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PUBLIC ACCOUNTS COMMITTEE  
March 16, 1977

MR. CHAIRMAN: The Public Accounts Committee will now come to order please. This is the organizational meeting of Public Accounts. There are a few points I would like to get clear so we can sail as smoothly as possible as we get into the rest of the program.

First of all, I'd like to welcome Mr. Rogers, our auditor, who is with us again. We have a new secretary, Miss Marie Parato, who is here for the time being at least.

I have word from the hon. Mr. Johnston, Mr. Purdy, Mr. Mandeville and Mr. Butler that they will be unable to be present today because of other engagements.

The first point that I would like to clear with the committee is the schedule of meetings. We have been in the habit of meeting every Wednesday from 10 a.m. till 11:30 a.m. Could I have your wishes in regard to the schedule of meetings, in the form of a motion if possible?

MR. THOMPSON: I make a motion that we follow the procedure we used last year.

MR. CHAIRMAN: It has been moved by Mr. Thompson that we follow the procedure used last year, namely every Wednesday morning from 10 a.m. till 11:30 a.m. Is there any discussion? Those in favour? Against? The motion is carried.

The next point I would like to clear with the committee is the minutes of the meeting. The secretary, as you know, writes the major motions and some of the major comments and questions, and we distribute those minutes to every member of the committee, and any other MLA who requests it. We have not gone beyond that with the minutes. What are your wishes in regard to the minutes of each meeting? I should say, we have gone beyond that in one instance where there are witnesses and the witnesses would like to have a copy of the minutes and then we always supply them with a copy.

MR. CLARK: Mr. Chairman, my reaction is that frankly the minutes have served a useful purpose. However, I think with perhaps growing importance of the Public Accounts Committee -- and I know I did this a number of times last year -- ask for a transcript from the meeting. In all likelihood it would be our intention to do that again this year for each of the meetings of Public Accounts, so that we're quite agreeable to continue along with the procedure of the minutes simply setting out the motions that were made and that kind of information, Mr. Chairman. I don't think it's that advantageous to go farther than that as far as the actual minutes are concerned.

MR. CHAIRMAN: Thank you, Mr. Clark. I want to discuss the transcript with you next. Could we have a motion on the minutes?

MR. COOKSON: So moved.

MR. CHAIRMAN: It was so moved that the minutes be distributed to the members of the committee and other MLAs and witnesses. All in favour? Against, if any? The motion is carried.

Now when we come to a transcript of proceedings, to date, transcripts have been made available with one copy to the Leader of the Opposition, one copy to Mr. Notley, at least one copy to any minister who was here, and sometimes they've asked for more. I would like to have your wishes in regard to transcripts at this time. We have also had requests from people by mail from various parts of the province for copies of the transcripts -- not very many, but a few. In the absence of any directions from the committee I forwarded transcripts to these people who had written and requested them. What are your wishes now in regard to transcripts.

MR. CLARK: Mr. Chairman, I would move that we continue with the same arrangements for transcripts we had last year, namely that the people you outlined continue to get copies and any other member who wants one. And certainly, it's public business, so that if the public asks for copies, I think they should be made available too. I would so move.

MR. McCRAE: Mr. Chairman, I would concur in that, with the extra suggestion that any member who wants to, be privileged to ask for a copy and that the copy be made available to him.

MR. CHAIRMAN: I'd like to bring to your attention that in the British Columbia Public Accounts Committee -- and I read now: "sittings of select standing committees are also recorded, but are only transcribed on request of one or more members of that committee." I was wondering if your discussion would lead us to this conclusion: that at the end, we'll have the ones we've just mentioned printed out each week. If any other member wants a copy of the transcript, he advises me immediately at the conclusion of the meeting so I can so notify Hansard. It's far cheaper to have it done at that time than to have photocopies made later. Mr. Clark moved that -- let's see if I can say what you did say or

did'nt say. Mr. Clark moved that transcripts be made available to the Leader of the Opposition, Mr. Notley, ministers and witnesses, and that other copies be made available if so requested at the end of the meeting by other members.

MR. CLARK: Mr. Chairman, I added that portion about continuing the practice of mailing out copies of the transcript if they are asked for.

MR. CHAIRMAN: . . . and that copies be mailed out if requested.

MR. KING: Could I ask if, when these are mailed out to the general public, there is a charge for them as there is for Hansard? Do we charge 5 cents per page as was previously the practice, or are they mailed out gratis?

MR. CHAIRMAN: We have not been following the practice of charging for transcripts where an individual citizen simply wrote in and said, could I have a transcript of the meeting of March 3 or something like that. In one case though, the practice that I have followed, again in the absence of directions from the committee, in regard to the press, was to say to the press who wanted to read the transcripts, you may come to my office and borrow my copy or read the copy in my office, and the press have all done that, except in one instance. A lady reporter from CBC in Calgary wanted a complete transcript of all the discussions concerning the export agency. I told her what we had done with the other press and she said, well, we're quite prepared to pay for them at 10 cents a page. So I said in that case we'll have them photocopied and sent to you. So I photocopied them and sent them to her, but I've never received the cheque back.

One other thing I'd like to suggest and recommend is that we also file one copy of the transcript with the library. I've checked with the library and the library is prepared to handle it. That would then pretty well solve the problem of the press.

As to the point raised by Mr. King, do we charge -- we haven't charged yet except in the one case, and we haven't been paid.

MR. KING: I'd like to propose an amendment, Mr. Chairman, that in addition to those people who were named by the mover of the original motion we file one copy under the same circumstances with the provincial library, one copy with the Legislature press gallery, and that any requests coming from people other than who are now listed in the motion should be charged at the rate of 10 cents per page. We charge for Hansard. I think there are numerous precedents. So I'd like to move an amendment to Mr. Clark's motion that we also deposit a copy of the transcript with the Legislature library, one with the Legislature press gallery, and that for those members of the general public who request transcripts, they be charged at the rate of 10 cents per page.

MR. TAYLOR: Any more discussion? Are you ready for the question on the amendment? All in favour of the amendment? Against, if any? The amendment is carried. All in favour of the motion, as amended? Against, if any? The motion, as amended, is carried. Thank you for those directions.

The next thing I'd like a direction on is the booklet such as the export agency booklet. There are 156 copies of the auditor's report printed. From my office some 85 or 86 copies were distributed -- a number of copies to some members, the general public would drop in, the press would drop in. So in the interests of the fact that it was public information, we made them available. The auditor himself gave out some 10, and we now have about 50 copies left from a second printing. There have been some representations made that reports like that should be charged for to people who are not connected with the particular hearing. What are your wishes with regard to such reports?

MR. McCRAE: Might I ask a question? I would assume that a copy of that report has been filed with the provincial library. I would also make an assumption that the provincial library has a standing policy of reproduction of documents or books or papers or whatever, and that they must have a standard charge for that type of service. I wonder if we couldn't investigate whether in fact they do, and if they do, then perhaps any interested person who wants a copy of it should or could go the library and using the standard procedures for billing and charging and collecting, use that service rather than have us as a committee try to set up a separate billing or accounting or collection service. I'm a little concerned by the type of suggestion that we charge 10 cents a page or whatever. First of all, who bills them, and if they don't pay, how do we go about getting the CBC's money, and so on. So I think it might be more feasible to have that done through the library if in fact they do have that service.

MR. NOTLEY: Mr. Chairman, I certainly agree with Mr. McCrae about the difficulties of having some sort of separate billing arrangements. However, I was just curious. If there have been a number that have gone out now -- and perhaps you could just clarify this -- apart from members of the public accounts committee, other members of the Legislature and interested parties -- but have others gone out to the public? Because it seems to me that if some have gone out free of charge to members of the public who were not directly here as witnesses, we may be in some difficulty trying to sell the rest. We're almost

in a position of double standards if some people have got them free of charge. Now it may be that the best approach would be to let the chairman handle this for the remaining 50 copies of this report and then follow Mr. McCrae's approach for any further reports.

MR. CHAIRMAN: Would that be satisfactory to the hon. members? Any further discussion? Are you ready for the question? All in favour? Against, if any? The motion is carried. I take it then that we'll distribute the balance up until we run out, but we won't carry out another printing. Thank you.

The next item that I have on the agenda is the procedure. I was wondering if the procedure we followed last year where the members who get the floor may ask one question plus three supplementaries would again be in order this year. Any discussion? That appears to give every member a chance to speak and it doesn't permit any member to monopolize, although one member may have one question several times if there is time. Is that satisfactory to the committee? All in favour? Against, if any? Satisfactory.

Now the next point is the wishes of the committee on the work to be undertaken this session.

MR. CLARK: Mr. Chairman, there are many areas I'd like to move in. My colleague, Mr. Speaker, is going to have an area also. But I'd like to move first of all that one of the areas we consider is Pacific Western Airlines -- that we ask the officials of PWA to come before Public Accounts Committee and we take the last year's annual report of PWA and we spend at least one day looking at the whole operation of PWA.

MR. NOTLEY: Mr. Chairman, I suggest that we also take a look at the Agriculture Development Corporation for at least one day.

MR. R. SPFAKER: Mr. Chairman, I'd like to suggest the Public Utilities Board as one of the items of the agenda.

MR. YOUNG: Mr. Chairman, I'd like to suggest that we take the suggestions one at a time and arrive at a decision on them, since the first suggestion may encounter some debate and determine exactly what we're going to do with that one and determine the same with respect to the other suggestions that come forward.

MR. CHAIRMAN: Maybe if you wish to do it that way. I thought it might be wise to get the reasonable list so that then the committee could decide which one was more important.

MR. COOKSON: Mr. Chairman, I would like to have some review done on the drilling and geophysical incentive program in public accounts.

DR. WEBBER: Mr. Chairman, I would like to have us have a look at the major cultural recreational facility development program under appropriation number 3517.

MR. KING: I'd like to have us look at the college system in the province, including both public and private colleges.

MR. GOGO: For clarification, Mr. Chairman, should a request to review something by this committee be accompanied by the appropriation number?

MR. TAYLOR: I don't know whether it's the acoustics or not, but we're not getting the sound up here. Could you say that again, Mr. Gogo.

MR. GOGO: I wonder if the committee would agree that the request to review a particular program should be accompanied by the appropriation number?

MR. CHAIRMAN: That would be wise -- the program with the appropriation number -- the appropriation number be used in discussing any particular program.

MR. MUSGREAVE: Mr. Chairman, frankly, I'm a little confused. Are we here to talk about specific wide ranging things such as the college system and PWA, or are we to deal with specific items in this book? If it's the book, fine. If it's other things, then I'd like to go back and reappraise my position.

MR. CHAIRMAN: Well, the Public Accounts Committee is set up for the purpose of going through the public account of that particular year, and I suppose anything in the public accounts can be scrutinized by the committee. That's why I think it's a wise idea to have the appropriation number. It can be followed through much more clearly. Does that answer your question, Mr. Musgreave.

MR. MUSGREAVE: Well, all right. With that in mind then I would like to request that we look at appropriation number 2626, grants to municipalities; 2631, Bureau of Public Affairs; and 2641, data processing centre.

MR. KING: Mr. Chairman, with respect to my request, the appropriation numbers are 3015, 3017, 3020, 3022, and 3023.

MR. CLARK: Mr. Chairman, I wonder if I might also ask the Public Service Commissioner's office. I don't particularly know which vote it is, but it isn't very hard to find.

AN HON. MEMBER: (Inaudible)

MR. CLARK: Oh, haloney.

MR. YOUNG: Mr. Chairman, with respect to identifying the appropriations and the reference in public accounts, as I understand it we're just getting a list and are going to have to revise it and put some order to it. Maybe when we commence that procedure with each item the auditor would be kind enough -- and I think it would be informative for the members -- if he would identify the reference in the public accounts so that we can come back to it. That way we'll sort it out for all the items. Is that fair enough?

MR. KING: In line with the suggestion just made by Mr. Young, the reference for the drilling and geophysical incentives program are special warrants 33 and 93 on statements 53 and 55 of 1975-76.

MR. TAYLOR: Thank you. Now, hon. members, we now have 10 items.

MR. TESOLIN: Mr. Chairman, I'd like to suggest that we review appropriations numbered 1624, 1626, and 1628; northern development group, regional development and northern development council.

MR. DONNELLY: Mr. Chairman, I don't know where everybody is finding these numbers. I'm new on this committee. But I would like to review the research funds given the opposition.

MR. WOLSTENHOLME: Mr. Chairman, I'd like to review numbers 2127 and 2128 under planning the municipal research and special projects.

MR. TAYLOR: Are you ready now to discuss the order in which you want to study these items?

MR. KING: Could you repeat the list, Mr. Chairman, for those of us who were trying to keep it?

MR. CHAIRMAN: The list as I have it now is: PWA; Agriculture Development Corporation; Public Utilities Board; drilling and incentive program; recreation development program; the college system, public and private; appropriation 2626, grants to M.D.s; appropriation 2631, Bureau of Public Affairs; appropriation 2641, data processing centre; Public Service Commissioner's office; appropriations 1623, 1624 and 1628, development group; research funds for the opposition, and; planning research program, appropriations 2127 and 2128.

MR. FARRAN: Could I suggest, Mr. Chairman, that we adjourn for five minutes to get the appropriation numbers before we debate the priorities so we know exactly what they are?

MR. CLARK: Mr. Chairman, with great respect, we're now having a red herring drawn across in front of the priorities we're going to establish this morning. Because in just a few minutes, the government backbenchers have been instructed to raise the point that they can't find an appropriation here as far as PWA is concerned. So, because we can't find the appropriation we shouldn't be discussing it. We've never had the appropriation numbers before, Mr. Chairman. If you want to have us bring them back next week, we can. But we've been able to do this for the past five years under this government without the exact appropriation numbers. We've had rather a far-ranging discussion when we have, for example, the Public Utilities Board in or the Ag. Development Corporation two years ago, or various ministers come before the House. We're just having a neat little red herring that our friend the Solicitor General is generally dragging across.

MR. McCRAE: I have just a couple of comments on it. First of all, the appropriation number is a very simple thing. I'm sure with the assistance of the auditor that the opposition will be able to find the appropriate appropriation numbers. It's a very simple thing. It may take five minutes, it may take less. Our friend from the rear of me here was able to find appropriation numbers for several of the numbers in a moment, so I don't think that's any problem at all.

What I wanted to speak to, Mr. Chairman, was the selection of the agenda items. We have a number of good suggestions. I have about 15 here. Obviously we can't get through them all. I suggest that we plan through your chairmanship, Mr. Chairman, a strategy of determining what items we will hit first of all. There were several, for instance, that appear to come under the Public Affairs Department, or that particular department of government. Surely we could consolidate those and have them in one or two settings rather than having them come back one week and then five weeks down the line. That would be

the first suggestion I would make. The next suggestion, Mr. Chairman, would be that we select the topics in order of importance of the committee and not necessarily who got up first or who attracts your eye first. I think we should, rather than put some at the bottom of the list just on the basis of who attracted your attention first, that we should, as a committee, decide what we as a committee want to look at. I have no objections to the suggestions of the opposition members. I think they are all very good and very valid suggestions. With respect to the PWA matter, I would suggest that number one, it might be in order to defer that a couple of weeks with the hon. Leader of the Opposition's concurrence, if we would have that concurrence. I only make that suggestion, sir, because as I understand it the annual report of that organization will be out in a couple of weeks and it might be more appropriate to discuss it with that in hand. If it does not meet the wishes of the hon. member, then I for one would be quite happy to see it at the top of the list. The question of who we would have before the committee is, I think, the responsibility of the minister who has responsibility for the particular department or departmental area that we are reviewing. This has been the tradition and practise of this committee for these hearings all along, that the minister will respond or not respond or will call his assistants or his deputies or whoever, and the minister will determine who answers a particular question. I think we should follow that tradition.

We had an example here last year when the committee requested the minister to produce a certain witness. He was produced and we had a very interesting time with him. But surely the question of who will be here is a matter for the minister responsible to determine. So I make these several comments, Mr. Chairman, that we should consolidate areas of one department and have that department as a unit; secondly, that PWA might better be adjourned to a time when the annual report is ready; and thirdly, that the committee will determine what items we shall discuss on the basis of importance to the committee at large. We are all of equal importance here, of equal statute, so that we as a group, should decide what we will talk about. I'd like to suggest that the opposition have the privilege -- and that would be what I would term it -- of selecting the first topic, be it PWA or otherwise and then the second topic be decided on this side, and then back and forth if they wish. The alternate would be to just set the whole agenda on the basis of a vote determination.

MR. FARRAN: I think that's a fair proposition from the hon. Member for Calgary Foothills. But I did just want to say that there is no intention of having a red herring. Our job is to go through these accounts for last year, and we might as well do it in a proper and orderly fashion by having appropriation numbers on them. There is nothing improper in the suggestion by the hon. Member for Lethbridge that we should do that. We don't want to be ranging into useless discussions on things which are not in the public accounts, not our job. Our job is concerned with the money of the people of Alberta. The hon. Member for Lethbridge first put the proposition that we should have appropriation numbers.

MR. NOTLEY: Mr. Chairman, first of all, I have no objection to the suggestion from Mr. McCrae that we do alternate. I think that the first one should go to the opposition. However, there was one thing that Mr. McCrae did say that concerned me a little bit, and that is that the people who come to this committee would be the people called by the minister. Normally that would be the case, but it seems to me that as I understand the history of the Public Accounts Committee, this committee really has the decision. It may well be that in 99 out of 100 cases, or in 999 out of 1,000 cases, we would agree that whoever the minister calls from X, Y, or Z department would be the people testifying before the Legislature. But as the Public Accounts Committee, in that one case out of 100, or that one case in 1,000, when we may disagree with what the minister wants to do, I think that clearly, as a committee, if we are to be consistent with our historical roots, we have the right to call anyone who is an employee of the Alberta government before the Public Accounts Committee, whether that meets with the approval of the minister or not. So I would say that by and large, there would be little dispute, it seems to me that there will be the possibility at least from time to time that the committee will be making a judgment.

The only other suggestion is that while I think we have to look at all 15 of these items, at the same time -- and I very respectfully suggest this to the members of the committee -- we will be making a mistake if we attempt to try to tackle all of them. One of the reasons the Public Accounts Committee, I think, earned a great deal of respect among the people in the province last year is that we took the time to fully investigate one particular matter, and I think the government members are to be given credit in assisting in that full and worthwhile discussion. So it would be a mistake for us as a Public Accounts Committee to think we can get through 10 or 12 items. I suspect that if we're going to do a good job, we're going to have to limit our objectives very clearly and look at maybe three or four.

MR. YOUNG: Mr. Chairman, in fact our history of this committee indicates -- I don't think in the time I've been on the committee we've ever achieved our list of suggestions which have been advanced. So probably time and fate will dictate how many of them we can cover.

With respect to the suggestions about the calling of particular individuals before the committee, I think it's very difficult for us, in advance, to determine what we're going to do in any particular case. It is my view that it's the responsibility of the minister initially. If the committee, by argument, is persuaded that the committee should call any particular member or employee, then I think we'll have to examine that eventuality when the eventuality arises. I'm not sure that there's any value in a lot of debate this morning about it.

With respect to PWA, for the hon. Member for Olds-Didsbury, reference will be found on page 29, note 9 and probably in 1501, but I located it in note 9, so that's some reference to start with.

MR. MINIFLY: Mr. Chairman, taking it from what Mr. Young has said and from what Mr. Notley was just recently saying, I would just like to make a suggestion as to the way I believe this is properly done and handled. I think that it would basically suit everyone's wishes and desires. I want to first that I think that it's pretty established parliamentary and legislative tradition -- and this is a standing committee of the Legislature -- ministerial responsibility is a pretty established tradition. I think that to not recognize that would not be appropriate. My suggestion would be that if the committee wishes to examine a certain area that I think properly the committee would address that to the minister responsible, and that if the committee wishes to designate certain definite officials, whether it be line department or Pacific Western Airlines, that in the request to the responsible minister, those specific officials are delineated by the committee that this committee would like to have these specific officials before it. I think that accommodates both things that have been raised by Mr. Notley, Mr. Clark, and by the committee. I think for this committee not to recognize ministerial responsibility would not be an appropriate thing either.

MR. CLARK: Mr. Chairman, just perhaps to make three quick comments. I don't think there is any question of ministerial responsibility, of the minister being responsible with his appropriations here. I don't think there's any question of that.

Secondly, I would support the comments made by the Member for Edmonton Jasper Place, Mr. Young, when he said that it's extremely difficult when you start to investigate an area, to determine at that time who you may want and who you may not want to come before the committee. I think the committee has to have that kind of flexibility, and we have rather an informal procedure, if I recall, at about a quarter after or 11:30, we rather decide whether we're going to go on in that area next week and who we may want to come before the committee, if we want any additional people to come. I would hope that we would continue, Mr. Chairman, with that kind of flexibility. I think that we need not get too rigid there, because frankly, whether it's one of the suggestions which comes from the government side or the opposition side, it may well be that this year we'll end up spending several weeks on one particular, and at the outset I think it's impossible to say exactly who we want from that particular area.

MR. CHAIRMAN: Hon. members, I wonder in connection with the witnesses, if we could, in recognizing ministerial responsibility, leave the request for witnesses until we come to the particular topic and then deal with it at that time, each time. Agreed?

**With reference to alternating topics, is it agreeable to the members that the opposition choose the first one, the government the second, and back to the opposition, et cetera? Is that agreeable?**

DR. WEBBER: Mr. Chairman, I was wondering if we were going to follow the practice we used in the past couple of years and that is to have the provincial auditor go over some of the first few sections of volume one for review and for us to ask questions in relation to those sections before we get into any particular area such as PWA.

MR. CHAIRMAN: That will be up to the committee. We have normally followed that the first series of Public Accounts Committee meetings following an election. Whether or not you will want to do that at this meeting will be up to the committee. But that is not on the list at the present time. Do you want it put on? General review of public accounts. Okay.

MR. CLARK: Mr. Chairman, might I just add on to that and say that where I can appreciate that there is certainly some value in that, in light of the fact that the committee never seems to get its agenda finished, frankly I think it would be better for us to place a priority on the areas we want to investigate rather than a general overview of the accounts. Perhaps we could spend the rest of this morning, after we've decided the order, with some general comments from the Provincial Auditor. But I would hope that next week we could move into the first area that we decide to have a look at. Because I think we should be getting into the areas we are looking at rather than spend perhaps one or two weeks on a general overview of the accounts, because I think almost all of us have been on the committee at least one or two years now.

MR. CHAIRMAN: Is it agreeable that we use the balance of this morning for general review of volume one of public accounts and next week go into the topic chosen today? Is that satisfactory to the committee?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Okay. Could we now then start working on the list. I would suggest that we get a list of five because sometimes a group can't come, like last year AGT was tied up and we had to get somebody else. If you give me a list of five, it makes it a little flexible, and we can make sure we have somebody here.

MR. CLARK: Mr. Chairman, then in light of the decision we have made to alternate back and forth, and in light of the comment made by the minister from Calgary, with whom I don't always agree with, I might say, but the idea of waiting until PWA's annual report comes out in ten days or two weeks is a pretty valid point.

MR. McCRAE: I hope I'm correct on that, hon. member.

MR. CLARK: Then I may have to say I never agree with you, if you're not. But we would propose -- and I've talked to Mr. Notley and Mr. Speaker -- we would propose that from our point of view numbers one, three, and five be in this order: first of all the Ag. Development Corporation; secondly, PWA; thirdly, the Public Utilities Board. So the first matter to be discussed would be the Ag. Development Corporation, then there would be a government choice, then our next choice would be PWA, and then a government one, and the fifth item to be discussed would be the Public Utilities Board.

MR. CHAIRMAN: You've cleared that with the opposition members, have you? So, number one would be the Agriculture Development Corporation, number three will be PWA, number five will be the Board of Public Utility Commissioners. Government members, do you want to give us numbers two, four and six?

MR. CLARK: Perhaps they can have a caucus meeting.

MR. McCRAE: Mr. Chairman, I wonder if it wouldn't be appropriate to take a three minute break to try to get the consensus of the members here if it wouldn't discourage the people to our right?

MR. CHAIRMAN: Could we have a five minute break until you decide. Pick out three. Is that satisfactory to the committee? Five minutes only though.

MR. YOUNG: While the break is going on, if we might ask the auditor if he would assist by generally directing us to the appropriation numbers which, in his opinion, relate to those topics which have been suggested so that when we come back we can have . . .

MR. CHAIRMAN: I'll endeavour to get those while you're away. Okay, five minute break. We'll commence again at 12 minutes to 11.

(Five minute break ensued)

MR. CHAIRMAN: The committee will reconvene, please.

MR. YOUNG: Mr. Chairman, a consensus of sorts has been arrived at. In the committee's list as item number two, the first government suggestion would be the multicultural facility development program. I'm sorry I don't have the numbers right off hand. Major culture, I'm sorry. Major cultural facility program. 3517 I guess is one of the references to it. The second suggestion, which would be topic number four for the committee would be the suggestion that Mr. Tesolin made. I think it was the northern development group. There has been some discussion about the appropriations. The third government suggestion then would be the college system, which would be number six on the committee's agenda. Again, I don't have the appropriation numbers now. 3022? Sorry for that, Mr. Chairman, but I thought success, in my case, was getting the topics. The fourth one is the Public Service Commissioner's office, which would be number seven for the committee.

MR. KING: Mr. Chairman, just with respect to the colleges, I had hoped we would be able to discuss the whole college system, the private and the public colleges so that in addition to the two appropriation numbers mentioned by the Provincial Auditor, there would be 3015, 3017, 3020, then 3022 and 3023 which he mentioned, and then 3024. So we would be dealing with both the private and the public colleges as well as the agricultural colleges.

MR. CHAIRMAN: If we had one more topic from the opposition, that would give us eight topics.

MR. CLARK: Mr. Chairman, with the government's interest in the Public Service Commissioner's office, and that was our suggestion, so let's move that up to

seven, and if we pass seven we can certainly come back with another one. You can put the one about the opposition's office on as number eight if you want to, fellows.

MR. CHAIRMAN: . . . that the personnel administration move up to seven and we would take seven only. Agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Next week then we'll ask the Agriculture Development Corporation to appear. Agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Are there any other points that the members of the committee would like to deal with before we . . .

MR. GOGO: Mr. Chairman, in that we're looking at probably eight or ten Wednesdays, I think it was agreed that we would be going from 10 a.m. to 11:30 a.m. each Wednesday -- that was correct, I believe -- would it not be wise that in view of some of the ministers' commitments we notify the ministers of the proposed agenda as soon as possible. I notice the Minister of Agriculture, for example, was in Ottawa on Wednesday last week, and I think it might be pertinent that if they are notified they can make arrangements that they are in fact here when it may come up if that's possible. I just think in the interests of the committee -- you know, we don't want to get ourselves in the situation where a minister is going to be away and the members don't have the opportunity to frame the questions they would like to.

MR. CHAIRMAN: As soon as you give me a list, which you've now given me, I send the entire list to the ministers involved in order to alert them, and tell them that a further letter will tell them the exact time and date. Sometimes, for reasons beyond the control of the people and the minister, I then assume I go to the next topic then go back to the other topic the following week. It has to be flexible like that, otherwise you'd come and there would be nobody here.

MR. NOTLEY: I was just going to say that that's right. There has to be some flexibility on the part of the chairman. Also, it's very difficult to be definitive with the ministers, particularly when we get down to five or six or seven, because it may well be that we can spend five or six weeks on one topic, or it may be one week. So we wouldn't want to close the door on discussion or questions if there are questions from the members. So we're going to have to have some flexibility and if the chairman of the committee notifies the ministers that they are in that order, they're not entirely sure whether it's going to be the first of May or perhaps the first of November because it's the timetable of the questions that arise.

MR. YOUNG: Mr. Chairman, just on a reference which was made two or three comments ago, my understanding is that for the next meeting then we're inviting the Minister of Agriculture and whoever he may wish to bring with him to deal with the Agriculture Development Corporation. That will be our topic and that's the way it will be handled?

MR. CLARK: I would just add to what Mr. Young has said for my own interest in this particular area. I think it's true of the other members of the opposition that one of the areas that we'd certainly want to look at within the ADC would be the ag. business loans and that information might be passed on to the Ag. Development Corporation people so that they have the information along with them with regard to the I think 109 agricultural business loans which have been made to date. So they could be prewarned in that area.

MR. CHAIRMAN: The secretary didn't hear you, Mr. Clark. I don't know what's wrong with this system, but it's not getting up here.

MR. CLARK: I'm sorry, Mr. Chairman. What I'm really doing is saying that within the request for the Ag. Development Corporation and the minister to come before public accounts, I'd like special reference made to the 109 agribusiness loans, so the Agriculture Development people, when they are here, should have a considerable amount of information in that area along with them.

MR. McCRAE: Mr. Chairman, I'm not just sure what the hon. member is getting at. It strikes me that we've had this discussion or debate as to the particulars of individual loans during question period and during estimates in the House. If the member is asking for names and so on of individual loans, I think that's something that the responsible minister might want to address himself to. I'm not sure just what he's asking, Mr. Chairman, but if that's it, I think the government position there is well known, and I don't expect any variation from that position in this committee.

MR. NOTLEY: Let me just say this; first of all, I think what Mr. Clark is doing is just forewarning the Agriculture Development Corporation officials that primary among the discussions of that particular agency will be the agrilusiness loans. That seems to me only a courtesy on the part of the members of the committee so that the appropriate officials of the corporation will be able to attend first of all, and the minister will be notified of that. As it relates however to specifics, it may well be that in the course we may get into specifics. That is something which the Public Accounts Committee has a right to peruse if we choose. Information has already been tabled in the House about certain loans that have been written off as the result of motions for a return and what have you. That information is public knowledge, as is information obtained in public accounts. Therefore, it may well be. But we're not prejudging that, nor should we. We are simply saying to the minister, out of courtesy to him, that this is one area where there will be some interest and some questions.

MR. YOUNG: Mr. Chairman, if I may, just for clarification, when the minutes come out, I presume that in line with the topic headings there will be reference to the appropriation numbers or references in the public accounts as determined by the auditor and if any member has any suggestions at the next meeting they can be taken up at that time.

MR. CHAIRMAN: We will attempt to have that in the minutes and we try to have the minutes available by Friday afternoon at the latest, and we endeavour to have the transcripts ready on the following Monday. This is what Hansard finds it convenient to do. Mr. Young wants the numbers on our list. I assume that after the seven topics, we will then go back to the long list that you gave me, so we will post that in the minutes as well.

MR. WOLSTENHOLME: Mr. Chairman, this is my first time on the Public Accounts Committee. Listening here to the remarks that have been made so far, I'm at kind of a loss. Are we to discuss what's in this or is it open for wide ranging discussion on nearly anything the government or the opposition has done or does it have to pertain particularly to the vote that's in here? How far can we stray? It seems to me from what I've heard this morning that these votes don't mean too much and that it's pretty near open house on nearly any subject to any degree. This is what I'd like clarified, please.

MR. CLARK: We got all the way to Europe last year.

MR. YOUNG: A slight perhaps clarification of the situation as I understand it. The purpose of the committee is to explore in any detail that it wishes, as a committee any expenditure of the government occurring primarily within this time frame and being referred to in the public accounts. It's a matter of satisfying the committee that the money was spent in the manner that the Legislature at the time of the appropriation intended it to be spent. I don't think it's the place for discussion of forward policy particularly. That's estimates and the Throne speech and legislation.

MR. CHAIRMAN: That sets it out very clearly, Mr. Wolstenholme. Perhaps the auditor has something to say.

MR. ROGERS: I quite agree with that, but I do think that we have to go a little beyond the actual appropriation numbers, in that we also, of course, in volume two have sets of financial statements. As a matter of fact, the Agricultural Development Corporation is such a set of statements. They are found on pages 47 to 52 of volume two.

Similarly, PWA is an investment. The appropriate reference to it would be on pages 44 and 55 -- again, a financial statement where the provincial investments are set out. PWA is an item on that statement. So I think these things are covered.

MR. CHAIRMAN: To put it briefly, I would say that it's to ascertain whether money has been spent wisely or otherwise. Any further questions or comments? If not, I'd like to thank you for your co-operation in setting the tone of the committee. We'll endeavour to carry out your wishes.

Now, in accordance with the previous discussion, we will ask our Provincial Auditor, Mr. Rogers, to give us some general comments on how to read the public accounts. This will be particularly valuable to members who have not been on the committee before.

MR. ROGERS: Mr. Chairman, gentlemen, I'd like us to refer to the setup of the public accounts. In volume one at the beginning, you will see the auditor's report. This extends to page 21. Beginning on page 22 is the first of the financial statements which cover the assets, liabilities, and subsequently a statement of surplus and the statement of revenue and expenditure for the year and a new statement, a statement of change and financial position. These statements, the two new additional statements, the statement of change and financial position on page 25 and the statement of surplus on page 23 are, in effect, additional statements to bring some of the information that previously

only appeared in the report into the set of financial statements in accordance with the recommendations of the Wilson report.

Pages 26 through to 28 are the notes to the financial statements. These are important because they, in effect, give a picture in some detail of commitments, liabilities, and give quite a bit of detail that is of value in appreciating the statements themselves. They are referred, of course, to specific items in the statements.

Commencing on page 33, we have the schedules to the balance sheet, and if you look at each balance sheet item in turn, you'll see it's referenced to a schedule. The schedule gives the detail as to how the amount on the balance sheet is arrived at, both for the year of 1976 and the previous year of 1975.

Then subsequently, on page 39 we have the trust accounts balance sheet and the details of those trust accounts on pages 40, 41, 42, and 43. On page 44 we have a statement of investments. This is an audited statement by our office. Subsequently we have a number of statements relating to accounts payable, giving further information, giving information concerning accounts payable, gross funded debt and so on and so forth, right through to page 87. The rest of this volume then shows the transactions, in aggregate for the various departments. Volume two contains the financial statements of the various boards and agencies that are audited and for each there is a set of financial statements with an audited report. Volume three contains the vendor statements showing the people that received more than \$10,000 from the various departments and in total from the government. Volume four shows -- and in the past we have always kept this confidential to members of the Legislative Assembly on request -- and this shows the salaries, travelling expenses and pensions by individual. It is not been the practice for this to be a public document, but is restricted to the Legislative Assembly.

So that is a broad overview of the contents of the public accounts. Perhaps we could now go to the first page of the report. I believe, as I say in the report, that these financial statements present fairly the financial position of the province as at March 31, 1976, and the results of its operations for the year then ended, prepared after giving retroactive effect to the change referred to in Note 1 to the financial statements on the basis consistent with that of the preceding year.

If you look on page 7, the revenue of income account was \$3.3 billion, and that was up over the previous year by \$390 million. Income expenditure was \$2.2 billion, up \$516 million over the previous year. If we come to the budgetary surplus, we have a surplus of \$607 million, after taking capital into account, which is down in comparison with the previous year by \$214 million. If we then take the loans and advances into account, we arrive at an overall cash surplus of \$448 million as compared with \$772 million in the previous year.

On page 8 are the details of the source of funds within the whole area of the government and the application of those funds. Near the bottom of page 8, we see again the revenue and expenditure, income and capital, arriving at a budgetary surplus of \$607 million. The estimates showed \$39 million surplus. So in effect the surplus was over estimates by a matter of \$568 million.

Now, if we look at expenditure, the actual expenditure was \$2,720 million, both income and capital, whereas The Appropriation Act only provided \$2.5 billion. However, there was not an overexpenditure as it appears here because in the note in the paragraph below it points out that during the year expenditure estimates were supplemented by special warrants aggregating \$287,145,127. So in effect, if you compare that, plus the amount that was provided in The Appropriation Act, in effect the expenditure was less than authorized by a matter of \$101 million.

On page 9 we have the revenue and expenditure shown by source and function, and also on a per capita basis and the per cent of revenue basis. In the previous year, the per capita revenue was \$1,666 -- that was the year ending March 31, 1975 -- as opposed to \$1,831 on March 31, 1976.

DR. WEBBER: Excuse me, Mr. Chairman. Looking at page 9 I noticed that with the revenue section the difference between the estimates and the actual was on the order of 29 per cent, with the actual being 29 per cent higher than the estimates, whereas with the expenditures, the difference was about 5 per cent between the estimates and the actual which was considerably closer. I was wondering if you would care to comment on the considerable difference under the revenue section.

MR. ROGERS: Yes. We get a breakdown on page 10 by the principle sources of revenue as between actual and estimates. This gives us a proper picture of why we have a difference. Of course, it's quite obvious that the major difference is in the crude oil royalties where, as you will notice, it's the first item about a third of the way down the page. In crude oil royalty, the estimate was for \$360 million and the actual receipts in the period were \$975 million. So in effect there was an excess of revenue received over estimates of \$615 million. One partial explanation of that is that the estimate provided only for 70 per cent of the anticipated revenue, whereas the heritage trust fund, of course, was not law until after March 31, 1976. Consequently, we had to take 100 per cent of revenue into the accounts, and we provided for the transfer to the heritage trust fund by way of a charge to surplus and the setting up of a liability. That appears on the balance sheet. This section shows the principle differences

between actual and estimates. At the top of the next page it shows the accounts under estimates. There is a bit of a complication here. I would suggest that for ease of comparison, although it is strictly correct, it is a little difficult when you have royalty tax rebates and credits. You'll notice those are brackets, because those are, in effect, just what it says, credits. You have actual \$8.4 million, estimates \$106 million, and the corporation income tax, \$270 million as opposed to estimates of \$339 million. I suggest that for comparison purposes those be netted. We have done this in the current year's nine-month statement, for instance, to make it a little easier to understand. The first item, the royalty tax rebates and credits are actually a deduction from corporation income tax. So one might look at those two together, which would give us actual of \$262 million as against estimates of \$233 million.

The next section deals with the expenditure in excess of estimates and we are accounting for the \$109 million and the appropriations of those where the over or under estimates by over \$1 million are shown. That's continued on page 12 where we have the accounts that are under estimates. This is where expenditure was less than estimated. On the rest of page 12 and half way down page 13 we have the details of capital revenue and expenditure. It's a comparison with estimates. If there are any questions, we can deal with them, but in the time I'm just having a general run-through because there is so much to cover.

Half way down page 13 we have the details of the repayments and disbursements, loans and advances. This is continued on page 14. Again we have the accounts under estimates and accounts over estimates, both for repayments and disbursements. Then we have the net disbursements for repayment shown because, for instance, the Alberta Housing Corporation made repayments of \$9.6 million and also received advances of \$24.9 million. It's a little more informative if these two are brought together to show net disbursement or repayment during the year. We have one problem that is still under discussion, and that's referred to in the paragraph on page 15. The amount of \$2,318,780. This amount was transferred by the Provincial Treasurer to the oil sands technology and research fund under authority of Section 19 of The Oil Sands Technology and Research Authority Act, Chapter 49, Statutes of Alberta, 1974. This section provides for advances. The problem is that there is no way in which the repayment of those advances can be seen and the Authority, in their financial statements, which appear in volume two, have taken these advances in with the justification, I believe, as in effect revenue, because they are spending this money. Consequently we have it as a repayable advance in the central government book, so to speak, and in the books of the Authority, they are not shown as being repayable being the act does not specifically provide for the repayment of the advances. So to overcome the problem, we have fully provided for this \$2.3 million and have reserved for it by a charge to surplus.

The public debt amounted to \$3.5 billion as compared with something like \$3 billion as at March 31, 1975. This was an increase of \$348 million. The small table at the bottom of page 16 shows the way in which this increase was arrived at. There was a decrease in net funded debt of \$98 million, an increase in unfunded debt -- unfunded debts are things like accounts payable or net current assets, actually. Then, in addition, there was an increase of \$620 million in guarantees.

Page 17 gives the details of the funded debt, debentures, treasury bills, 91-day treasury bills. Page 18 gives the details of the unfunded debt. One item worthy of note there is \$10,344,863, which is participation in Syncrude joint venture. This was paid in April of 1976. The details of the guarantees are not shown in the report but may be seen on page 52. Page 52 shows the details of indirect liabilities and gives the breakdown of the guarantees and the increase.

On page 19 we have the balance sheet again and you will note that there is a liability in 1976 of \$1.5 billion recognizing the liability to the Alberta Heritage Savings Trust Fund. This accounts for the fact that the surplus at March 31, 1975, of \$1.3 billion, at March 31, 1976, had decreased to \$516 million after providing the \$1.5 million for the Alberta heritage trust fund. If there had not have been a heritage trust fund, the surplus, of course, would have increased to over \$2 billion.

I have a comment to make about the investments. They are recognized at cost or amortized cost. This is an acceptable method, but I believe that where there are effectively controlled companies, these would be more appropriately shown by the equity evaluation method, whereby any gains or losses of the companies concerned would be reflected in the carrying value in the books of the province. But for the various reasons indicated, that was not done at March 31, 1976, but is under consideration for this current year.

Page 20 shows the details of the surplus. This statement is necessary because we are on a cash basis during the year. Our revenue and expenditure is on a cash basis, with the exception that the expenditure is on a modified accrual basis. That means that we keep the books open for a period, 30 days or thereabouts, after the end of the year, and try to include an expenditure payment for all the goods and services received in the fiscal year. In the case of receipts, the revenue figure is the actual cash received during the year. In order to be able to prepare a balance sheet, as far as possible -- and I make that reservation -- as far as possible we try to go an accrual method to get the very fairest possible picture of the province's finances. But of course, there are always moneys that we are not aware of. For instance income tax that we will receive with respect to 1975-76 is not known for a couple of years later in

all cases. We don't get the full picture until we've gone several years. So we couldn't keep the books open to bring those figures in. So as far as possible we include all known accruals to prepare the balance sheet on the fairest basis possible. That involves us, of course, with the surplus statement.

At the top of page 21, in accordance with the custom of the previous reports, make special mention of the importance of and the dependence on the revenue from oil and gas and show a comparative statement of years 1972 through 1976. In this case we're always up one year at a time. During the year we carried out a continuous preaudit on all expenditures from the general revenue fund. In addition, we audited the corporations boards and agencies, as shown in volume two. The only ones that I did not audit were the public colleges under The College Act. As of now we are making the necessary arrangements so that I will be responsible for those audits this year and onwards. I am doing this through agency, employing firms of public accountants, accounting firms in the province, and employing them to act as agents.

Mr. Chairman, I think that goes through the report.

MR. CHAIRMAN: Thank you, Mr. Rogers. I think perhaps that's a good place to stop.

MR. LITTLE: I have a question, Mr. Chairman, to Mr. Rogers through the chair. The note that you have at the bottom of page 21 says that your representatives did not audit the following: Alberta Energy, Pacific Western and the public colleges. When we do come to debate on Pacific Western, just what part can you take in that debate?

MR. ROGERS: I cannot really take too much of a part in the debate on PWA. That was the question?

MR. LITTLE: That was the question, but I'm sort of puzzled about the authority of the Public Accounts Committee. If you did not audit them, how can we possibly investigate them?

MR. ROGERS: In PWA, of course, we simply purchased the shares of PWA. We effectively control it, but they have a firm of auditors who audited their statements.

MR. KING: On page 37, schedule 9, can you tell me what outstanding prosperity certificates are in a value of \$19,639?

MR. ROGERS: That was a program of long ago.

AN HON. MEMBER: Would it be in order to call Mr. Clark to testify on that one?

MR. ROGERS: Seriously, next week I'll bring the writeup on that program if you wish.

MR. KING: How long do you carry?

MR. ROGERS: Anything like that until such time as they are written off. Oh, this. No, it's a debt. It has to remain pretty well on the books until evidence is brought to the government that repayment has to be made. I imagine these prosperity certificates have been framed or destroyed and I imagine we have to carry that as a debt indefinitely.

MR. CHAIRMAN: I have \$1 of it.

MR. CLARK: Mr. Chairman, I have a question. On page 44, Mr. Rogers, under shares, Alberta Energy Company and PWA -- the other \$20 million -- could you just give us a breakdown perhaps and bring it back for next week -- the breakdown of shares there please?

MR. ROGERS: I'm sorry. The breakdown of the other?

MR. CLARK: Yes, under others, Mr. Rogers on page 44. It's got shares in the middle of the page there. Energy company and PWA, no problem, but the others for \$20 million. That, of course, is very widely spread. The reason for showing Alberta Energy Company and Pacific Western Airlines separately was because only in these two cases we have anything like a controlling.

MR. KING: Would that include, for example, our interest in IPSCO?

MR. ROGERS: Those shares were sold during the year and included in revenue -- it doesn't show separately -- an item of \$866,486 is included in investment revenue.

MR. KING: Could you give us just a couple of examples of what is represented in that \$20 million investment then?

MR. ROGERS: I'd rather bring it next week if I may. It's such a wide variety. It's a great number of companies.

MR. CHAIRMAN: The auditor will bring a breakdown of \$20,669,501, under other, page 44, to the next meeting.

MR. CLARK: I move we adjourn.

MR. CHAIRMAN: It has been moved that we adjourn. All in favour? Opposed if any? The meeting stands adjourned. Thank you gentlemen.