conflicts of Interest Act*. The net cost of the operations of the Office is borne by the General Revenue Fund of the Province of Alberta. Annual operating budgets are approved by the Select Standing Committee on Legislative Offices.

Note 2 Purpose

The Office of the Ethics Commissioner enhances public confidence in the integrity of Members of the Legislative Assembly and of the public service of Alberta by providing advice and guidance to Members and senior officials regarding their private interests in relation to their public responsibilities, by conducting investigations into allegations of conflicts of interest against Members, and by promoting the understanding by Members, senior officials and the public of the obligations regarding conflict of interest contained in legislation or directive.

Note 3 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles:

a) Reporting Entity

The reporting entity is the Office of the Ethics Commissioner, for which the Ethics Commissioner is responsible.

The Office operates within the General Revenue Fund. The Fund is administrated by the Minister of Finance. All cash receipts of the Office are deposited into the Fund and all cash disbursements made by the Office are paid from the Fund. Net transfer from general revenues is the difference between all cash receipts and all cash disbursements made.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Expenses represent the costs of resources consumed during the year on the Office's operations.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets and liabilities at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Assets

Tangible capital assets are amortized on a straight-line basis, over the estimated useful lives of the assets as follows:

Computer hardware and software	3 years
Furniture and other office equipment	10 years

The Office follows government budgetary practices which allow funds from an operating budget to be used to purchase capital assets. These purchases are included in expenses on the statement of operations, but are then removed from expenses through a non-budgetary adjustment and are capitalized and amortized over their useful lives. The Office of the Ethics Commissioner capitalizes assets if their useful life is expected to be longer than 1 year and the purchase cost is \$5,000 or greater (\$2,500 for 2006).

Liabilities

Liabilities include all financial claims payable by the Office at fiscal year end.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting

Net Liabilities

Net liabilities represent the difference between the value of assets held by the Office and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable, accounts receivable and accrued vacation pay are estimated to approximate their book values, due to the short-term nature of these items.

Note 4 Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 29,634	\$ 27,343	\$ 2,291	\$ 3,818
Furniture and other office equipment	17,278	10,290	6,988	8,716
	<u>\$ 46,912</u>	<u>\$ 37,633</u>	<u>\$ 9,279</u>	<u>\$ 12,534</u>

Note 5 Defined Benefit Plans

The Office participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The expense for these pension plans is equivalent to the annual contributions of \$19,632 for the year ending March 31, 2007 (2006 \$17,758).

Note 5 Defined Benefit Plans (continued)

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765,000 (2005-\$165,895,000) and the Public Service Pension Plan reported a surplus of \$153,024,000 (2005 – deficiency of \$187,704,000).

The Office also participates in a multiemployer Long Term Disability Income Continuance Plan. At March 31, 2007, the Management, Opted Out and Excluded Plan reported an actuarial surplus of \$10,148,000 (2006-\$8,309,000). The expense for this plan is limited to employer's annual contributions for the year.

Note 6 Budget

Expenses

2006-2007 budget ^(a)	\$ 410,000
2006-2007 actual voted expenses	<u>369,781</u>
2006-2007 surplus (excluding valuation adjustments and non-budgetary expenses)	<u>\$ 40,219</u>

^(a) Legislative Assembly Estimates released on March 22, 2006

Note 7 Lease Obligations

The office leases a photocopier under an operating lease that expires in December 2007. The aggregate amount payable for the unexpired term of this lease is as follows:

2008	<u>\$ 1,825</u>
Total	<u>\$ 1,825</u>

Note 8 Approval of Financial Statements

These financial statements were approved by the Ethics Commissioner.

OFFICE OF THE ETHICS COMMISSIONER
SALARY AND BENEFITS DISCLOSURE
FOR THE YEAR ENDED MARCH 31, 2007

	2007			2006	
	Base Salary (1)	Other Cash Benefits (2)	Other Non- Cash Benefits (3)	Total	Total
Senior official					
Ethics Commissioner ⁽⁴⁾	\$ 120,000	\$ 12,900	\$ 1,119	\$ 134,019	\$ 130,739

(1) Base salary includes contract payments.

(2) Other cash benefits include monthly payment in lieu of employee participating in the Management Employee Pension Plan.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of the employee including CPP/EI premiums, Alberta Health Care, dental, prescription drug and extended medical coverage, group life insurance, long-term disability plan and WCB premiums.

(4) An automobile was provided, but not included in other non-cash benefit figures.

SCHEDULE OF ALLOCATED COSTSFOR THE YEAR ENDED MARCH 31, 2007

Program	2007				2006	
	Expenses ⁽¹⁾	Expenses - Incurred by Others		Valuation Adjustments ⁽⁴⁾	Total Expenses	Total Expenses
		Accommodation Costs ⁽²⁾	Telephone Costs ⁽³⁾	Vacation Pay		
Operations	<u>\$ 369,781</u>	<u>\$ 49,029</u>	<u>\$ 1,058</u>	<u>\$ 6,610</u>	<u>\$ 426,478</u>	<u>\$ 414,892</u>

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) is allocated by square footage.

(3) Costs shown for Telephone is line costs for all phone numbers.

(4) Valuation Adjustments as per Statement of Operations. Employee benefits provision was allocated by employee.