

[Chairman: Mr. Pashak]

[8:32 a.m.]

MR. CHAIRMAN: I'd like to call this June 28 meeting of the Standing Committee on Public Accounts to order. If you could just wait for a minute, I'll get to you. We have a little bit of business to do before I start collecting names. I'm glad to see there's so much enthusiasm so early in the morning.

We're going to have to delay the presentation of the minutes until our next meeting because of an equipment failure. Our secretary came in early to do that. So I hope you'll bear with me on that matter.

Again, we have with us Mr. Donald Salmon, the Auditor General of Alberta. With him are his two associates, Andrew Wingate and Ken Smith. I think that this morning I would invite the Auditor General to continue the statement he was making last day, and as he's making the statement, I'll recognize you for questions. Okay? Did you want to proceed?

MR. GESELL: Just for clarification. In delaying consideration of the minutes, I have some corrections. That would have to be next meeting as well?

MR. CHAIRMAN: Yes.

MR. GESELL: Thank you.

MR. SALMON: Mr. Chairman, with the opening remarks that I made last meeting I'd like to just continue and say a few other things before we open up for questions. Just for comparison purposes, in the previous year, in 1986-87, in the Auditor General's report, which of course is written under section 19 of the Auditor General Act, we had 48 different recommendations to the Legislative Assembly. Twenty-two of those were repeats from the previous year, and it was interesting for us to note that 15 of those were cleared before the present report, which is before the committee, was completed. In this report, as I indicated last time, there are 47 recommendations. Included in those 47 are 14 which have been carried forward from the previous year, leaving 33 new recommendations for the current '87-88 year.

There is indication to us, though, that the Auditor General recommendations are being given some positive action by management, and steps are being taken to improve the systems and correct the weaknesses. Of the 14 recommendations that were repeated in the Auditor General's report under consideration, 10 are to do with systems improvements which management agrees to, but there will be more than one year of work necessary to improve the systems and to eliminate the weaknesses. Two of the recommendations require legislative change to correct, and one of these includes a noncompliance matter. Two of the recommendations that were carried forward, included in this report, require management decisions regarding change in accounting policies in particular areas, and one of these of course is the pension liability, which has been around for a number of years.

I'd further comment that all the recommendations and the support information in the report have been discussed with senior management, audit committees, where they're applicable, and the management of the associated groups connected with it. Also, this has been done in accordance with the normal processes of the office. Management has concurred with almost all the suggestions for improvement that have been made and are at the present time actively addressing them. I expect that during

the 1989-90 year, which we are presently in, many of the matters reported last year will be resolved.

With these comments in mind, the committee may well recognize the reason why I'm able to say in section 1 of the report that "I am generally satisfied" with the financial administration, but the recommendations included in the report indicate that there is still need for improvement. Of course, this is an ongoing challenge to management anyway, to maintain good administration at all times.

In analyzing the 47 recommendations, it just might be of interest to the committee to note that 35 of the recommendations are to do with systems improvements that are necessary, five are to do with noncompliance or lack of authority, five have to do with accounting policy changes that we've recommended, and two are legislative changes we think should be made. Also, just of interest, the 47 recommendations are in 11 of the government departments or organizations connected with them. Five of the areas -- Advanced Education; Hospitals and Medical Care, which is now Health; Energy; Social Services; and Treasury -- actually include 34 of the 47 recommendations.

With these comments in mind, as well as the ones we made last Wednesday, I'd be pleased now to answer any questions you'd like to come forward from the committee, Mr. Chairman, and we'll do the best we can with regard to them.

MR. CHAIRMAN: Thank you very much.

We've found that it's been helpful in the past if a member, in presenting a question to one of our witnesses, makes reference to a particular line in whatever document he's asking the question about. If it's in the Auditor General's report, for example, it's helpful to other members of the committee if the member, in posing the question, would say, "On page 53 of your report, recommendation 25," or whatever it is, "I would like to ask this." The same thing is true if we get into the public accounts documents. Just give the page and the line designation for whatever question you're asking, and then other members can follow where you're at. I think it makes it somewhat more interesting for everyone here if we do that.

So I'll begin with Mr. Hawkesworth.

MR. HAWKESWORTH: Thank you, Mr. Chairman, and welcome to Mr. Salmon and his staff this morning. I guess the question I'd like to pursue, at least initially, is to have him help me determine what is sort of the total debt of the province of Alberta and try to understand these public accounts in that regard.

I think the first page I'd like, if the Auditor General and members of the committee would turn to, are in the public accounts for 1987-88, page 1.14. I'm also going to make reference in my questions to page 99 of the Auditor General's report, if I may. They may not be all of the crucial pages to help us with this question, but I think they'll at least hopefully get us off to the right start, and then perhaps the Auditor General could explain these figures to us.

"Unmatured debt" is what I see at the top of that page, and looking at sort of the different columns, there's one for net debt in 1988 and one for net debt in 1987. I'm wondering if for the figure in 1988 -- you see it there; it's almost \$10 billion; \$9.7 billion. If I were to say that the province of Alberta has almost \$10 billion in debt, would that be a fair statement? Or would it be fair to say that the province of Alberta has \$17 billion of debt? I'm looking at the gross debt in column A and comparing

it to the net debt for 1988. There's a significant difference there, and I'd like to maybe have the Auditor General just explain those figures for us please.

MR. SALMON: Fine. Mr. Chairman, I believe the member is certainly comprehending what this particular schedule is trying to do. This is the consolidated statements of the province, and it's taking into consideration all of the entities connected with the province that have debt, offsetting those against the moneys that are available to pay off debt with the net debt of \$9.7 billion on March 31, 1988. That's a reasonable assumption.

MR. HAWKESWORTH: Okay. Given that, there are a couple of entities that are mentioned here; for example, the Alberta Mortgage and Housing Corporation, the Agricultural Development Corporation, and the Alberta Opportunity Company. I would like you, if you would, to turn to page 99 of your annual report. On page 99 you make reference to the deficits of Alberta Mortgage and Housing, ADC, and AOC. You make reference to AMHC's deficit of \$586 million, not funded by contributions from the General Revenue Fund, and similar dollar figures for ADC and AOC, \$100 million and \$22 million respectively. Yet when I look at these figures, again coming back to the net debt, I don't see any reference to ADC or AOC in calculating the net debt. I'm having difficulty reconciling these unfunded deficits from the General Revenue Fund. Where do they fit in in establishing this \$9.7 billion debt of the province?

MR. SALMON: Actually, they don't. On page 99 of the report we're talking about the individual entities and their own statements and the debts that those particular statements show. When we get to this schedule here, we're talking about net, and anything interrelated with any of the corporations of the province -- heritage, housing, et cetera -- is eliminated. These figures in this particular schedule are different than they are shown on the individual statements. So it's to do with the consolidation of eliminating intercompany transactions.

MR. HAWKESWORTH: Well, then, would this be fair to say? Counting the net debt of the province of Alberta, it's \$9.7 billion. That tells us one figure, but it does not tell us that these Crown corporations also have a debt on top of that of close to \$600 million in the case of AMHC, another \$100 million in the case of ADC. Finally, I guess while we're looking at all the entities controlled by the province of Alberta, the Treasury Branches Deposits Fund has a \$143 million deficit. Can one add these figures on top of \$9.7 billion and say, you know, that the debt of the province is closer to \$9.7 billion plus \$0.586 billion plus \$0.1 billion plus, plus, and then arrive at a figure well over \$10 billion? And if I can't do that, would you tell me why I can't do that?

MR. SALMON: If the member would like, he can come over to our office and we'll explain how the consolidation aspect works. Those debts that are shown individually in their own financial statements, some of that disappears. This is the net debt of the province owing to outside lenders to the province that are nothing to do with housing or heritage or anything else, because all of that's been eliminated in the consolidation. So this is the net debt owing outside: \$9.7 billion. But we can show you all those transactions. It's a fairly complicated elimination process, but these debts are eliminated when you get to this point. You

can't add them together.

MR. CHAIRMAN: Mrs. Black.

MRS. BLACK: Yes, thank you, Mr. Chairman. My question deals with the value of the heritage fund's investment in the Alberta Mortgage and Housing Corporation on page 100, 3.5.3. In that section, sir, it has been stated that you do not feel the Heritage Savings Trust Fund's investment of \$3,279 million as of March '88 in Alberta Mortgage and Housing Corporation has been overvalued, despite the possible decline in the value of the corporation's real estate. I guess what I'm looking for is -- in accounting terms there's a difference between recognition and realization if you're looking at a write-down of asset value. To clarify this, is this because the General Revenue Fund finances any realized losses from the Alberta Mortgage and Housing Corporation, and therefore the General Revenue Fund is responsible for covering any decline in the value of the heritage fund's investment?

MR. SALMON: That is correct. If one considers that the heritage fund by legislation is a particular entity and they are assured of the income from the moneys that they have loaned, which they are through the General Revenue Fund, as they will submit those dollars to Housing to pay for the debenture cost, they stand alone. Therefore, to reduce at this stage this sort of a combination of these particular corporations together -- you really have to look at them as separate entities. We are saying that the general revenue can guarantee the payments, and therefore the value of the heritage doesn't change in the Alberta division.

MRS. BLACK: In keeping with that, if the General Revenue Fund had to cover the realized losses, if they occurred, what would be the implication for the accounting of the General Revenue Fund? Would it be considered one of the intragovernment transactions from page 101, since the funds sort of move from one area to another vis-à-vis the General Revenue Fund to the heritage fund to the Alberta Housing and Mortgage fund and then back again through the General Revenue Fund? It goes in a cyclical kind of fashion. I'm wondering what the effect would be on the General Revenue Fund for accounting.

MR. SALMON: In the year that the general revenue funds the costs, it would be an expenditure and would increase the deficits of the General Revenue Fund. In the consolidation of the financial statements of the province the interrelationships are eliminated. So if you really want to know the net results of the province's operations, you have to look at the consolidated financial statements. The circular things have no effect on the consolidated statements.

MR. CHAIRMAN: Mr. Chumir.

MR. CHUMIR: Thank you, Mr. Chairman. I'm interested in the comments the Auditor General has made on, I believe it is, page 74 of his report with respect to the loan loss provision by the Treasury Branches Deposits Fund, the accounts of which are set out at 7.40 of the public accounts. The statement is that adjustments were needed because of inadequacies in the system for considering specific losses on existing loans that were experiencing collection difficulties.

It was recommended that the loan loss provisions be improved.

Now, I'd be interested in the Auditor General's comments about the problems in that regard: what the difficulty was, what was done. Was this understating the loan loss provision?

I ask the comment in the context of concerns that have been arising, particularly in the last five or six years, in Alberta and across the country with respect to bad loans in financial institutions, a number of which have gone down as a result of such loans: Northland Bank, Canadian Commercial Bank. Of course, we know that in the Principal Group affair the issue of proper reporting of loan losses was fundamental to an understanding of the economic viability of those entities. This leapt out at me, and I'd be very interested in your comments on that, sir.

MR. SALMON: Ah, yes. Mr. Chairman, the reason this particular item is in the Auditor General's report for discussion, and at least for the interest of the Legislative Assembly members, is because over a number of years we have had difficulty with management of Treasury Branches coming up with the loan loss provisions we felt were satisfactory. The interesting thing about this one is that we feel there are some improvements they can make in their processes of developing those provisions. There's been considerable work done in the last few years, and we are happy to report that much has been done in the current year to improve the status.

What the member needs to know is that although we report this as being of concern, we have been able to conclude each audit with a provision that we have been satisfied with. What has happened is that we've started at somewhat of a far difference between the auditors and the management, but we don't give up until we've come up with a provision we feel we're satisfied with in order that we can give a proper audit opinion on the financial statements of Treasury Branches. We have not had to put a reservation on because of a provision that was improper. We have had them adjust. We could go through that. It's not proper to give the details, but every year we have had them adjust the draft financial statements to improve the provision before we have signed off as the auditor.

MR. CHUMIR: Right. So there's obviously a natural tendency of management to wish to put the rosier face possible on its financial statements and on the business transactions it's entered into. We have a substantial amount of loan capital out in other entities, particularly the Alberta Mortgage and Housing Corporation, the Alberta Farm Credit Corporation, and the Alberta Opportunity Company. I must say that I instinctively have not been happy with what I've seen with respect to those companies. I say "instinctively"; it's an instinctive matter based on the osmosis of watching these other companies fail over the last five or six years. I'd be very interested if the Auditor General could tell us whether he is totally satisfied with the way in which loan losses are accounted for in these three entities that I referred to, whether he has, in fact, gotten into that issue in a depth sufficient for him to state that, yes, he is satisfied that what they are doing in respect of loan loss provision would be of the very highest standards that I think we would now all collectively support for financial institutions in light of the financial failures we have been seeing.

MR. SALMON: Mr. Chairman, I concur with the comments of the member of the committee. It is one thing for the auditor to have his staff do the work, but it's another thing for the auditor

to actually put his signature on an auditors report on a financial statement if you're not satisfied. There have been many meetings and there have been at times, you might even suggest, negotiations to the point where our office and myself particularly are satisfied with the provisions. We have been satisfied, but we will not say that that hasn't sometimes been with much effort on our part to ensure that it's to where we feel it should be because of the detailed examination of the loans and so forth.

MR. CHUMIR: Would you be inclined to recommend that we make changes in the way in which loan losses, land valuations in respect of foreclosures, et cetera, are accounted for? Can we do better in light of what should be rather more robust standards in this area?

MR. SALMON: I think the management of the organizations themselves is doing better. I think we have pressed over the past number of years in these areas. We'll continue to do so if necessary. In this particular case, the Treasury Branches have certainly been very co-operative and have looked hard at what we have brought forward in the way of specific recommendations of the improvement of their systems of developing their provisions. It's really a fairly complicated process in some areas. They have to be very careful. We do a considerable amount of work in these particular areas to be satisfied and assure ourselves, even to the point of individual examination of certain loans. We'll continue to work with them.

I don't know whether there's any standard process that fits for anyone. Each organization has to work out their own type of problems in this area because of the nature of their loans. ADC loans are somewhat different from Treasury Branches and so forth. Backup and support for those loans and the basis on which they determine that is all-important, and we'll continue to work with them in that regard.

MR. GESELL: Mr. Chairman, my question is related to the Hospitals and Medical Care section of the Auditor General's report, 36, 37, 38, and relates somewhat to recommendation 20. Specifically, on page 37 you note that, and I'll quote here:

The Department does not maintain and use a well documented inventory of approved hospital programs to assist in coordinating the delivery of health care programs.

What the report really indicates is that there is a lack of specification of what resources are needed for each program, which would then serve to define some level of activity that is to be achieved by the program. Now, in getting to that sort of conclusion, my question to the Auditor General is: did you discover through a sort of comparative analysis of the various health care programs that are delivered throughout the province that there are some inconsistencies, or did you simply note that such a system should exist to ensure that equitable programming is to be achieved provincewide? I just wondered how that conclusion was arrived at.

MR. SALMON: In our examination of the processes within the department we determined that there was a lot of information along these lines that was not available. In our continued search for ways and means in which they could actually improve the area, and in our discussions with senior management prior to the issue of the management letter, we had thorough review of this area with them, through discussions as well as examinations within the department. The management of the department con-

curs with this recommendation, and the reason for us not putting it in highlighted recommendation form is because of that concurrence. They are actually working towards developing some procedures where they can actually assist in this regard. We're quite happy with the direction they are going, so we've left it on the basis of an information recommendation rather than a bold type recommendation.

MR. GESELL: This question, then, really is one that relates to the 35 recommendations on system improvements, and it's in hand, apparently.

You've made some recommendations to the deputy minister to improve the procedures for monitoring the hospital programs. Will there be some follow-up by your office to make some more specific recommendations, or have the negotiations with the department already resolved that situation to improve on that inventory system?

MR. SALMON: In the process of working with the department in this regard, when the management letter is issued to the deputy minister outlining our concerns, he in turn replies to us, and we received that reply and their concurrence with the processes, that they accepted our recommendations and the processes are being developed by them. Through the course of this year's audit we will be monitoring how far they've gone and what they're doing. Because of the nature of this particular item, it probably won't appear in the report again as long as it's satisfactory to us under the current review.

MR. GESELL: Just to gain a better understanding for myself of the EDP system you're talking about, that really relates to, if I understand it correctly, the system to monitor programs. Is there an interrelationship? You're talking later on in your report, on page 38, about the Institutional Reporting Information System, IRIS, which really relates to the hospital operations. This system that we're talking about, the EDP system, relates to the programs that we're providing, and there is some interrelationship between the two. Is that correct?

MR. SALMON: The EDP systems at hospitals, recommendation 20, is different than 21. I don't know whether you're relating those two or not.

MR. GESELL: Well, I'm trying to get an understanding, Mr. Auditor General, about the -- obviously, one addresses them to the programs that are offered by the health care system. The other one relates to the operations of the system, but generally the intent of these programs is similar, I would expect.

MR. SALMON: Right. To improve the processes in relationship with all of the hospitals of Alberta. That's right; the department is trying to do that. They've developed some systems to do them, and IRIS is one of those systems. We've pointed out some of the deficiencies within the system itself and have reviewed those with the department to help them in making decisions regarding funding to the hospitals. They recognize those weaknesses in this particular system and have agreed to improve the system to incorporate some of these suggested changes. We will be monitoring those as well throughout the present audit that's being done.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. My questions are related to the consolidated statement on page 1.4. But I'd like to start by saying that some of the questions from Mr. Chumir about the Treasury Branches and their loan loss provisions would indicate to me, I think, the need for two things: one, the right of the Auditor General to have money for an audit sort of approach; and second, instead of having a different accounting practice acceptable for each of the different institutions themselves, I think the Auditor General should consider that all of the institutions audited by himself should be on the same basis so that the consolidation statement makes more sense. I couldn't resist throwing that in.

On page 1.4 you see the line in the liabilities and net assets section where it says net assets at the end of the year of \$7.129 billion. Now, that was as of March 31, 1988, and my question to the Auditor General is: if you look at the consolidated deficit for 1988-89, which we do not have yet, but knowing that the combined deficit is \$1.9 billion, I think we could fairly assume that the consolidated deficit for '88-89 will be \$2.3 billion. Not a bad guess, I would think; if it isn't a good guess, correct me. And for this year, assuming that the Treasurer knows what he's talking about in terms of his debt of \$1.63 billion -- that's the combined deficit -- that will show up as a consolidated deficit, when we finally get it all accounted for, of \$2 billion.

AN HON. MEMBER: A point of order, Mr. Chairman.

MR. CHAIRMAN: I'm having a little difficulty, hon. member. We're dealing with the '87-88 public accounts, not the '88-89 public accounts.

MR. McEACHERN: I'm just trying to get at the net debt figure, projecting forward and backward, which we agreed last time that we could do. I want a net debt figure for the end of this budget year that we're now in, approximately.

SOME HON. MEMBERS: That's out of order, Mr. Chairman.

MR. McEACHERN: We could get an approximate figure from the Auditor General, for heaven's sake. [interjections]

MR. CHAIRMAN: Hon. member, let's not carry on a debate among ourselves. We want to try to keep the questions relevant. But I'll let the Auditor General try to deal with your . . . Would you please state your question.

MR. McEACHERN: Dealing in the numbers as I project them from the figures we have for last year, '88-89, and for this year, '89-90, I'm asking him if we will then see at the end of this fiscal year a net asset figure of \$2.8 billion approximately. Does that make any sense?

MR. SALMON: Mr. Chairman, if he has used all the figures of this particular statement, which I can back up because I have signed an opinion on this statement, and has taken other figures expressed by the Provincial Treasurer which have not been audited, I assume that he has done his own calculation. I will not comment on his own calculation until I've audited it, because I'd have to examine it all, determine whether or not it was reasonable. But as far as commenting on this year's reports, we're in the process, we don't know what the deficit is, we don't know what our situation is yet because it's still early in the

game. We don't even come to some conclusion on the financial statements until the early fall because of the cutoffs and so forth on the various things.

MR. McEACHERN: All right. I'd like to ask a completely different question then. I'm wondering why the Auditor General seems to be happy to consider, in each of those three Crown corporations that were referred to earlier, Alberta Mortgage and Housing, ADC, and Alberta Opportunity Company, their books separately from the books of the heritage trust fund and the books of the general revenue account. As one of the previous questioners pointed out a few minutes ago, you end up with a triangular situation where the general revenue account puts money into the Crown corporations, the Crown corporations pay their debts to the heritage trust fund, and then we brag about how much money we get from the heritage trust fund. When you take . . .

MR. CHAIRMAN: Hon. member, if we can try to keep the editorial comments out of this and just deal with . . .

MR. McEACHERN: The point being that . . .

AN HON. MEMBER: What's the question?

MR. McEACHERN: Well, give me a minute.

It gives a false impression as to the worth of the heritage trust fund, because we talk about how much money we get from it this year but we don't account for how much we subsidized those organizations until a year later. So I can't understand why the Auditor General has not looked at that whole thing and commented on the false impression that that gives. After all, he did do a very thorough job of pointing out that the deemed assets give a false impression if counted into the heritage trust fund. I think this other problem is just as big.

MR. SALMON: Mr. Chairman, the deemed assets, of course, are within heritage itself. Therefore, it's easy to comment because you're within that particular entity in that organization, and therefore you comment within that sphere. As soon as you relate three or four organizations -- if the government chose to pass legislation and eliminate the housing corporation and eliminate ADC and eliminate AOC and include them in the General Revenue Fund, you'd probably have a better picture in relationship to the heritage fund. However, you could also do away with the heritage fund and dump that into the GRF as well. I am in the position, and I'll have to stick to my position, of when I explained on pages 99 and 101, I was trying to give some background information to be sure that you understood that each one of these entities stand by themselves. They're by legislation. I'm required to give an opinion on those particular statements. Until we consolidate them, I really don't get into any comment of a consolidation nature. I can't just pick four and work out a consolidation on those, because there's no reason and there's no requirement. Therefore, until you take the overall consolidation, I must talk on them on an individual basis.

MR. McEACHERN: With respect, I think there is an obvious reason, and that is that those three Crown corporations have been losing money since 1981 and none of the other investments of the heritage trust fund have been, on a consistent basis.

MR. SALMON: Those reports also show those losses, and we've made sure they've shown all the information necessary.

MR. McEACHERN: Anyway, my last question to the Auditor General is related to the Treasury Branches. We now know that the loan loss provision was at \$130 million for the last two years. I didn't look back at the three or four years behind that, but a loan loss provision of some \$200 million over the last three or four years. I would think that they have a net debt of \$143 million. We know that they received \$153 million in the CDIC bailout of North West Trust. That's about \$500 million. Could the Auditor General tell us how much of that is related to the loans made to North West Trust by the Treasury Branches between 1983 and '85?

MR. SALMON: No, I couldn't. Mr. Chairman, I couldn't give the details on that because I really don't know them. That'd be a specific transaction that would have to be -- it may be in our working papers, but I doubt it, as a specific item. The statements, of course, show the provisions that have been established on the loan loss side of it. Also, the net loss that he quoted is correct, because that's straight from the statements. But as far as a detailed, specific amount relating to North West Trust, I wouldn't have that information.

MR. CHAIRMAN: Thank you, Auditor General.
Mr. Lund.

MR. LUND: Thank you, Mr. Chairman, and good morning. My question is to do with the reporting of construction activities of Alberta Transportation on page 67 of your report. You indicate that the department's annual report to the Assembly on highway construction does not include the details of work that has been set out in the planning stage and then, of course, had money appropriated to it. And then you express a concern that because these details are not included, accountability is limited where the department changes the scope of the project from what was originally proposed and having money allocated for it. Granted, it would be useful if all this information was reported by the department to the Legislative Assembly. But since this information regarding the appropriation of funds to certain projects is all debated and documented through the estimates, is it really fair to say that there is a lack of information which guarantees accountability? Is it not more a problem, simply, that no one report summarizes all the relevant information?

MR. SALMON: I believe the member has a particular point, that there is information available. We are just talking in relationship to weaknesses in the systems within the department itself for their own accountability processes internally. They certainly conceive of the suggestions that we've made as being of help to them. It's a case of when and whether or not they can actually put together something that would be better to operate by. We are not really pursuing this as being something of major concern. We're pointing it out as a weakness within their own systems and accountability processes within the department itself. We've had some good discussions with management regarding these particular items, and we're quite satisfied that they're interested and are working on it.

MR. LUND: Have you come across any evidence that shows that this has enabled the department to manipulate the applica-

tion of budgets beyond what would be acceptable?

MR. SALMON: No. It's more the potential weaknesses there, rather than specific problems that have actually turned up.

MR. PAYNE: Mr. Chairman, I was concerned to read on page 31 of the Auditor General's annual report that the Department of Energy apparently lacks procedures for detecting and investigating instances where producers are incorrectly reporting gas production as being royalty exempt. Now, the Auditor General's recommendation 17, of course, is a result of those observations, and I guess my question to Mr. Salmon is: has the department given any preliminary indication as to the feasibility of implementing his recommended procedures?

MR. SALMON: Yes, the department has recognized the problem and concurs with the recommendation. They've actually commenced to implement some procedures to identify them a little bit more specifically and to deal with the issue. They have actually agreed to do that, and we'll be following that up throughout the course of the current year.

MR. PAYNE: Well, I'm encouraged to hear that, Mr. Salmon. I wonder, could you give the committee members a ballpark feeling as to the magnitude of the problem? A fraction of total production or . . .

MR. SALMON: We had some specific instances in the examinations that indicated some of the problems. We discussed those specific instances with the department, which they concurred with, and had the opportunity to look at them themselves. What we haven't done is projection. The difficulty is there, to try to project really what the magnitude of it is. They would prefer to try and improve the processes, and they've made some specific steps to do that.

MR. PAYNE: Mr. Chairman, you may want to rule on the appropriateness of this final supp, but I'd like to ask the Auditor General if he feels that these reporting deficiencies are the result of inadvertence, or is there something more willful involved?

MR. SALMON: You could surmise certain things as you examine and look at those kinds of things, but I wouldn't want to suggest here that there's any serious things taking place. Certainly the department is concerned that there could be, and we certainly wouldn't want that to be happening, where they're being improperly reported or anything like this. The idea is to develop a system to tighten up the points in getting the information in as it should be and getting it processed properly so that they don't have the problem.

MR. PAYNE: Thanks, Mr. Chairman.

MR. CHAIRMAN: Just for the benefit of the members, if a question is asked that calls for an opinion, I usually leave it up to the witness to determine whether or not they want to answer that question. If it's clearly out of order, I'd step in or intervene.

So Mrs. Laing, followed Mr. Brassard, then Ms Mjolsness.

MRS. B. LAING: Mr. Salmon, in recommendation 10 on page 23 of the report you raised the problem of overfunding by the Department of Health to health units, overfunding which is not

subsequently recovered by the department. Could you help to explain the extent and the severity of this problem?

MR. SALMON: We had some specific instances, and a couple of them are explained, of where there was some overfunding. The department accepted those examples and went about determining how they could resolve the issues. They have indicated to us that in those particular instances they have resolved the matters. We haven't had a follow-up yet on these and so are not able to report on it, but they have made contact with the organizations involved, and action has been taken to recover. And we expect that in our examination for the current year we can review their processes and procedures that they've established to ensure that they are not occurring in other instances as well. There are a number of other health units involved, and we don't know the details of whether they exist in any of those or not. But the department was going to do some follow-up in that regard.

MRS. B. LAING: Thank you.

Secondly, on page 22 the fact that one health unit had prepared two sets of financial statements is mentioned, which I'm sure we could see would be misleading for any party. With reference to this, could you tell us what your office is doing to continue an investigation of that problem, and has there been any resolution of this to date?

MR. SALMON: I understand that the department has gone into a review of this particular one and has met with the particular health unit management and has come to an agreement and a resolution of the problem. I understand that these kinds of things will not be happening in the future. This is the indication, and we'll know that after we've done some more work.

MRS. B. LAING: Thank you very much.

MR. CHAIRMAN: Do you have a further supplemental, or is that fine?

MRS. B. LAING: No.

MR. CHAIRMAN: If Mr. Brassard and Ms Mjolsness approve, I'd like to recognize Mr. Cardinal right now. Is that acceptable?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: It's okay? Mr. Cardinal.

MR. CARDINAL: Thank you very much. The immense task faced by the audits office each year is daunting, given all the departments and government agencies that must be involved. Because of the sheer volume of work facing the office, I believe the office must be forced to target areas within a department for more in-depth examination each year. For example, on page 5 of the report with respect to Advanced Education, you specify what the annual audit was extended to include, as you do with other departments listed. In choosing which areas to target each year for the most intense audit, what criteria do you use? Do you look for complex areas where potential for problem is greatest, areas where there have been weaknesses in the past, or do you simply rotate from year to year?

MR. SALMON: Mr. Chairman, I could say yes to the first two, but not the rotation. We have established processes within the office to select the areas to review and audit which have the greatest potential for improvement for management and where we can find areas of weaknesses that would help management to improve. The first two are right. To establish a process and just rotate would not put that emphasis on those important items. Also, when we actually have commenced to do a particular audit of a system, if we recognize fairly early on in the stages of that audit that there is not any need to continue because the improvements are just not there, the weaknesses are just not there and things are working satisfactorily, we can back off and not use our resources where there's not too much benefit, other than telling them that they're doing a fine job and it looks okay. So we do try to concentrate on those areas where it will be best for our resources to work.

MR. CARDINAL: I have a supplementary, a further question on procedure. Are all recommendations from each year's annual report followed up during the subsequent year in order to monitor progress and provide specific advice to the department in question?

MR. SALMON: Yes, Mr. Chairman. In fact, each year the Treasurer -- the management of Treasury, actually -- prepares written replies to every recommendation for the Public Accounts Committee, and I have in front of me the draft copy of those answers. Because of the magnitude of involvement with all of the departments, they have to receive their replies from those departments and the particular organizations, if it's not a department, and develop the answer, put the package together for the Provincial Treasurer to review, and he then can release it to the Public Accounts Committee. They have not got to the final stages yet, but this is the draft as dated June 16, 1989.

MR. CARDINAL: Thank you.

MR. CHAIRMAN: Can I just ask a question with respect to that? When would you think that that report will be . . .

MR. SALMON: My indication was that they'd have it done by September, because they are looking for the summer to finish off. They've had a preliminary meeting with us to see whether or not we agreed with the direction that they are going, because it is nice for us to recognize where they're heading. This is in addition to the replies that we received from the individual departments and from the organizations.

MR. CHAIRMAN: Thank you very much.
Mr. Brassard.

MR. BRASSARD: Thank you, Mr. Chairman. Mr. Salmon, I'm referring to page 27, recommendation 13. In your preamble I noticed that you mentioned that of the 47 recommendations, fully 35 of them dealt with systems. As a matter of fact, of the 14 repeats, 10 of those were systems, although they had been agreed upon to be repaired within a year. Before getting into this line of work, I had a bit to do with computers, and I know that it's easy to get locked into some computer hardware that really doesn't always do the job. You recommend that Alberta Intermodal Services Ltd. exercise better management control when acquiring new computer systems. I find that your report

deals so much with recommendations almost after the fact. Would it not be more meaningful if you could get involved ahead of time with some of the recommendations for computer acquisition and systems?

MR. SALMON: Mr. Chairman, occasionally the office has been asked to look at something on a preliminary basis, and we've given our advice. We don't sit on committees and become part of the process of decision-making, but we have been asked for advice as to whether or not it would resolve the issue that they have. In this particular situation, yes, it is true that it did come after the fact, and our concern was the cost escalation that took place because of not having a process where management would have some control over what was happening. They are concerned with that themselves and have indicated to us -- they said it's not going to happen again, that they have made some efforts to ensure that in future.

Because in acquiring software, it changes and needs change and software changes, improvements come about, and you want to look at some new software that will improve your processes. It's an ongoing matter. This is not just a one time in a lifetime concern, because software does require amendment and upgrading, and these kinds of things would require some kind of monitoring by management to ensure that someone doesn't come in and give them a package that isn't going to resolve their problems. The user of the system needs to be very careful that they are aware of what they are getting before they make a decision. The escalation of the costs was our concern, and they've agreed to watch it closely in the future.

MR. BRASSARD: I noticed on page 48, recommendation 27 -- we're dealing with Alberta Mortgage and Housing Corporation -- you recommend that the information system to improve the management of mortgaged lands and housing investments be updated. Would some guidance on computer acquisition before the fact in this case not be beneficial? I guess what I'm really looking for is: do we have kind of a five-year overall strategy so that all departments are dovetailing together, so that we're all comparing apples with apples and the systems are compatible in every sense and would thereby lend themselves to expansion and direction and still conform with an overall pattern of accounting? Am I on the right track, or is that possible today?

MR. SALMON: Mr. Chairman, that's a good comment, and we would certainly agree with that. We're very pleased to indicate to the committee that with respect to the housing corporation it's an ongoing matter of review with our office. We've been discussing these matters, and other matters of improvement of their systems, over a number of years, and they certainly have been open and aboveboard with us regarding what they want to try and do and have listened to us with respect to our concerns. I believe that because of that rapport with management and our office, as the auditors, positive action is taking place. And it'll be before the fact, and so there will be a very careful monitoring of what their needs are.

MR. CHAIRMAN: Good. Thank you.
Ms Mjolsness.

MS MJOLSNESS: Thank you, Mr. Chairman. On page 58 of the Auditor General's report, at the very top of the page under "Audited financial statements of agencies," the Auditor General

examined 78 agencies, and 11 of the 78 agencies did not have audited financial statements. I'd like to ask the Auditor General if he could give us a clear understanding of why such a high percentage of the agencies that were examined did not, in fact, give financial statements.

MR. SALMON: Eleven of the 78 agencies -- is that where you are?

MS MJOLSNESS: At the top of page 58.

MR. SALMON: Thanks. My understanding was that the financial statements had been done but they had not been submitted to the department, and the department had not been following up on a process that they have to ensure that they have these support documents with respect to this policy. I think our reminder to them of the need to have these and to monitor the actual costs of these organizations through the financial statements is an important control issue that they need to ensure that they do. Why there were that many we weren't sure of, until we pointed it out to them.

MS MJOLSNESS: Thank you. I'm just wondering then . . . These agencies that were examined were receiving over \$50,000, minimum, from the Department of Social Services. I recognize that many agencies receive millions of dollars, and I would like to ask the Auditor General if he has any indication of how much money, due to the lack of audited financial statements, might have been lost or misspent by these agencies?

MR. SALMON: I couldn't answer that question directly. This was a control issue that we had reported, Mr. Chairman, and we're not in a position to project whether or not there were specific losses. We don't know of any specific losses, but certainly the potential is there. If they're not measuring where the moneys are being spent, they could be issuing dollars without being sure that they're properly accounted for.

MS MJOLSNESS: Okay. The final question. So it says that a management letter was sent to the deputy minister, and you've already alluded to that. You made the recommendation that the department ensure that these agencies do submit audited financial statements, and I'm just wondering if you made any real, specific recommendations to ensure that these -- other than just a general statement of tightening up.

MR. SALMON: I don't have the management letter here in front of me because it's in the office with all the rest of them, but I'm sure our letter is beyond just this point. However, this was the point, that it was not complying with their own policy of ensuring that the financial statements were on hand. And of course once they're there, there should be some processes for examination to ensure that they're also satisfied with what the results are. We were pointing this out to them and felt that at least we would mention this as an item of concern because of the numbers that they hadn't followed up on.

MR. BRADLEY: Mr. Chairman, on page 62, dealing with recommendation 40, the Auditor General has mentioned that he has a concern over security over electronically created documents at AGT, that the systems are weak, and it doesn't "protect against unauthorized access" to their systems. In the review, did

the Auditor find that there were, in fact, any unauthorized people gaining access to confidential documents? He also mentions that "authorized documents may be altered or destroyed" without authorization. Were there any examples of that, or is his recommendation purely one of suggesting there should be preventive action taken?

MR. SALMON: Mr. Chairman, there are no specific findings where there had actually been a breakdown. As we pointed these deficiencies out to management, they were very interested in the concern and have indicated to us that they do not want to let this . . . It's an ongoing growth area. Using the computers rather than a lot of other ways of issuing documentation around to the offices and so forth is becoming much more common, to use the computer processes. They have actually gone right into this area and developed some new controls to ensure that the weakness is not there. They have assured us that they've now established those controls, and when we look at it in the current year, we should not find the same problems that existed before. They were concerned immediately that they do something about it and have assured us that that's what they've done. They've been very positive in that regard.

MR. BRADLEY: Were the concerns in terms of the system deficiencies due to the type of system that was being used, or was it due to training of personnel or the type of computer programs they were using?

MR. SALMON: It's the type of system that they had established.

MR. BRADLEY: And you're assured now that they have taken corrective action.

MR. SALMON: That's what they tell us, and we assume that's right until we've actually looked at it again. So we're happy with that.

MR. CHAIRMAN: Mr. Severtson.

MR. SEVERTSON: Thank you, Mr. Chairman. With respect to Olds College, discussed on page 16 of the report, there appears to be an ongoing problem with having the audit completed on time at year-end. Last year the problem was treated as minor, I believe, and partly attributed to the college late year-end, which comes at the end of June. Now that the college has again failed to meet the standard of year-end procedures, and has consequently delayed the audit process and the cost to the government, I'm concerned that a more fundamental flaw within the college financial management system is at fault. Could the Auditor General comment on the severity of this problem?

MR. SALMON: It's interesting that we had the concern last year, which was the June '88 year-end of the college. We issued this one because of the very late time in which we actually finalized the financial statements of the organization. This year there's been a dramatic change. I think they were a little concerned that we'd actually put it in here and make it public. We're not happy with that and certainly are not going to do it again, because we've had very positive indication that things are moving along fine. We will, of course, know as we complete, but we're certainly getting positive indications that they'll be

ready for us and be able to complete a lot earlier in the current year.

MR. SEVERTSON: You partly answered my supplementary. I was wondering whether the college administration needed to receive any financial advice to resolve that problem, but it sounds like maybe they have resolved it.

MR. SALMON: Well, one of their problems had been some staff turnovers. This doesn't always help any organization, when you lose key financial people in the middle of a year-end, and that is resolved, I understand, now.

MR. SEVERTSON: Thank you.

MR. CHAIRMAN: Mr. Thurber, followed by Mr. Bruseker.

MR. THURBER: Yes, Mr. Chairman. It's my understanding that the question of how to account for pension liabilities has arisen from time to time in meetings of this committee. On page 4, recommendation 1, the Auditor General again expresses concern with the government's exclusion of pension obligations from its financial net worth, adding it on instead as a note. While considering this note an accurate indication of the province's pension obligation, the Auditor General remained concerned that the note does not sufficiently indicate short- and long-term cash requirements of the province.

My question is: has the Auditor General found any evidence, apart from the mechanics of this accounting procedure, that the government has in fact not taken into account its future financial obligations with regard to these pensions?

MR. SALMON: That's a good question, Mr. Chairman. The expenditure of the actual pensions is being made, of course, out of the General Revenue Fund. The liability has been determined over a number of years, and continues to grow. I think the growth of the pension has been the biggest concern that we have had. There is a small pension fund -- well, maybe it's not small, because it's about \$4 billion. But where the pension liability is in the neighbourhood of almost \$8 billion, we've had the concern, a concern not just in Alberta but a concern within Canada itself in governments and the way they're accounting for pensions.

A committee of the Canadian Institute of Chartered Accountants was developed a number of years ago, and one of the things they did recently was issue this statement that is indicated in this particular point, where they have suggested that governments should record the liabilities within their financial statements. We acknowledge that the information that is supplied in the notes to the consolidated statements of the province as well as the General Revenue Fund of the province is clear and indicates the position of the province. The step that hasn't been made, of course, is whether or not they should include it as a specific liability and therefore reduce the bottom line.

We think that because of the interest and the concern that exists across Canada -- and as a legislative auditor who meets periodically with other legislative auditors at least once a year and occasionally another time, we know it's an issue in other provinces; it's an issue in Canada. Quebec has a reservation on their financial statements for their pension liability. One of the reservations on Canada's statements is concerning a pension liability. We have not chosen to do that, because we feel there

needs to be more time to really resolve the understanding and the approach to the suggestions on a public-sector accounting and auditing committee's statement of defining government reporting entities and working in the pension processes: how much should be reported in pensions and how it should be done. When that is done, we expect that there'll be some action eventually.

Treasury has indicated that they're quite satisfied at the present time with a note disclosure. In our meetings with them we've indicated we still will continue to pursue it, and the reflection of a liability is still probably a proper way to go. How the province chooses to do that, of course, will be a policy decision of the government we'll have to abide by, or at least wait our time to determine what is going to happen. In the meantime I do not choose to drop the matter, because I feel that it's one that should be kept in front of the Legislative Assembly. It's an important item to discuss and possibly eventually have resolved in one way or another.

There is a difference, of course, between just recording it and also determining how you're going to meet the liabilities of the future. That again is -- we've only discussed it from the point of view of recording it because of the recommendations of this committee and our own feelings even before the committee made the recommendation. But there is a bigger question, and that would be whether or not the government will be in a position to fund the pensions in the future.

MR. THURBER: A supplementary, and you've partly answered this. Would a simple change to the method that the province uses in recording these liabilities change the government's capacity to cover its future financial obligations?

MR. SALMON: No, it wouldn't. It would resolve an accounting issue, but it wouldn't resolve the item you just mentioned. No.

MR. THURBER: Is this a matter of whether the province will be able to meet future cash requirements, or is it more a question of how to best show that on paper as to these future cash requirements?

MR. SALMON: That's right. There has been some discussion in the past, although the committee's recommendation didn't suggest it. They suggested you hit it remedially and put the whole thing in. There has been a suggestion that you amortize it over a number of years and eventually get the thing built up. The same thing probably would apply to developing the pension fund to the point where it eventually covered itself as well.

MR. BRUSEKER: I'm looking at page 27 of your report: the Alberta Opportunity Company. At the end of the first paragraph it says:

There is scope for improving the usefulness of the financial information they contain.

I've had a look at the Alberta Opportunity Company's annual report, and I notice there is no recommendation here regarding the direction of their annual reports. I'm wondering if you can make a recommendation to the Alberta Opportunity Company. I know that when I was looking through it, things I would like to see in there would be things like: to whom did they give money, how much did they give, what are the loans for -- basically a little more detail. Can you make that recommendation,

that they include that in their annual reports?

MR. SALMON: To have a detail of the expenditures and a breakdown of the expenditures?

MR. BRUSEKER: Yes.

MR. SALMON: A few years ago it was there, if you look back a few years. Then they chose to not include the detail, feeling that was internal to them and wasn't important from a point of view of public disclosure. This is really what this is driving at: to include more information in the financial statements than they had in the past concerning their detailed operating expenses. I suppose I can mention -- the chairman says I can mention anything I want on this stuff. I signed the opinion on the Alberta Opportunity Company's financial statements just a few days ago, and there is some more detail, in one of the notes, that wasn't there before. So although we haven't yet arrived where we would sort of liked to have in this particular item, there has been some improvement to that of last year. Knowing the nature of AOC, we'll continue to work with them and see if we can have them better presented.

MR. BRUSEKER: Okay. Thank you. In another question sort of relating to clarity of presentation, we've got this Details of Expenditures by Payee, and I find this a real boondoggle to work through. I'm wondering, is there someplace -- for example, one of my portfolios is economic development -- where all of the expenditures by economic development are listed by department rather than by payee? Because now what I have to do is thumb through the 400-some pages that are in here to try and highlight them all, and it becomes almost an impossible task.

MR. SALMON: The supplementary volume of public accounts is at Treasury's kindness to the Legislative Assembly, to give them some indication of the payments. It's not part of the actual audit. We don't actually audit that other than examine the process that they come up with, the document itself. The question was raised last year, and I certainly can empathize with your problem in trying to get the details on a particular department. It's all there, but you have to work at it. Last year I indicated that your question is best addressed to the Provincial Treasurer. I believe it was raised with the Provincial Treasurer, and Treasury has not chosen to present it any differently than that form. If you can convince them to do otherwise, why, that's fine. We have no control over the actual way they're presenting those, because that's their choice.

MR. BRUSEKER: All right.

My last question refers to the public accounts book, section 2.33, just a general question I would have there. This is Details of Guarantees. The question I have is really: what is the status of these guarantees? Has the government been required to cover some of these guarantees? I couldn't find it anywhere in here. Are these all still in active repayment by the relative companies listed, or has the company defaulted, and sort of what is the status of these loan guarantees?

MR. SALMON: When they default, it becomes an implemented guarantee, and then that's an actual cash outlay by the government. If the guarantee is actually implemented, it would be a

draw from the government and they'd have to pay. It's like you sign a note and somebody fails; then you have to come up with the dollars. This is the actual dollars that these organizations have drawn on that the promise has guaranteed. Now, as long as they make their payments and pay it off, then there is no problem. But this is the actual portion they've actually drawn from the banks, whatever the guarantee is.

MR. CHAIRMAN: Mr. Jonson.

MR. JONSON: Yes, Mr. Chairman. To the Auditor General: I would like to ask a general question about 2.4, which starts on page 5; that is, the Department of Advanced Education. I notice that there are a number of recommendations, and in addition to the sections where there are recommendations, there are references in the comments made on other institutions, which could well lead to recommendations.

With respect to the institutions referred to, given that there seem to be common problems such as inventory control and so forth across this whole department, if I could put it that way, did the Auditor General consider making a general recommendation that some type of financial review committee be established to go through and help all of these institutions with tightening up their financial controls?

MR. SALMON: Mr. Chairman, we haven't made a general recommendation. I think the point is well taken. There probably is some work that the department could do to assist the individual organizations in some of these weaknesses that we've pointed out.

MR. JONSON: More specifically then, Mr. Chairman, with respect to the University of Alberta and the whole business of technology transfer, there is a recommendation there -- recommendation 8 on page 12 -- in terms of designating more clearly the responsibility for dealing with these matters. Could the Auditor General just briefly explain the mechanism which seems to be in place, and whether his recommendation here is made because of a potential for problems or whether there is some indication that there is actually the loss of funds involved or things are going astray with respect to these agreements?

MR. SALMON: I'm sure the member understands, Mr. Chairman, that there are many arrangements within the University of Alberta. In fact, we've actually indicated that there are the subsidiary companies that have been organized as well as something in the neighbourhood of 100 other arrangements. So there are many different types, because when you consider the research area, each one of them can be peculiar unto itself because of the nature of the research matter that's being funded or being sold as a fee or whatever, and the recovery and the transfer of this information is peculiar in each situation. We have reviewed what they're doing generally and also what they're doing on some of the specific ones that we examined, and pointed out some of the problems that existed in order for them to ensure that they're all tight and that they're not going to lose on the process.

The university has concurred with what we have pointed out. They have recognized, though, the need to have flexibility; that's necessary in negotiating such arrangements. In other words, you can't be too straight and say, "They've all got to be this way"; it's a case of a particular situation. They've said they

would look at it on the basis of developing the controls to ensure the flexibility is still there and that they would also ensure that the financial and legal risks are considered and minimized when entering into initial and ongoing agreements to promote the transfer of technology. So although they have moved on a lot of different things at the university, they do recognize that there are some checklists and some tightening up to ensure that as the decentralization of the university itself takes place, they don't lose. So they are issuing some guidelines and ensuring that there is some tightening up of the general processes at least.

We'll look at that as we go through the university again and see whether or not there's something else that we would need to remind them of.

MR. JONSON: A final supplementary, Mr. Chairman, still dealing with page 12 but moving down to recommendation 9, just very quickly. Is the recommendation designed to make sure that there's some type of board approval for the transfer of money out of operating funds into reserve, or is that process really appropriate in the first place?

MR. SALMON: Are you talking about the operating deficit?

MR. JONSON: Yes.

MR. SALMON: Our question there, Mr. Chairman, was that by actually setting up the reserve in this particular year, they created a deficit. In other words, they've said that they have to have this reserve set aside, and yet they don't have the dollars at the bottom line to show they really could do this. Officially, or through the board, they can do it, but it just doesn't make sense from an economics point of view and an accounting point of view. We have addressed this issue with them and felt that it was necessary to raise. The interesting thing that has occurred is that the department concurs with us, and they are going to try to establish, through some guidelines that they're developing on another recommendation in this section regarding reserves, where they will issue a policy to be put in place to ensure that this kind of arrangement will not take place in the future. The university doesn't agree with us, but the department says that they can tighten it up. So we'll see what happens.

MR. CHAIRMAN: I do have yet to recognize Mr. Shrake. I wondered if he would mind yielding his right to put a question at this point until we next meet with the Auditor General, because the co-Chair of the committee would like to have a brief meeting with government members to decide upon guests at some of the functions that will take place at the Canadian Council of Public Accounts Committees meetings. Is that acceptable?

MR. SHRAKE: Being the nice guy that I am, I'll do it.

MR. CHAIRMAN: Well, thank you very much.

Before I call upon the co-Chair to make a motion with respect to our next meeting, I would like to express on behalf of the committee our appreciation to the Auditor General for the comprehensive way in which he answered what I thought were quite a large number of well-considered questions that were put to him today by members of the committee.

Mr. Moore.

MR. MOORE: Thank you, Mr. Chairman. I think we all understand that next week we're in recess, and the following week we have the national conference here. So the next meeting of the Public Accounts Committee would be on July 19. Just before I move adjournment on that point, I would like to ask all the government members to meet in the lounge here just for a second to see who wants to go to those receptions at the conference that we're talking about coming up on the week of July 9 to 12.

So, Mr. Chairman, I move that we adjourn now until 8:30 a.m. on July 19.

MR. CHAIRMAN: Quite a large number of members have indicated they'd like to put further questions to the Auditor General. Would you also add that the Auditor General would be in attendance at that time?

MR. MOORE: . . . and that the Auditor General would then again appear.

MR. CHAIRMAN: Okay. We have a motion. Is there any discussion on the motion?

Mr. Chumir.

MR. CHUMIR: I was wondering whether maybe we shouldn't move the Provincial Treasurer a little farther down the list. There may still be some chance he'll get on during this session; we wouldn't want to see that.

MR. CHAIRMAN: Well, that's not an amendment to the . . . It's quite a -- so I'm going to rule that out of order.

Any further debate on the motion to adjourn until July 19 then? Hearing no debate, those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: We're adjourned.

[The committee adjourned at 9:56 a.m.]

