

[Chairman: Mr. Pashak]

[10 a.m.]

MR. CHAIRMAN: I call the meeting of the Public Accounts Committee to order. The first item, I guess, would be the approval of the agenda. Under "other business" we have two items: the question of a subcommittee, and the second item would be the Auditor General's report. May I have a motion to adopt the agenda as distributed? Moved by Mr. Nelson. Those in favour of the agenda, then, as distributed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: The agenda is approved.

The next item on the agenda is the approval of the minutes of the July 22 meeting. A motion to adopt those minutes would be in order. Moved by Mr. Nelson. Are there any errors, additions, or omissions to the minutes as circulated? Those in favour of adopting the minutes then?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: We had one motion that had been tabled today, so it's now lifted from the Table and therefore before us. The motion was by Mr. Heron, that the following departments be examined by the committee: Agriculture; Recreation and Parks; Transportation; Tourism; Advanced Education; Culture; Economic Development and Trade; Forestry, Lands and Wildlife; and Public Works, Supply and Services. It was understood that that would be the order in which we would call these departments before the committee.

MR. EWASIUK: Mr. Chairman, I'd like to move an amendment to that motion, if I may. I would like to include after "Agriculture" that the department of health be reviewed; following Recreation and Parks, Social Services be included; and following Tourism that we inject Municipal Affairs at that point.

MR. PAYNE: Mr. Chairman, just for clarification, does the hon. member mean Hospitals and Medical Care or Community and Occupational Health with his reference to health?

MR. EWASIUK: Hospitals and Medical Care.

MR. CHAIRMAN: Are we to change the wording there and take that as a friendly amendment?

MR. EWASIUK: Yes.

MR. CHAIRMAN: Is there any discussion on the amendment as proposed by Mr. Ewasiuk?

AN HON. MEMBER: Question.

MR. CHAIRMAN: The question has been called. Those in favour of the amendment?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Back to the main motion then. First of all, I should ask if there is anyone opposed to it.

MR. NELSON: I would like to make a further amendment. I would move that the department of economic development be brought forward as the first department to be discussed by Public Accounts.

MR. CHAIRMAN: Mr. Nelson has moved a further amendment that the first department we should bring after the Auditor General would be economic development.

MR. PAYNE: I wonder if the mover is going to speak to his motion; in other words, why?

MR. CHAIRMAN: That's fine. Would you care to advance a . . .

MR. NELSON: Yes, Mr. Chairman. There are some concerns that have been raised that I feel the committee should discuss with the minister relevant to areas within the department, including Alberta Opportunity and others, at the earliest opportune time.

MR. CHAIRMAN: Does anyone else have a further observation they'd like to make in this matter?

MR. MITCHELL: Could you tell us what that would do to the priority on some of these?

MR. CHAIRMAN: It would just move them all down one, unless we just come to the head of the priority and the rest would be . . .

The order would be Economic Development and Trade, Agriculture, Hospitals and Medical Care, Recreation and Parks, Social Services, Transportation, Municipal Affairs, Tourism.

MR. MITCHELL: The committee could alter this priority at any time if something came up that was . . .

MR. CHAIRMAN: Yes, the committee can do that. These are not written in stone. Any time the committee wanted to bring someone else forward, I think if they wanted to bring a rationale . . .

Mr. Jonson, did you . . .

MR. JONSON: Mr. Chairman, I still don't know from the remarks that have been made thus far what the urgency of this department is over others that were proposed in the list, and on that basis I would at this time, at least, be opposed to the motion. We could be juggling the list for a long time.

MR. CHAIRMAN: Is there any further discussion or comment? Those in favour . . .

MR. MITCHELL: I would speak in favour of the motion. I believe that where there are apparently obvious expenditure problems, we should definitely give them a priority, and I believe the Alberta Opportunity Company falls into that category. It's also true that it has implications for a broader priority consideration of this committee; that is, I believe, the question of management costs. There are 98 people managing a portfolio of \$133 million, with a \$6 million operating budget to put out \$23 million in loans this year. I think that underlines certain management and cost problems that could be illustrative for consideration of other departments as well.

MR. CHAIRMAN: Is there any further discussion on the amendment?

MR. MUSGROVE: Mr. Chairman, the list of portfolios that we have to deal with here — it's certain that we're not going to finish them all before the end of this session. I think we need to look at priorities in that some of the most

important ministers are brought in rather than just having a shopping list. So I would support the fact that economic development should be at the top of the list.

MR. CHAIRMAN: All right. Are you ready for the question then on Mr. Nelson's amendment? Those in favour of the amendment, please signify.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Those opposed? The amendment carries.

Then back to the main motion if there are no further amendments. The main motion is to adopt Mr. Heron's motion with the two amendments that have been approved today. Those in favour of the main motion?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Those opposed? Motion carried.

The next item on the agenda is the committee budget. I asked the members if they had any suggestions as to striking that budget if they might bring them forward at this time. Do we have any suggestions for the budget that we're to submit? Hearing none, let's move on to the next item on the agenda, which is the formation of a subcommittee. [interjection] No, I'll bring a budget back to the committee later for its examination.

MR. BRASSARD: Is that something you're bringing forward?

MR. CHAIRMAN: We brought it forward under other business. If I could just have a conversation here with Mr. Bubba.

Could we switch items 5 and 6 on the agenda, with your approval, to deal with this question of a subcommittee?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: It just occurred to me that it might be to our advantage to consider the question of looking at our procedures and the way in which this committee operates. We have no constitutional jurisdiction for doing that; we have to get the motion from the Assembly itself authorizing us to establish a subcommittee.

MR. EWASIUK: Mr. Chairman, I was going to make a motion in that regard, and if this is the appropriate time, I'd like to do that now.

MR. CHAIRMAN: Yes, I think the committee is agreed that it would be the appropriate time for them to consider this question. I believe your motion is now being circulated, but would you care to present your motion?

MR. EWASIUK: Mr. Chairman, I move that the chairman of the Standing Committee on Public Accounts be instructed to report the following to the Legislative Assembly: that the Standing Committee on Public Accounts request that the following instructions be issued to it by the Legislative Assembly -- and this is basically the instructions -- that it be an instruction to the Standing Committee on Public Accounts that they have the power to establish subcommittees for such purposes within the committee's order of reference as may be determined on motion moved in the committee.

MR. BRASSARD: I'd like to speak against this motion, Mr. Chairman. I feel that we're all here to study all aspects of this, and I really would be opposed to breaking into subcommittees or fragmenting this committee as a whole and examining various parts of it independently. I really think we all need to examine what needs to be examined. That's the purpose of this committee. So I'd be opposed to this motion.

MR. CHAIRMAN: I might just comment on it, because basically I originated the motion, but as the chairman of the committee I couldn't . . . I had to ask someone else to do it. If I may speak to it, the motion is not to break us down into small groups to study various aspects of the Auditor General's report; it's really to look at the proceedings and procedures of this committee in the totality of its operation. For example, a question we could consider would be: should we bring the minister to our committee hearings or should we bring the deputy minister or members of his department?

There are great differences between the way in which we conduct the business of the Public Accounts Committee here in the province of Alberta and the way the business of Public Accounts is conducted in other jurisdictions in the country. It seemed to me that it might be

time to review just how we carry on our procedures. To that end I thought that if we struck a committee that maybe had three government members on it and perhaps two opposition members including myself, they could look at how it is that we're going about conducting our business and then come back and make some recommendations to the whole committee as to how we might perhaps improve, if it's possible. If not, if everyone thinks that everything is going along as well as it should, then they might not come back with any recommendations. It's just a committee to review the operations and procedure of the committee itself.

MR. ADY: Mr. Chairman, this motion is too encompassing. It would give this committee the right to strike a subcommittee for whatever in the future. It doesn't restrict it to the things that you're talking about. We could strike a subcommittee to do the very thing that this hon. member mentioned. All of a sudden we could be fragmented into a variety of things and lose the intent of this committee as it was originally struck. I have some trouble with this kind of amendment.

MR. MITCHELL: I would like to speak in support of this motion. It seems to me that if you add it up, we may be lucky if we get 30 meetings a year, when you think about the Wednesday mornings and the times we won't be able to do it, next week being one of them. Thirty meetings a year for an hour and a half of substantive business is how many hours? Not very many: 45 hours a year to discuss expenditure of \$10 billion. It seems to me that to limit ourselves to that kind of exposure to the public accounts and to the ministers and, I would hope, deputy ministers and other civil servants who are directly responsible for that level of expenditure is ridiculous. So I would support this motion, because I believe we could delegate, we could expand our resources, and we could utilize the resources that we have in this committee more effectively than if we always meet together. If it's a problem of subcommittees doing something that the committee doesn't like, we can establish reporting mechanisms.

MR. NELSON: Mr. Chairman, I just have a couple of comments. First of all, as far as the

other Legislatures are concerned, just because we don't do as they do doesn't necessarily make it that they're correct. We have a very large department called the Auditor General's department that is the eyes and ears of the people. They answer to the Legislature, not necessarily the government as such. I think they do an admirable job and do a nice report each year. Of course, we get all these books that we can look at and examine and what have you. I think we have a tremendous dollar expenditure by the Legislature — I refrain from using "government"; I use the term "Legislature" — to the Auditor General and his very capable department in ensuring that the business of the people is looked after properly.

The other thing that does concern me again is that what we're suggesting here, as I perceive it, is another budget item, another expenditure for the people of the province without trying to balance this budget with additional revenues. Of course, any time we try to get additional revenues, there's a big hue and cry about that. We've got to consider these two or three items. I do not support our spending more money unless there's some support for additional revenues. As I've said, the Auditor General has a very capable department of a number of people that certainly report to the Legislature.

MR. PAYNE: Mr. Chairman, first of all, I want to respond briefly to the Member for Edmonton Meadowlark's observation that 30 sessions of this committee does not provide enough time for the committee to discharge its mandate. I'm not persuaded by that. At the risk of sounding utterly cynical, in my governmental experience when you add time to a committee or to any department or group, the work expands to fill the time with no observable improvement in quality of work. I'm interested in the quality of this committee's work rather than the quantity of it. Frankly, I like the discipline of having the present kind of time parameter and would be uneasy about inordinately expanding the hours that we meet for fear there would be a risk of some considerable members rambling.

Secondly, Mr. Chairman, I was puzzled by what appeared to be an inconsistency between the phrasing or the wording of the motion distributed by Mr. Ewasiuk and your out-of-the-chair comments. Your comments, as I recall,

Mr. Chairman, were restricted to the question of procedures, whereas Mr. Ady has quite properly observed that the motion as presently worded would go far beyond consideration of procedures.

Finally, by training, background, and personality I'm usually open to creative suggestions for improvement. But in this instance I find I must speak against the motion as it is presently worded and support our present system, which I feel appears to be working reasonably well.

MR. MITCHELL: Mr. Chairman, in response to the question of extra cost of the committee, I don't see why there would particularly be an extra cost to the committee due to subcommittees. We haven't seen a budget, so it's difficult to speculate in that regard. My experience is that any time you review a budget, you more than make up for the money. You review expenditures, and if you do that in a detailed, effective, and aggressive way, you more than make up for the money that might be spent on a subcommittee that would be reviewing that.

At this time in Alberta's development we have a budget that is over \$10 billion. It ranks per capita as one of the highest government expenditures in Canada. We have a deficit that ranks amongst probably one of the highest in the country. Say it becomes \$3 billion to \$3.5 billion, on a national scale times 10, because we're 10 percent of the population, that's a \$35 billion deficit. There is no clear leadership indicated, for example, as having one person in this government responsible for cutting costs. We have a tremendous responsibility. Forty-five hours isn't enough.

MR. CHAIRMAN: I was about to make the observation that in committee of the whole we can speak broadly on issues, but the motion is really just to establish a subcommittee. One possibility might be an amendment of the motion. I don't know whether anyone would care to do that. You could take into account the comments by Mr. Payne and Mr. Ady. An amendment might be to the effect that we have the power to establish a subcommittee for the purpose of reviewing the procedures and operations of the committee. I don't know if any . . .

MS LAING: I so move.

MR. CHAIRMAN: There is an amendment that the motion read that it be an instruction to the Standing Committee on Public Accounts that they have the power to establish a subcommittee for the purpose of reviewing the procedures and operations of the Standing Committee on Public Accounts.

MR. BRADLEY: Mr. Chairman, in my judgment this committee has operated fairly effectively in the past. The suggestion that we have a subcommittee to review procedures is perhaps a little premature. I think the committee would benefit from at least a session's experience with the process we have experienced in the past before any consideration be given to reviewing the procedure. I think we should have that experience of the committee, so I'm not in favour of the amendment as proposed.

MS LAING: I think we need to review it at the beginning of the process, because once we get into a committee process we in fact start to entrench precedents. I would suggest that this would be the appropriate time to review it. I think we can only gain from meeting with other people to discover how other committees work. That doesn't necessarily say that what we're doing is wrong, but seeing how we'd fit in.

In addition, I think that this committee exists as a balance and check. The Auditor General is in support that this committee exists. We have to recognize that we're here because there need to be checks and balances.

MR. EWASIUK: Mr. Chairman, I don't necessarily support the amendment, because my experience in committees is that — and I'm surprised that this one didn't really have it in its mandate — most committees do have the privilege to indeed strike subcommittees. Admittedly this particular wording suggests a broader extension of what you in fact mentioned as your intent. However, it seems to me that if we're going to be able to strike subcommittees, then we should get one authority from the Assembly saying, "Yes, you can strike subcommittees." It then will be for this committee to determine if and when, if we do in fact strike one or more or whatever.

So leaving it as is gives this committee the opportunity to strike the committees they may

require rather than each time perhaps having to go to the Assembly to ask permission to strike a certain committee. I don't think the motion, although it deals with what you suggested, deals with the ability to strike subcommittees as required by a committee.

MR. KROEGER: Mr. Chairman, I haven't any problem with changes if they're useful, but it seems to me that we're into our third meeting and we haven't addressed anything yet. Why don't we test the water and do a couple of departments, and then you can make a judgment on this kind of thing. Change for the sake of change doesn't impress me.

MR. CHAIRMAN: All right. After having heard the discussion, my suggestion would be that we defeat the amendment and go back to the main motion and table the main motion until some time after we've . . .

MR. NELSON: Question.

MR. CHAIRMAN: Okay, question on the amendment. Those in favour? Those opposed? The amendment is defeated. Would a motion to table until some time later in the session or table indefinitely be in order at this point? Or do you want to vote on that question?

AN HON. MEMBER: Question.

MR. CHAIRMAN: Okay, those in favour of the motion, which is to establish a subcommittee? Those opposed? The motion is defeated.

Back to the agenda. I'd like to now call on the Auditor General, but before we do that, I have to enter into the record a correction to some remarks I made when I introduced him before. I said that in 1978 Mr. Salmon was selected Assistant Auditor General as a result of a national competition. It has been brought to my attention that Mr. Salmon was in fact appointed Assistant Auditor General and the national competition that took place in 1985 was for the position of Auditor General. So with that correction I'd like to welcome Mr. Salmon and Mr. Ken Smith, the Assistant Auditor General, here today. I open the meeting then for your questions to the Auditor General. Mr. Nelson.

MR. NELSON: Mr. Chairman, I just thought I'd

like my name on the list after the Auditor General has concluded his comments, if he has some.

MR. CHAIRMAN: I think that's traditionally how the committee has operated. The Auditor General has made some opening remarks. I'd now like to call on Mr. Salmon, and I've got your name on the list.

MR. SALMON: Thank you, Mr. Chairman. We appreciate very much the opportunity to review briefly the makeup of the March 31, 1985, Auditor General's report. This particular report, as you're well aware, was tabled in the Legislative Assembly on April 9, 1986, the day after the Provincial Treasurer tabled the public accounts. This happens to be the seventh and final report of the former Auditor General, Mr. D. W. Rogers, who retired on March 31, 1986.

Today, because there are a number of new members, we'd just like to introduce at least how the report has been put together, and then we would like to discuss, if it's the committee's pleasure, in more detail by questions and so forth the various sections of section 3, which outlines the observations and recommendations of the report. If that's all right, I'd like to take a few minutes and run through how we put that all together.

Section 1 of the report contains an introduction to the report and the overall assessment of the province's financial administration. In paragraphs 1, 2, and 3 on page 3 the Auditor General has stated that he considers that the financial affairs administered in the province are generally satisfactory and has commented relative to the way in which that has come about in the audits we have performed.

The report is basically a recommendation-oriented report. In other words, all findings in our various audits are not included in the report, only those that are considered significant enough to report and to make a recommendation through the Legislative Assembly for action. We have included in section 2 some supplementary information on the '84-85 year with respect to public accounts. This in no way diminishes from the public accounts themselves. We, under our particular mandate, have been regularly commenting on various aspects of the public accounts in addition to our actual auditor's

report that's included on the financial statements themselves with respect to the consolidated statements of the province as well as the General Revenue Fund of the province, which are both in volume 1.

Volume 1 and volume 2 of the public accounts are covered by the Auditor's report up to section 25 in volume 2. There is a third volume, which is a supplementary information volume on public accounts, that is not covered by the Auditor General's report. It is reviewed by us but is not covered per se because of the intimate detail included there.

If we just pass section 3 for a moment — because that's really where we probably ought to spend the time with respect to the committee, because this is their findings — and just refer briefly to section 4 of the report, which covers pages 85 through 103, in that particular section under our mandate and for section 19 of the Auditor General Act, we are required to explain and to report on the work of the office. We have included in this section, in 4.1, all the audits we have done, the list of all of them, and also the authorities under which they have been performed. We've also included a section dealing with our reporting responsibilities under the Act, explaining the various sections of the Act relative to reporting and also showing a list of the audit committee we have our report reviewed by and the list of the standing committee members. Actually, the chairman of that committee tables the report for us in the Legislative Assembly.

In 4.3 of that particular section we talk about the audit activities and responsibilities, particularly what the role of the Auditor General is and some of the approaches and the standards we follow. We feel that we are staying within the standards of the profession to which we belong and can present them in a meaningful way to those who are interested.

I think there is a particular comment that may be wanting to be looked at on page 94, the last two paragraphs on that page. Without going into detail on it, we have made reference to the fact that the public accounts of the province are the primary credibility reporting aspect for the Legislative Assembly with respect to the spending and the revenues of the province. The Auditor General's report then is explained as being an additional credibility-adding aspect to that responsibility. We've described how that report and the public

accounts are available to the Public Accounts Committee for review and consideration as they see fit. We've also included an indication of what our organization is, a description of the office, the list of the agents we use under section 10 of the Act, and describe how that operation takes place.

The latter part of the report is some appendices, including the government's reply to the Auditor General's report for the 1983-84 year. We cannot include the replies for the current report, because they have not yet been presented to the Public Accounts Committee. The '83-84 replies were submitted in December of 1985. The replies to this particular report we have now received in draft form. We do know that they are preparing them, but there is still some work to be done. They have not received all the replies from the various departments and agencies yet, although they're still working on it and it should be in the not too distant future. The other aspect is to include an explanation of tax revenues. The Auditor General Act is printed because in many aspects of the report we actually quote various sections of the Act. The actual wording can be examined if one so desires.

If we can go back to section 3, starting with page 31 — actually maybe we can start at the beginning of section 3 for a moment and describe the reporting criteria under which this report has been put together and the processes we go through to eventually arrive at what is included in the annual report of the Auditor General. We also describe, as required by the Act as well, the various reservations that we have included on the financial statements in this particular year. In the 1984-85 year we have 18 entities on which we had a reservation, and we've explained what those reservations are. I feel that they are fairly explanatory, unless someone was really interested in any particular organization.

Section 3.3 is where our observations and findings and recommendations are, and we have divided that into three sections. The first part includes those findings, observations, and recommendations that we have made relative to noncompliance relative to legislation, regulations, and so forth that we found in our audits and felt it was essential to bring to the notice of the Legislative Assembly. The second part is the system's weaknesses, deficiencies, and inadequacies regarding the safeguarding of

assets, which is the largest section. The third section is a group of findings and recommendations relative to inappropriate accounting policies. Inadequate disclosures were found during our audits of that year.

We have also summarized the 41 recommendations in section 3.6 and have included for a number of years now a group of recommendations that have either been rejected by the government or have not completely been resolved. We've included those. There happens to be 10 right now in section 3.7. They don't usually get discussed in this committee because they have been discussed in the past, but we've carried them for various reasons. The explanations are included within the various parts of that section.

If we look at section 3.3, in 3.3.1 we had a finding relative to the Alberta Petroleum Marketing Commission. We were able to not have to make a recommendation relative to the noncompliance with the agreement that had been reported in this particular year because of the agreement with the federal government that no changes would be made. This particular area of noncompliance had to do with the new oil reference price program and the special oil price program that we have to do some special work on along with the regular audit of the Alberta Petroleum Marketing Commission. We did find some noncompliance with that agreement. In the negotiations that went forth relative to writing some letters between the commission and the federal government, it was agreed that there would be no changes made. Therefore, there was no recommendation in the first part.

We did have one other finding relative to that particular organization, and that was with respect to reviewing their systems and documentation of their systems because of the changes that have taken place in the Alberta Petroleum Marketing Commission with such things as deregulation of oil and gas and finalization of the NORP program itself. They have been asked to consider that review. We understand at this point that that review is taking place, although we have not finalized our particular study of that area for the current year.

Mr. Chairman, any time we go along on some of these, if anyone wants to ask a question as I mention them, we can do it then rather than at

the end. I don't know how far we're going to get today either, so we'll just keep going.

MR. CHAIRMAN: I hope members are aware that any time you want to ask the Auditor a question, you're free to do so.

MR. SALMON: Section 3.3.2 on page 32 is relative to capital funding for hospitals. We had reported this in the previous year relative to the way in which the funding was being drawn from the department. The particular organization, two hospitals, involved with getting capital moneys from the department without having proper authority -- they'd actually submitted documentation through, getting invoices for work that had not yet been completed. We reported this because of the improper and noncompliance issue. We have included it here on the basis that we had found no further instances in this particular year relative to that, because it was in the '83-84 year. We had not seen that any arrangements had been made between the Department of Hospitals and Medical Care and the Treasury to resolve the problems relative to funding commitments that lapse at the fiscal year ends, because that's really what it was. We are waiting to see that resolved before we actually drop that from our report.

It has been our policy that once we report something within the Auditor General's report, we leave it in the report until it has been cleared to our satisfaction. Therefore, sometimes we will find them repeated for several years if the matters have not yet been properly attended to.

In 3.3.3 is one of those we carried forward from a previous year. It has now been resolved, and therefore there is no recommendation relative to the Department of Energy and Natural Resources. Also, 3.3.4 is one with Hospitals and Medical Care which we had cleared from a previous year.

MR. MITCHELL: Sorry, I wonder if I could just ask a question about 3.3.2. The wording seems to imply that it issued falsified financial reports, which suggests some kind of intent. Is that true? If it is, what sort of action was taken about falsifying financial reports? I guess my concern is heightened by the fact that you're recommending once again that they need help to resolve what appears to be the same

kind of problem.

MR. SALMON: Yes, we would report this again if we had a further instance. This is a case where at the year end they were submitting invoices and so forth for capital funding to the department to recover funds because they wanted it before that particular year end, or in effect the work had not been completed. So they actually went to some suppliers and obtained the invoices and submitted them to the department. We do not feel that's proper and, therefore, is a noncompliance with the way things ought to be done relative to the issue of capital funding. The department of course agrees, but it was not known until we actually determined that the work hadn't been done on the audit.

MR. MITCHELL: In a sense, what they were trying to do was commit money for '83-84 to ensure that they had it and, therefore, get a larger budget, or at least the same size budget, the following year. It just seems to me there's something fundamentally wrong with that, that if they were consciously trying to say that they were spending money they weren't spending, that's deceit and perhaps some action has to be taken. Is that true?

MR. SALMON: Mr. Chairman, I think really it's a case of which year the funds flow to the hospital, and of course they ought not to flow until the work is done because that's under the regulations. They were actually obtaining the moneys before, so the moneys were available to them before. Of course, they could possibly be getting interest on that money if it hadn't been spent before. But it really is a case of which year the money is being passed on to the hospitals, which makes it wrong because they actually got it before they should have.

MR. MITCHELL: It seems to me to be a pretty serious matter that there would be public servants who would falsify documents in that way. If it's happening there, how else is it happening? What action was taken by the minister to reprimand or terminate or to ensure that some steps were taken with the people involved? At what level was the authorization to do that given?

MR. SALMON: Mr. Chairman, this is a fairly

high level, because it would be within the financial department of the hospital. We don't know specifically what was done relative to people; we were really reporting the noncompliance. We went back the next year and didn't have the same situation.

MR. CHAIRMAN: I think we agreed at our earlier meeting that a member would be allowed one question and two supplementals. I call you to order on this; I think you've had your three questions, Mr. Mitchell. Mr. Kroeger, did you have a question?

MR. KROEGER: Not really a question but perhaps some clarification as to how this could happen. I think part of this would apply to one of the hospitals in my constituency where a certain amount of money was allocated and the planning proceeded. There was some interruption in the planning process; the contracts would go out but you couldn't get a completion on the thing, so the department had to make a decision. There was no fraud; there was actual approval for the spending part of it. But because of the interruption in the planning, I could see how this could happen. They had to make a decision whether to allocate the funding for that year or carry it over the following year.

MR. CHAIRMAN: A comment from Mr. Salmon before we go back, Mr. Mitchell.

MR. SALMON: Mr. Chairman, on a comment that was just made. Really what it was — at the year end there becomes pressure by the department to get the contracts completed, and the hospitals then are wanting to somehow get the money so they can make payments on these particular aspects. When we come along and look at it from the audit point of view, we find that the work hadn't been completed, and therefore they had requested it in advance of when they should have. So that's really what happens to them. They kind of get in the middle of it, and it's the year-end problem.

MR. MITCHELL: In response to Mr. Kroeger's comment, he said that there was no fraud involved, and I'm not insinuating that there was. But I do raise the question: how do we know whether there's fraud involved? It seems to me that if there isn't fraud, it's a very shoddy

management practice if we are asking for an invoice from a supplier before he has done the work. How do we have control? He knows he's going to get paid. It seems to me that there's a problem there. I just want to be assured that we are taking action.

MR. CHAIRMAN: It seems to me, and I don't know if the committee would agree, that these are questions that might be properly directed at the minister of health when he's here. I'm not sure that that really falls within the scope of the Auditor General's . . .

MR. NELSON: Mr. Chairman, I would certainly agree that it should be to the minister. If the member would check the Hansard of last year relevant to this committee's work, I in fact brought up the same issue. There are some explanations and what have you given in Hansard. Whether they'd be satisfactory or not may be in question, but certainly it was addressed at that time. The member might want to check Hansard from last year.

MR. CHAIRMAN: Thank you for that information. Are there any further questions on any of the recommendations to date that are contained in the Auditor General's report?

MR. NELSON: Mr. Chairman, if Mr. Salmon is going to go one by one through here, that is fine. I had a couple of questions, but I want to back right up, I guess, to page 10 for a couple of quick questions related to the consolidated operating results under 2.2.5. The one I'm a little concerned about is the Workers' Compensation Board being placed on here as reportable income to the government. I wonder why the Workers' Compensation Board would be placed there, considering that other than the relatively small amount of money that the government puts in — I think it's \$5 million; I'm not sure — each year, that is actually supported by the private sector rather than the government as such, as far as its funding is concerned.

MR. SALMON: Mr. Chairman, I believe the question is related to the way in which the consolidated statements are put together. The Treasury Department has designated those six particular organizations as what they would classify as commercial organizations and have

included them in the consolidation on the basis described. I think I comprehend the question. I don't know specifically why they include it. It is not really an organization that's making money or however, but they are classifying them that way. I think it's because of the nature of the size and the background that there are some like the liquor board and terminals. All of them have outside involvement, and I believe that's possibly why they are classifying that. We could ask Treasury for sure, but I believe that's the reason.

MR. NELSON: Mr. Chairman, to the Auditor General. I'm wondering why there wouldn't be some comment relevant to that. The other five items that are on there are certainly items that the government has a direct involvement in, even though they're managed by outside boards. The Workers' Compensation Board is an animal there by legislation, but it is supported financially by the private sector. I'm just wondering again why that should be included in that particular report, as it is in fact financially supported by the private sector and really to my knowledge not by the government.

MR. SALMON: Mr. Chairman, the consolidated statements of the province include the General Revenue Fund, the heritage fund, and some 70 provincial agencies. These particular six are part of those 70 agencies. Remember, we're pulling in on a consolidated basis to give a sort of overview of the overall position and results of the provincial entity as a whole rather than just the General Revenue Fund, and these six are designated as commercial. They're just part of those 70 that are included in the consolidated financial statements. The only organizations that are not included in the consolidated statements of the province are those that are exempted under section 2(5) of the Financial Administration Act, which includes the universities, hospitals, and other educational institutions that are exempted from that consolidation. All other organizations are included in some form or fashion in that consolidation.

MR. NELSON: Mr. Chairman, would the Auditor General then examine, if we get a reason from the Treasury, why the Workers' Compensation Board should in fact be part of

this commercial entity that the government has listed in their paperwork here, and should the recommendation be that it not be there considering the fact that it's in the main supported by the private sector and not by government? It's only there by legislation.

MR. SALMON: Mr. Chairman, if I understand the question, it's why the Workers' Compensation Board is included as a commercial entity within the consolidated statements. If that's the question, we'd be happy to come back with a clear answer on that one.

MR. MITCHELL: I'd like to pursue the question of consolidated operating results, Mr. Salmon. Is any effort made or is there any responsibility on the part of the Auditor to consider actual expenditures against budgeted estimates for a given year and an evaluation made of management's ability to come within its expenditure estimates?

MR. SALMON: Mr. Chairman, I believe the question is partially right in what we do; that is, we would compare budget to the actual expenditure and determine also the variations between years. We would do that as well on an analytical basis. As far as other than within our own shop having a feeling for some things of that nature, we do not actually report on management as such and the performance of management in spending those dollars. We are more interested, from our own legislation point of view, to report how it has been spent and whether or not it's been in compliance with all the authorities pertaining to that money.

MR. MITCHELL: Thank you. I think this is a special section -- section 2, you said, hasn't been done before -- and I find it to be extremely useful. Would it be within your responsibility or mandate to in giving consolidated results, for example, give detail on comparisons of actual to estimates, because nowhere in the documentation that I've been given as a new member of the Legislative Assembly is that comparison ever made. The public accounts, for example, which aren't your responsibility, I know -- but as a matter of emphasis of my point, the public accounts are not broken down in the same categories as the estimates, and therefore it's almost impossible

to say, "Okay, the Department of Education budgeted X millions of dollars for salaries" and then go back a year later to find out whether in fact they spent that or they spent more, whether there were transfers between elements, subelements, and so on.

MR. SALMON: Mr. Chairman, because it's the basis on which public accounts are put together, I think it's the kind of question that is the way in which Treasury is presenting the public accounts. We're reporting on the overall, but as far as the way the statements are presented, I believe the kind of detail you're probably looking for is a question that could be raised with the Treasury Department.

MR. MITCHELL: I appreciate that and I will pursue it with the Treasurer. But you could put in this kind of graph, for example, or a table, the one I'm looking at, 228 and 229, comparisons between budgeted estimates.

MR. SALMON: Yes, that's true, Mr. Chairman. We have attempted to try to give possibly just a little different picture, and some of the graphs are a little bit different. We really don't want to duplicate what's in the public accounts. We're quite happy with what Treasury is doing in that area. We have just tried to supplement this with a further explanation.

MR. CHAIRMAN: That's three questions.

MR. R. MOORE: Mr. Chairman, I'd like just a few comments, if I could, from the Auditor General on number 37 on page 75, related to pensions. In the pensions, is the unfunded liability increasing or are we catching up? Where are we sitting on these pensions?

MR. SALMON: Let's go to pages 64, 65, 66, and 67. We have included almost three pages of comments relative to the pension liability. The pension liability itself has gone up. Let's see, we've got it quoted in here somewhere -- I don't want to quote the wrong figure -- in the middle of page 65

The 1985 valuations disclosed that the total accrued pension liability for the six plans had increased by \$1.57 billion from the liability disclosed by the 1984 valuations.

Does that answer the question?

MR. R. MOORE: A supplementary, Mr. Chairman, to that. In your recommendations you recommend a change in the reporting of these liabilities. Could I ask for your opinion: is it possible to put these pensions on the same basis as private pensions where they become actuarially sound?

MR. SALMON: I believe, Mr. Chairman, if one were to study this particular section, there were several suggestions by the Auditor General as to what could be done to eliminate or at least do something relative to the growing liability. Of course, that would be a government policy decision as to what was to be done. I believe it would probably entail some considerable planning and determination of which way to go. We have not really dwelt more than to say that we felt that possibly the liability should be disclosed on the financial statements rather than just in the notes.

There are tremendous differences of opinion on that even in Canada generally amongst the accounting profession, but the Auditor General has had that stand for a number of years. I believe that with consideration they could be put on that kind of stand, but it would certainly be a government decision as to whether or not they want to do that.

MR. R. MOORE: As more of a comment than anything else, I'm glad you're emphasizing that we should underline the unfunded liability and the fact that it is growing, because it is a major concern and should be a major concern to every taxpayer in Alberta that this unfunded liability is growing, and it's not by a very small amount. It is certainly a liability that we're going to have to face down the road. Future taxpayers are going to be saddled with it.

MR. SPEAKER: Would you care to comment on it at this time, Mr. Salmon?

MR. SALMON: I believe that the section where we're reporting these particular recommendations is fairly explanatory, and certainly that is what the Auditor General said.

MR. MITCHELL: Is the actual figure for the unfunded liability \$5.35 billion?

MR. SALMON: Yes.

MR. MITCHELL: Do you evaluate the actuarial assumptions? What I'm trying to get at here is: over what period of time would that liability be anticipated to have to be paid?

MR. SALMON: Mr. Chairman, an actuarial liability is as a point of time. It's not based on the future; it's based on what it is at the time if things had to be settled at that particular time, and that's the figure of the actuaries. We review and consider the assumptions and methods that the actuaries use. We review their reports and look at them from a point of view of whether they seem reasonable and what's their approach. Although we're not actuaries, we just look at them from that point of view. The government had an evaluation done in '84; they also had one done in '85. So they've had two in a row.

MR. MITCHELL: Are you aware of how other governments record their unfunded liability? Is it generally recorded the way this government is doing it?

MR. SALMON: Those provinces, Mr. Chairman, that are recording information relative to their pensions -- some of them don't even do anything relative to reporting; others include it in the notes as this province does.

MR. CHAIRMAN: I guess you could go back to your report then, Mr. Salmon?

MR. SALMON: It's all right. I'm not worried if you want to move on, but I was just sort of trying to guide you through. We'll try to move along a little faster maybe on some of these things.

On page 33, on 3.3.5 relative to the Department of Recreation and Parks, this particular item. Again, we're still in the noncompliance area; it is noncompliance that we are reporting. This particular one was an oversight in some ways according to the department -- or they decided not to anyway -- but in looking at it ourselves, we found that where the program for the development of major cultural and recreational grants had a regulation that specified a specific amount, that amount was exceeded by \$40 million. We felt that what should have happened is that they

should have rescinded the regulation and they didn't; therefore, it was noncompliance, although there was appropriation authority for the spending of the additional \$40 million. It was strictly to clarify that situation. There's nothing further that can be done other than not letting such situations happen again relative to legislation.

MR. MITCHELL: This is really interesting. Just back to 3.3.4, here's a case of the Department of Hospitals and Medical Care attempting to charge the cost of acquiring the Lethbridge hospital against funds appropriated by the Legislature for 1983-84. Is that more of the same thing that's evident in 3.3.2? I mean, is this going between budgets, between expenditures? Is that a pattern? What steps have been taken to . . .

MR. SALMON: Mr. Chairman, I wouldn't say it's a pattern. This particular issue happened to come up in the same year as the other two hospitals. It's a similar situation of where it's the year-end problem of financing. The province hadn't really acquired the hospital, but it was a case of their wanting to have that money available to pay for it in the year that it was not yet theirs. That was really what it is -- a similar situation. We haven't found any further instances of that, but that was clearing the matter because we had it added in the previous year.

Relative to the lottery, we have carried this one as well for some time -- two years, I guess it is. We had a legal opinion that showed that the lottery moneys were public money. Therefore, in view of that, they probably should have been included in the General Revenue Fund. We have made recommendations for a change in legislation or consideration for change. Because the matter has not been resolved or corrected, we have carried it again in this particular report. I believe there is no vision of that legislation being changed, and we will probably have to carry it another year by the looks of things.

Section 3.3.7 is a null recommendation; 3.3.8 was clearing up a past matter. There is a follow-up that we will be reporting on in the current year, in the last paragraph on the NAIT point at the bottom there, relative to a serious expenditure irregularity. We included the comment in there because of the fact that when

we were finalizing the audit, this matter was being investigated. It's still under police consideration; therefore, we cannot comment further. It should be resolved before we report again.

On 3.3.9 we had a noncompliance issue relative to the Teachers' Retirement Fund. There is considerable material in this particular one on these two pages. I guess it really boils down to a situation that with the legal opinion we obtained, the honorarium that was paid to the members of the board would not be in compliance with the legislation, which is section 5 of their particular Act. We have reported it as such and said that their consideration should be that this not be done and possibly even that the honoraria be repaid. This was based on an independent legal opinion that we had.

Then we had the other noncompliance issue relative to the directors' fees, where they have board members assigned to the boards of companies which the Teachers' Retirement Fund pension has the right of appointment to — boards where they have an interest in their portfolio of pension funds. We have determined through also a legal matter that there seems to be some ambiguity relative to what they can or can't do. We have suggested basically that an attempt be made to clarify the legislation so there is no misunderstanding as to what was to be done relative to the payment of those directors' fees.

MR. JONSON: Mr. Chairman, with respect to the second item here, were these board members directors by virtue of being investors in those funds or by virtue of holding that post because of their other duties, let us say their duties with the Alberta Teachers' Association? It is not uncommon in those organizations, the ASTA and so on, to become a member of a board of one of these things as sort of part of your responsibility in that other organization. Which type of situation was this?

MR. SALMON: These are board members of the Teachers' Retirement Fund who are appointed to the boards where they have investments in these other companies.

MR. JONSON: Personal investments?

MR. SALMON: Yes, for the pension fund.

Pension fund investments; sorry. It's because they are on the TRF board that they're involved in the other companies. They're looking after the interests of the Teachers' Retirement Fund portfolio by being on the boards of those organizations in which the fund has invested.

MR. JONSON: That's the point that I was making. It's not that they are big investors in . . .

MR. SALMON: Personally, no.

MR. JONSON: That's right. Okay.

MR. SALMON: It's because they're in the TRF.

MR. CHAIRMAN: We've just about concluded section 3. Is that correct?

MR. SALMON: Section 3 on noncompliance; that's right. We can stop anytime. You can decide how far you want to go.

MR. CHAIRMAN: At this point I have a general kind of question I'd like to ask about section 3 and your recommendations on noncompliance, seeing there are no other questioners, if that's all right. Just how do you ensure that compliance occurs? You've made these recommendations. They're contained in your report. If the same situation arises again, as I understand it, you'll come back with the same recommendation. How does action occur on these recommendations?

MR. SALMON: Mr. Chairman, all of the findings that we come up with on all our audits are discussed in exit conference sessions with the management of various departments and the boards that we audit. Following those exit conferences where we've reviewed all of the findings, noncompliances, system weaknesses, or whatever they might be, we then issue a management letter. That management letter goes to senior management, including the ministers and deputy ministers if they are involved with the organization, or if it's an outside organization, to the chairman of the board and so forth. The findings that we feel are serious enough to report are included in that letter. We get a reply from them as to their feelings relative to those particular issues.

It's a case of deciding, because of the

Auditor's responsibility to report to the Legislative Assembly, what is included within this report. When it comes to noncompliance, all the significant noncompliance issues that we find we usually include. From that, it usually has been indicated that some kind of action will be taken or will be considered, and we get the replies, of course, from Treasury on the overall report here. They can be looked at in relationship to 1983-84 because they're in the back of the book. We then hope to see some action.

Our purpose of reporting is to see that these things do not occur again and to make them public because of the serious nature of the noncompliance. Pretty well all of the noncompliances eventually are resolved. As you know from the lottery one, it's been two years now. We still feel it's an issue because of our legal opinion. Therefore, we think it's strong enough to report and to include there, and it will have to remain there because it's operating without proper legislative authority on what those moneys really are. Until we see a resolution to that, we would continue to report it.

MR. CHAIRMAN: I see.

Any further questions on that section from any of the members? Okay, did you want to go on to another section?

MR. SALMON: I can go on as long as you'd like.

MR. CHAIRMAN: Our adjournment time, as I understand it, is 11:30, so I just thought I'd get a motion to adjourn. I think we should use the time.

MR. SALMON: This next section in 3.4 is the systems weaknesses and deficiencies, and inadequacies regarding the safeguarding of assets. Again, the items included in this section of the report are those that we have observed in our audits and that the Auditor General has considered as being significant enough to report to the Legislative Assembly.

In 3.4.1, the Alberta Hospital, Ponoka, we had some problems in the previous year. This is clearing it out, because we did not find in the '84-85 year any repeat of those weaknesses in their systems. However, at the conclusion of that particular audit we ran into a situation where there were some apparent irregularities

in the conduct of a senior hospital official. We included that because we did not want to in any way not report that there was a problem. That problem, of course, is under police investigation. It's similar to the one we had at NAIT. We understand at this stage — we cannot give any details at this time — that there have been charges laid and court action is some time in the month of August. So we'll be able to give a better explanation of that when we do the '85-86 report.

Section 3.4.2 is relative to systems weaknesses that we've been reporting in the Research Council. I've been fairly involved with this one over the years. We first reported this one in the '79-80 year. We're now down to not too many things, only three. We used to have a considerable number that we reported. It's been a long time coming. Even at that, there's an indication that it will not be resolved in this next year, and we're probably going to have to cover a few of those things again this coming current year. We have not finalized that matter, however.

Section 3.4.3 is a clear-up on central payroll, so there's no recommendation.

Section 3.4.4 is relative to one which we've also carried since 1981-82 relative to the Department of Energy and Natural Resources and a newly developed system for monitoring and controlling royalty revenues. They have been working hard at this. Progress is being made. It looks like we will see completion of that process, with the system being fully implemented by the end of 1986. We'll probably be able to conclude this particular point with our report for '85-86.

In 3.4.5, relative to the Department of Hospitals and Medical Care, this was regarding some money that was in the hands of hospital boards relative to construction and the interest that was earned on those moneys. There are some procedures that have to take place relative to completion of those projects. One of them is to complete the audits of those projects by the department. Until the audits are completed, the interest on those moneys and so forth and the balance of the money is not spent or returned to the province. We've encouraged them to complete their audits more promptly so those moneys can be returned. We reported it because there was something like \$19.5 million of interest that had not been returned.

There are several ways in which that money can be used. The minister can grant some of that money to be used by the hospitals for further capital projects and similar items of that nature, so we've also included a recommendation, 10, where we feel that there needs to be some type of consideration for some legislative control over the spending of those dollars. If it should happen to be spent by the direction of the minister, it does miss the review of the Legislative Assembly and its normal budget process. Therefore, that has been given to the government to consider. We understand that the matter of resolving the issue is still being worked at and there are some meetings being held between the department and the Treasury Department as to how to resolve this particular issue.

In 3.4.6, Social Services, we had a number of systems weaknesses. I believe we've got within this one six recommendations. Each one of them is particular to a part of the department and each one of them is recommending that the resolution of the weaknesses that we have found be looked after. Some of them, as indicated by the first line of the section, will state that it was reported in a previous year and we have had to repeat the recommendation because the matter hadn't been resolved before we did this particular report. I believe that when we get up to recommendations 14, 15, and 16, they're all new recommendations in there. As you know, the department is large and there are lots of situations that we can run into. The prevalence of the weaknesses within these particular areas was such that we felt we needed to report them. I don't think I want to take the time to talk about specific ones, unless someone wants to raise a question on any particular one, because it would take me quite a while to explain each one.

In 3.4.7, similar to that relative to the Department of the Solicitor General, in this particular year we determined in our audits considerable weaknesses within the department relative to the new system MOVES which is now in place. This is all new. We have made some recommendations from 17 through to 24 relative to improving the way in which the system was developed to tighten up on a lot of the methods used to reconcile, the problems of conversion from the old system to the new system, the opportunity to make changes, and the lack of bank reconciliations relative to this

particular area. It's all to do with the systems weaknesses. We know from our meetings with the department that considerable action has taken place, particularly relative to their internal auditor. We felt they needed to establish something where they could have some good controls over what was taking place and have some monitoring within their own department. A lot of these things are taking place. We will be able to report in our next report the actual steps that have taken place and the position that they are in. So there will be some repetition of this because of the nature of the large system and the many weaknesses that we have laid out within this particular report.

In section 3.4.8, the Department of Transportation, this has been carried since 1981-82. There's only one item left relative to the control over fixed assets. The department is working on efforts to improve, we understand, but if it's not completed, we will have to include it again. It's been a fairly repetitive one for a number of years now.

We also completed the audit of the Health Care Insurance Fund in 3.4.9 and found that there were a couple of recommendations we felt we needed to make relative to how they were handling the arrangements with the Blue Cross Plan. We have made some recommendations as to what they ought to do relative to being sure that the payments that are being made are proper and included within the way in which they should be done. We have made two recommendations relative to the Blue Cross Plan. We feel that if they will follow through on those, the problems we've reported will be resolved. We've also made a recommendation on the backlog of unprocessed claims, which are of concern to us, and also relative to their statement of benefits. These things ought to be cleared up and issued more promptly than in the past. They're all systems weaknesses.

Relative to 3.4.10 on the investment of surplus funds, this is one of those cases where we feel there ought to be a provision for . . . Some of the institutions that are provincial agencies within the province have the right to invest within the Consolidated Cash Investment Trust Fund of the province, where they may be able to get a higher return on their surplus dollars. Right now the public colleges and the technical institutions are exempt by their own

legislation. We have said that there should be some consideration, because in some cases it may be advantageous if they would actually allow them to do that. The Provincial Treasurer in his '83-84 report said that they would agree with the principle, but there has been no action to this date relative to allowing. These particular organizations cannot use the Consolidated Cash Investment Trust Fund of the province.

We had an item in 3.4.11 relative to Land Titles Office, which has now been resolved. The only item mentioned there at the end was that the claim relative to the fraud that took place within the organization was submitted to the insurance company, and we understand, although we will still need to check on this relative to going back in, that the recovery has been made with the insurance company to resolve that loss. The explanation of what occurred is within that particular area.

MR. CHAIRMAN: Mr. Auditor General, may I go back to something here and ask some questions about the investment of surplus funds? What is the reason the current legislation precludes some of these agencies like the public colleges from investing in the . . .

MR. SALMON: Mr. Chairman, the Colleges Act actually states that their banking must be done with a banking institution or the Treasury Branches of the province, but it does not allow for the investment of their funds within the CCITF. It would have to be an actual change to their particular legislation.

MR. CHAIRMAN: To answer the question I asked, I guess I'd have to ask the minister responsible for that.

I also noted that some of these institutes did invest in the Northland Bank.

MR. SALMON: Yes. Again, it's a banking institution and they're allowed to do so.

MR. CHAIRMAN: Is there any comment in here as to what happened to the funds that were invested in the Northland Bank on the part of the colleges? Was there a loss?

MR. SALMON: I can't really answer that. I'm not positive at present. I think we know

personally of some of the things but nothing specifically that we know of other than that they would have been treated like other depositors within those institutions, as anyone else. We are not to the stage where we can report on anything of the current year. This was at this stage in '84-85. We could see the large amount and we knew what was happening. We said, "Hey, you know, there might be an opportunity for these organizations to be in the CCITF." That's the reason why we raised that issue as a consideration.

Possibly we could do two more, rather than go into the next section, Mr. Chairman.

MR. CHAIRMAN: That's right. We'll just conclude section 3.4.

MR. SALMON: Section 3.4.12, pension administration: we've been carrying some weaknesses in their procedures since '79-80, and we are now to the point where there are only two items left. It's one of those things that has been carried for some time. We expect that possibly even within this next year things will be cleared. There is an indication that they have been. It'll be a case of finishing off the audit and determining how we're going to report it.

Section 3.4.13, the Workers' Compensation Board, was a previously reported weakness in '83-84, and we found in our '84-85 audit that all of the matters included there had been resolved. That concludes this particular part. It might not be a bad idea to stop at that point.

MR. MUSGROVE: A question or two on the Workers' Compensation Board. When they do run into a deficit, who covers the cost of that deficit? Is that covered by their own costs, or is there some other way that they do that?

MR. SALMON: I believe that under their legislation that it is guaranteed by the province. I think it would be a case of how long they could operate without assistance. I think they have a right to change their assessment levels and this kind of thing to cover something when they are falling behind on various things. The province is in there, I think, as the protector for the overall if something occurred. I'd have to look specifically at the legislation to be sure.

MR. MUSGROVE: Thank you.

MR. CHAIRMAN: Any further questions of the Auditor General? I'd like to thank him for being here today. I think right at this point, then, a motion to adjourn until August 13 would be in order. So moved by Mr. Musgreave. Those in favour of the motion?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Those opposed? Motion carried. We'll see you on August 13.

[The committee adjourned at 11:25 a.m.]

