

8:30 a.m.

Wednesday, May 6, 1992

[Chairman: Mr. Pashak]

MR. CHAIRMAN: I'd like to call this Wednesday, May 6, meeting of the Standing Committee on Public Accounts to order. Before I do that, I'd just like to make one very brief comment. I'd like to express to committee members my personal regret that Mrs. Osterman is no longer a member of the Legislature and a sitting member of this committee. I always felt that in all the sessions we've held, she always asked very penetrating questions and was a very valued member of this committee.

Mr. Moore.

MR. MOORE: Well, Mr. Chairman, last week a motion was moved, a Liberal motion which we are against, about the attendance of media here. We intend to correct that at the first opportunity we have.

We're fully in support of the media. I notice we haven't changed that, and that's still the rule of the House. This Liberal motion doesn't want the press here, and I would like it clearly stated that at the moment that is the rules of this House.

Now, what I really want to talk about is the agenda. We have with us today the Auditor General, a very important person. His time is very important to the citizens of Alberta. I notice that on the agenda we have moved Other Business up to number 2 position from the usual normal place, after we deal with whoever is appearing before us. I do not think we should be holding up the gentlemen from the Auditor General's department while we do Other Business. That isn't normal practice. We deal with them. They're here giving of their time and expertise to the committee. I make a motion

that we move Other Business down to number 4 position, which is just before Date of Next Meeting, and we move up number 4, Meeting with Mr. Donald Salmon, Auditor General, into the number 2 position on the agenda.

MR. CHAIRMAN: Okay. We have a motion to alter the agenda and begin immediately with questions. In effect your motion would be to begin immediately with questions of the Auditor General.

MR. MOORE: That's correct.

MR. GIBEAULT: Mr. Chairman, I would like to amend that motion. I would accept that motion as proposed by Mr. Moore with the amendment "except item 3(b)," which we deal with immediately in terms of immediate accessibility.

In speaking to my amendment, Mr. Chairman, we've got to resolve this question right away. It's not clear from the agenda who intended to speak to that agenda item. Could you just tell us?

MR. CHAIRMAN: I just have a letter from Richard Helm that I sent out with the minutes of the meeting. It's addressed to all members of the committee. I just bring it to your attention. If anyone wants to make a motion with respect to that letter, they're free to do so. I've received indication from Mr. Moore that government members in this committee intend to make a motion with respect to that communication we have received from Richard Helm.

MR. GIBEAULT: I would agree that's an important item, and it may affect even the coverage of today's meeting. So I would like to suggest that we . . .

MR. CHAIRMAN: No, it has nothing to do with the coverage of today's meeting.

MR. GIBEAULT: Well, I don't know that, because I haven't heard Mr. Moore's motion. If you'd like to tell us now, I'd be willing to entertain it.

MR. CHAIRMAN: You heard Mr. Moore. There's a motion on the floor.

MR. GIBEAULT: I made an amendment, Mr. Chairman.

MR. CHAIRMAN: What's the amendment?

MR. GIBEAULT: That we accept the motion with the amendment "except item 3(b)," which is dealt with now.

MR. CHAIRMAN: You want it dealt with right away.

MR. GIBEAULT: Yes.

MR. CHAIRMAN: Okay. We have an amendment to the main motion, which would basically support Mr. Moore's motion with the exception that we would look at the issue of media accessibility to the Chamber.

MR. MOORE: Speaking to the amendment, I feel it's not fair to the Auditor General that he sit here and listen to this. There is a difference of opinion here. The Liberals have a position that media should not be in here without a week's notice. We have a different opinion. To bring this up in a debate here is not fair to the Auditor General. The more we debate it right now, the more we're holding up this important gentleman and his staff, so I oppose it.

MR. CHAIRMAN: Mr. Lund.

MR. LUND: Thanks, Mr. Chairman. Speaking to the amendment, I think we should leave the agenda and support the motion. The media - television - are here now. Why do we waste this time? Why don't we get into the real meat of this committee and get on with it?

MR. CHAIRMAN: Okay. Any further debate on the amendment? Hearing none, those in favour of the amendment as proposed? Those opposed? Amendment defeated.

Any further debate on the main motion, which is to alter the agenda and bring the Auditor General forward immediately? Those in favour of that motion? Those opposed? Motion carried.

Auditor General, we welcome you here today. Again you've brought with you two senior officers from your department. Mr. Andrew Wingate is the senior Assistant Auditor General, and Mr. Merwan Saher is the senior director, office of the Auditor General.

I welcome you again, Mr. Salmon, and if you'd care to make an opening statement, please do so.

MR. SALMON: Thank you, Mr. Chairman. I do have a short opening statement to just kind of give a flavour of what we do have in the report. As you are well aware, the report was tabled on April 10 following the public accounts being tabled on that day. If one has reviewed the report, you can tell it is very similar to previous years. In this particular report we have 33 numbered recommendations addressed to the government, and as is the usual practice, I anticipate that later this year the Provincial Treasurer

will provide the committee with formal government responses on those particular recommendations.

As usual, all findings, conclusions, and recommendations have been thoroughly discussed with the management of the audited organization or department. My summary conclusion for all the financial and management control systems and procedures examined appears on page 1 of the report, and apart from the observations reported, I am satisfied that the systems examined contribute to the sound financial administration of the province.

For every financial statement audited I have issued an opinion, and I am pleased to report that opinions on the consolidated financial statement and the General Revenue Fund had no reservations of opinion. On page 110 of the report I list 12 other Auditor's reports that had a reservation of opinion. Nine of those reservations were of a technical nature relating to donation revenue, and as in previous years the heritage fund financial statements were not prepared in accordance with acceptable accounting principles. Also, once again I could not fully audit the revenue of the Alberta Resources Railway Corporation. This year the financial statements of the Lethbridge Community College did not record a liability for early retirement costs.

There are several areas I'd just like to comment on briefly. First of all is the General Revenue Fund and the consolidated financial statements. I have become increasingly concerned that the General Revenue Fund financial statements are inappropriately used for reviewing the province's overall financial condition and operating results. With the advent of the Capital Fund and the Lottery Fund in addition to the heritage fund and all the other funds and agencies, it is very important that readers use the consolidated financial statements to understand the province's overall results and net assets. For this reason I have alerted users of the General Revenue Fund financial statements, through the first paragraph of the Auditor's report, "that the statements do not include all of the government's financial activities" and that the consolidated financial statements provide a more comprehensive view of the financial affairs of the government.

Note 5 of the General Revenue Fund financial statements points out that the General Revenue Fund does not include deficits incurred by provincial agencies, regulated funds, and commercial enterprises. For example, accumulated deficits of the Housing Corporation and Treasury Branches are not included in the GRF. Even though the consolidated financial statements do not include the provincially owned universities, hospitals, and colleges, these statements are the most comprehensive accounting of the financial position and results of government operations. These consolidated statements provide users with an understandable overview of the total financial affairs and resources for which the government is responsible.

Consolidated statements are not intended to replace the separate financial statements of individual funds and agencies; these individual statements are important accountability reports in their own right and should be looked upon as such.

#### 8:40

This particular year there's been a change in the accounting policy in the General Revenue Fund. With the change in the accounting policy in the GRF as explained in note 3 to the financial statements, any losses on guarantees and indemnities will be charged to expenditure when management determines that the province will probably be called upon to make payment and an estimate of the amount can be made and not when payments are made. This is a movement towards better accounting and moves from the cash accounting basis to the accrual accounting.

I am pleased that the government has acted on my previous recommendations 3 and 4 to change the GRF accounting policy in

the 1990-91 year. It is significant and progressive, and I think we will see other provincial governments making similar changes in due course. The GRF financial statements have been made more useful by the accounting policy change since users of the current and future financial statements will have access to relevant information on the cost of guarantees and indemnities.

As the government continues its effort to improve the basis of accounting in the GRF, we can expect there will be further changes in the future. For example, the government will need to have another change in the basis of accounting when it records its pension liabilities.

With respect to pension liabilities, on page 6 of the report I have indicated that "the Province continues to exclude from the reported net debt its full liability for pension obligations." In other words, the liability in excess of pension fund assets is not recorded in the GRF. I've repeated my recommendation that this liability should be recorded. The Public Accounts for the year ended March 1991 include information on total pension obligation. However, this information primarily relates to the actuarial evaluations carried out at March 31, 1990.

The Provincial Treasurer has been involved in pension reform this past year, and pension reform refers to the control of pension plans and what the benefits will be and how the benefits will be funded. The government has not discussed when it will record its pension liability in the financial statements. References have been made publicly to the effect that through pension reform the unfunded liability has been eliminated. This can only mean that there are plans in place to fund the existing liability. Funding means putting aside assets to be able to pay for liabilities when they are due. Only when the assets put aside equal the liability will the government's obligations be fully funded.

On page 7 of my report I have combined all the actuarial valuations available to show an estimated unrecorded pension liability of \$6 billion. Projections to March 31, 1991, were not available. When the pension reform discussions are complete, the government should be in a better position to estimate its existing liability. It should then record this liability in the General Revenue Fund. The liability they record is the liability that will be funded over time by the future contributions of the employees, the employers, and the government itself.

Just a comment about Crown-controlled organization accountability. As you will remember, I made a recommendation to this committee and the Provincial Treasurer last year concerning the accountability of Crown-controlled organizations. The committee chose not to take any action on the recommendation, so I have addressed a similar recommendation directly to Treasury on page 12 of this report.

I should point out that under my Act I can include in my annual report Crown-controlled organizational financial statements that have not been made public; however, I would do this only if the matters reported in the financial statements were considered to be significant enough to disclose publicly and if it were not possible to achieve a more appropriate method of disclosure. I believe that it is properly the responsibility of management itself to make such financial statements available and to be accountable for the use of its resources.

One quick thought on lottery operations. The Western Canada Lottery Corporation continues to make three types of payments from the province's share of lottery revenues as described on page 64 of the report. Consequently, these provincial payments, amounting to approximately \$13 million in 1990-91, are not disclosed in the public accounts. The money transferred from the Lottery Corporation to the provincial Lottery Fund is after these three types of payments have been made. In this year's annual

report I have recommended that the minister "determine a way to achieve appropriate accountability for all lottery revenues," with particular reference to the \$13 million of expenditure made on behalf of the province by the corporation.

Those are my general comments, Mr. Chairman. I'd be happy now to answer any questions.

**MR. CHAIRMAN:** Thank you very much, Mr. Salmon.

We're now open for questions. I have quite a list of people here. Were you thinking to get on the list, Mr. Jonson? Okay.

Ms Calahasen.

**MS CALAHASEN:** Thank you. It's a kind of honour to get the first question this morning.

In recommendation 32, if you look in your book on page 97, you once again recommend

that *The Recreation, Parks and Wildlife Foundation* comply with the legislative requirements of the [relevant] Act regarding the payment of expenses to its Members.

Being that this is the fourth year in a row that you have made this recommendation, why has no action been taken?

**MR. SALMON:** That's a good question, Mr. Chairman. That's my question.

Actually, the situation, from what I understand, is that some work has taken place with respect to the legislation and it hasn't yet come through. I believe it's a case of where the priorities have been with respect to making a change. As I have indicated, because of the number of years this has been on the thing, I've elevated this particular recommendation to a numbered one rather than just report that management is in noncompliance, because it is something that should get straightened around. Hopefully we'll see that change, but a noncompliance issue such as this has to be here; otherwise, we're really not letting them know where they are not following the legislation.

**MS CALAHASEN:** You indicated that members were paid \$74,000 in 1991. Is that an increase or a decrease from previous years?

**MR. SALMON:** I couldn't tell you whether that's an increase. The full amount since I've started to report is \$220,000. It would vary, I suppose, on how many meetings and other things that they're doing.

**MS CALAHASEN:** So it depends on what's being done year to year.

You made reference to a possible amendment to the legislation. Has the department given any indication that this will be passed this spring?

**MR. SALMON:** We have no record of what will be on the agenda for this spring at all. That's strictly between the government and management, as to whether or not this could come as a priority item. It would be nice. That would mean we can drop it.

**MR. CHAIRMAN:** Mr. Paszkowski.

**MR. PASZKOWSKI:** Thank you, Mr. Chairman. Recommendation 4 on page 14 asks

that the Treasury Department specify the minimum information to be supplied by other departments to support specific loan guarantee proposals.

This recommendation as well as your statement on page 13 that proposals received from departments are sometimes inadequately supported because they lack business plans, operating budgets, and financial statements.

Could the Auditor General please qualify for members the severity of this problem?

**MR. SALMON:** Mr. Chairman, as one examines the process, one of the problems, of course, is that Treasury becomes the final examination source with respect to the documentation that flows. In discussing the matter with management, they recognize there are some things that could be done. I believe that in us reporting this particular thing, we're talking about the system itself and the improvements to the system which would make it a lot easier for them as they go back and examine, in the monitoring aspect of the guarantee, exactly what did happen at the time of the granting of the guarantee. Because the initial department must produce the documentation, and what we're saying is if Treasury has that responsibility to follow the thing through, that same type of support should be within their records itself. I believe this matter can be resolved in a fairly easy manner as they contact the other departments and get that information on their own files.

**MR. PASZKOWSKI:** Yes.

Is this a problem of not necessarily lacking information but also control of proposed submissions of different style, content, and intent?

8:50

**MR. SALMON:** Yes. You get the situation where a particular department is putting through a proposal. Treasury gives that a review and an examination with respect to providing information to the Provincial Treasurer. Then you have the other aspect of the monitoring itself, which is after the guarantee. Some of those kinds of support records were not available to us in the examination of their system, and we recognize some weaknesses in that area.

**MR. PASZKOWSKI:** Yes. You state that "the outstanding balance of specific loans guaranteed by the Province was approximately \$940 million [as of] March 31, 1991." What percentage of this amount would be insufficiently monitored by the Treasury Department's financial analyst?

**MR. SALMON:** We wouldn't know that answer specifically, Mr. Chairman, because as we examine the documentation, we're looking at specific ones rather than saying we've looked at this many and we've compared it with the total. The \$940 million is there as an indication of the volume. That \$940 million, of course, is the specific types of loans given under guarantee. It's not talking about any of the program guarantees.

**MR. CHAIRMAN:** Mrs. Laing.

**MRS. B. LAING:** Mr. Chairman, thank you very much. It's very nice to welcome the Auditor General here this morning.

I wanted to talk about the hospital rates used to bill noneligible patients, and that's referring to recommendation 25 on page 79. You state in that recommendation that

the Department of Health review the rates used by hospitals to charge non-eligible patients to ensure that the costs of medical procedures provided are recovered.

Has the Department of Health provided you with any explanation as to why certain high-cost procedures were often classified under

a lower rate structure, leading to an imbalance between the revenues and the expenditures?

**MR. SALMON:** Yes, Mr. Chairman. In relationship to this particular matter, again it's a systems audit in relationship to how they've calculated their costs and whether or not the formula that is used will recover the costs. Part of it is the basis on which they've classified certain types of procedures. It's a substantial amount of dollars in relationship to the hospitals, and in our testing of the matter, we recognized there is an approximate cost of about \$6 million that probably could have been recovered that wasn't, based on the formula they have established.

**MRS. B. LAING:** Okay. Thank you very much.

How can the department obtain the information they're currently lacking, then, in order to more effectively recover the procedural costs?

**MR. SALMON:** We've talked about this in some other recommendations, and that is in relationship to information that's supplied to the department from hospitals versus what the hospitals themselves are doing. We feel that there are ways and means without a lot of cost to get this information from the hospitals so they can monitor this a little bit easier.

**MR. CHAIRMAN:** Mr. Drobot.

**MR. DROBOT:** Thank you. In recommendation 26 on page 81 you refer to hospitalization charges not being recovered from the Workers' Compensation Board. Could the Auditor General please inform the committee on the amount not recovered from the Workers' Compensation Board?

**MR. SALMON:** No. We don't know the exact amount that's not recovered, but the department and Workers' Compensation recognize that there are instances where the dollars are not being paid by the right source. They've recognized this to the point where they have considered some amendments to their systems but haven't been able to put things right at this stage. We have reported this for some two or three years now. It's not an easy matter just to resolve tomorrow. I believe they realize what they have to do. It's a case of putting the system together so they can monitor these a little bit better.

**MR. DROBOT:** But you made a similar recommendation last year and the year before, so this means there has been no progress made.

**MR. SALMON:** That's right. Otherwise, we wouldn't have continued to include it.

**MR. DROBOT:** What new systems or procedures are needed to ensure that hospitalization charges are recovered from the Workers' Compensation Board?

**MR. SALMON:** One of the things that they will have to do is be able to identify the claims that come in as to whether or not they are WCB oriented. Right now that information does not flow, and there is no information coming from WCB either. So it's a case of between the two of them working something out together so they can identify those claims that should have been paid by WCB.

**MR. CHAIRMAN:** Mrs. Black.

**MRS. BLACK:** Thank you, Mr. Chairman. I again would like to go back to the method of accounting that I think is very important, and I guess my first question to the Auditor General – I ask him this each year – the Institute of Chartered Accountants was putting forward a package of proposed, generally accepted accounting principles for public sector as opposed what they have in place for private sector. I'm wondering, could you tell me if in fact those proposals have now been ratified and finalized not only by the Institute of Chartered Accountants but by the jurisdictions across Canada?

**MR. SALMON:** It's a big question. That's a good question. First of all, there are generally accepted accounting principles in place for private sector, as in the handbook of the CICA, the Canadian Institute of Chartered Accountants. The aspect of public sector has to do with the Public Sector Accounting and Auditing Committee of CICA – if I may use the term "CICA." Those particular accounting policies have been approved and issued by the CICA. The acceptance, of course, depends on usage, and that's no different than in the private sector, because without a general usage by the private sector of their standards that they've issued for them, it is no different than, say, government's.

In monitoring what's happening in Canada with respect to the public sector, there is a general use of the recommendation of the PSAAC committee of CICA except for a few issues that still haven't been fully accepted. I know there's an extensive study being done by this particular committee to determine whether or not there needs to be some amendments. That doesn't mean they'll make amendments. It does mean they want to see whether or not there is a sufficient difficulty with governments to go through a certain type of accounting process or not.

One of the things that hasn't been fully resolved in Canada, for example, is the resolution of the recording of pensions. The recommendation of PSAC is that it be recorded. Accounting from the private sector would say it should be recorded, and all the evidences of CICA would say that it should be recorded. Now, if you get every government in Canada saying, "No, we're not going to record it," then I think the standard-setting body has to re-examine their position.

At the present time that's the way it is. Even before that came in, because it does make good accounting sense to record your liabilities, this office had been saying that we should record it even before the standard was set. So in that sense I think that gives you a general feeling of the position.

**MR. CHAIRMAN:** I extended a fair amount of latitude to the Member for Calgary-Foothills in terms of getting at this philosophical question that seems to underlie the Auditor General's report, but the Auditor General did tie it back into one of his recommendations. I'd hope that the member might . . .

**MRS. BLACK:** With due respect, Mr. Chairman, on page 2 of the report the Auditor General talks about the accounting method being a cash basis and how it has been "moved to a modified cash basis" of accounting. He further in his opening comments today talked about an accrual method of accounting in particular for liabilities.

Now, I'm quite interested in what method you would use if you're working on a modified cash basis accounting, how you would combine an accrual basis with that, or whether you're

suggesting that we move from a cash basis to a full accrual accounting basis.

9:00

MR. SALMON: I believe, Mr. Chairman, that the member of the committee has picked up a very good point. Governments as a general rule have been recording on the basis of cash in many of their areas, particularly revenues and in some cases expenditure. Also, a number of governments in Canada have adopted the modified cash, which means you hold your accounts open for so long and then when that time frame is up, you record those if they relate to the previous year. Then you ignore anything else that comes later that turns up in the way of an account that's owing or whatever else that might show up, say, a month later. That just gets popped into the next year, because they only hold their books open so long.

A full accrual accounting basis, which I think is a much more satisfactory way of showing the results and the position of the organization, means that you would record all the costs in relationship to that particular year, including estimates of payables, et cetera, that you might have. Now, the government of Alberta, the Treasury Department, accepted after a number of meetings and a lot of discussion an accrual basis of recording the provision for losses on guarantees and indemnities. That's an accrual basis rather than a modified cash or cash. Prior to this year they were recording their losses on guarantees when they had to make the payment and actually made the payment. Now they're recording it when they know they do owe the money, and they should put it through the accounts in that year.

MR. CHAIRMAN: A final supplementary?

MRS. BLACK: Yes, Mr. Chairman, if I might, on the same basis. In private-sector accounting, if I can remember that far back, when you went into an accrual basis - and I imagine this is what you're suggesting - you not only accrue for potential liabilities or payables, but you also accrue for revenues. I would assume, then, that you would be looking at a move to recording revenues that had not been received. In the case of the province, I can think of an accrual such as royalty revenues that have maybe not been received by the time the year-end occurs, so you would have a balance of accrual. We used to call them something called "subsequent events" that would accrue the revenue and the liability into the account. So I'm assuming, Mr. Chairman, if you would just bear with me, that you would be promoting an accrual for revenues as well as liabilities. Is that correct?

MR. SALMON: Mr. Chairman, we've always been encouraging accrual of revenues and expenditures. In Alberta they do accrue revenues, except in some instances they are not. One of them that's difficult is in the taxation side and in the royalty side. There's another area that they are not accruing as they should, and that is within the licensing of motor vehicles area. Here, with the way the revenues are flowing, there's now even more confusion, because you can now buy a licence for more than one year, and when should that revenue be recorded? So you get into some confusion in that regard. I think the general aspect of it is to talk about accrual, because that's a better picture. I think governments are coming around to that effect. It's really, though, a case of whether in some cases it can be done because of the difficulties, and when there are difficulties, you have to figure out a way to surmount them before you can actually come up with an accrual figure.

MR. CHAIRMAN: Ms Mjolsness.

MS MJOLSNESS: Thank you, Mr. Chairman. I would like to refer to page 71, on the fraud investigations within Family and Social Services. I'm just wondering, reading through this, if any consideration was given to perhaps the problem not being so much after-the-fact investigations but whether or not additional social workers would help reduce the number of referrals being made so that people initially have better contact with their social workers.

MR. SALMON: I think that's certainly something that should be taken into consideration by the department, but in this particular case we were looking at the area where the department has established an investigative situation. They've set down certain rules for this particular group to follow. They've set certain targets, and they try to meet those targets. In our examination of the area we found that what's happening is that there's a backlog. Now, how the department solves the backlog - we've made a reference to it being almost 1,500 referrals - is really up to the department. Maybe it's a case of their approaching it entirely differently. Maybe it isn't an exact fraud examination that needs to take place, in certain instances, but some decisions made to clear up the backlog. Certainly the department is free to try to determine ways and means of resolving these kinds of issues, and if it would mean a re-examination of how they operate the department in other areas, they certainly could do that. This really isn't the area that I was talking about here. We were looking at that specific spot in the department where they have fraud investigations.

MS MJOLSNESS: So you would just examine the current system that is set up to deal with the fraud investigations?

MR. SALMON: Yes.

MS MJOLSNESS: Okay. I suppose, then, that this coming year you will be looking at whether or not the reorganization that is taking place is effective.

MR. SALMON: Well, what happens in our examination of the department is that we look at various systems at various times and make those recommendations where we find they're not following the system as they had previously designed it and they've found out there's a weakness in the way they're operating. We would identify that, that's right, and let them know as to ways and means by which they could make some improvements in that area. We will be following up on this at the end, because it's the natural thing. We've made that recommendation in bold and numbered. It will be necessary to re-examine the area. If it's been corrected, we can write it out next year, you might say, and make the comment that there's no further need for the recommendation, or we'll continue it if there have been some other things that have come up.

MS MJOLSNESS: Just so I'm clear then. If next year the backlog is not in fact improved, would you then as the Auditor General take a look at other alternatives? Or is that up to the government to develop?

MR. SALMON: I feel that as the Auditor General I identify where the problem is, and by the discussion that takes place with our staff and management, management should be able to realize whether or not there's something that can be done that's cost-effective to improve. I really don't like the idea of the Auditor saying that you've got to do this or this or this, because the department should really have the choice as to how they want to

approach the solution to the problem. I'm there to sort of ensure that the processes they do establish are being properly followed.

MR. CHAIRMAN: I gave the member a little latitude there, as well, in terms of the final supplementary, but I think it did flow from the recommendation even though it dealt with a kind of future event.

Mr. Bruseker.

MR. BRUSEKER: Mr. Chairman, I'd like to turn to page 1 of the Auditor General's report, dealing with Crown-controlled corporations. Once again there's a statement in there that the Auditor General feels that we need "a more appropriate method of disclosure." My first question to the Auditor General: in deciding not to include the Crown-controlled corporations, who made the decision not to include them? Was that decision from the Auditor General, or was that a decision at the direction of cabinet?

MR. SALMON: It should be included in the public accounts, you mean?

MR. BRUSEKER: Yes.

MR. SALMON: Mr. Chairman, it's a case where Treasury, who decides as to what goes into the public accounts of the province, has not – under the Financial Administration Act the Crown-controlled organizations aren't listed as being included. In fact, the unusual situation is that the only place where Crown-controlled organizations are talked about is in the Auditor General Act. It's a case of Treasury making the decision whether that would be the route they wanted to take or whether there's some other route. As you can tell if you move over to recommendation 3 as well, which is on page 12, Treasury has not made any decision at all. So this year we will have to do a little bit more work to see if we can encourage a decision that might eliminate this recommendation another year.

9:10

MR. BRUSEKER: My supplementary, then, I guess follows right along on that recommendation 3. Have you received any response at all favourable to or against your recommendation 3?

MR. SALMON: No, we haven't.

MR. BRUSEKER: My final then. Since the Auditor General Act does allow for disclosure of these financial statements and you've highlighted a concern that these should be disclosed, can I ask why you haven't disclosed them? In the Auditor General Act, at the back, it says you can release information as you see fit. I guess, since you're expressing concern over these, I'm wondering why that hasn't occurred. I think it's in section 19 of the Auditor General Act, on the Crown-controlled corporations.

MR. SALMON: Yes, I admit that I can do it.

MR. BRUSEKER: Why haven't you?

MR. SALMON: I haven't done it because I felt, in examining the working papers of the auditors that do those particular audits and looking at the financial statements, that there isn't anything specifically that I really think is necessary to disclose which would help anyone to understand them a little bit better. I think if I did, I'd lose something that is very important here, and that is that I need to work at trying to get the recognition of management that it's their responsibility and not mine.

I think that's an important aspect of my office, in that over the years this office has not released information that has not already been public. If someone wants to talk to the office of the Auditor General, or myself even, about something that's public and I'm involved with it, I have no problem in commenting and explaining and giving a good understanding of what's going on or what happened. But for me to go out and start to then be in a position where the Auditor General is, you might say, in debate publicly with the government over disclosure – which hasn't happened in the past – I think I would prefer to work at this a little bit longer and see if I can resolve it, and maybe it would be some other Auditor General that would decide to put it out. I just don't feel comfortable with it. I really do think they should do it. Certainly, in listening to comment in question period or anything else, I notice that the government will decide to do it when they want to do it. But I really think there should be a method developed, a procedure that everybody understands, and it's not something that is at the whim of whenever.

The other problem is that if we didn't get into Crown-controlled organizations – sorry about this, Mr. Chairman – if we didn't get into things which have the nature of being commercial and are also involved in competition with other commercial, if government didn't get into that thing, we wouldn't have the problem.

MR. CHAIRMAN: Mr. Clegg.

MR. CLEGG: Well, thank you, Mr. Chairman. It's great to be back in public accounts under your fair and good chairmanship. My main question today is on page 70, recommendation 20. You indicate that the Department of Family and Social Services should improve its procedure for monitoring the adequacy of programs provided by day care centres and eliminate any observed deficiency in the programs. It's always been my belief that this government is paying a lot of money into Family and Social Services, and I'm very concerned that we are getting value for our money. Could the Auditor General indicate to the committee how the current procedures should be changed so that they can be more effectively monitored without jeopardizing the necessity and the development and the needs of the children?

MR. SALMON: Mr. Chairman, this particular matter was in last year's report as well. It was a systems area that we examined that dealt with the development and the needs of children in comparison with the regulation that laid out what they should be doing. Now, what's happening is that the department is really not addressing the development needs, although that's what it says they should be doing in the regulation. It's really a case of the department making some decisions as to how they want to face up to meeting that particular regulation that they've established. We haven't been able to see where, in any way, they've actually made that step. Now, they're not saying they're not interested in doing it. In fact, as indicated, at the conclusion of this particular year the department is now planning to address this problem. In the previous year they hadn't been able to get around to it.

I think that if they can tie in the licensing officers' reports, monitor some of the things that are going on with the children, and then try to include this kind of information that they feel is essential for them to follow through on within their instructional manual, they'll have some means by which they can measure whether or not they're meeting this particular need with respect to the children. It's not an easy matter and it's taken them some time, but there are lots of other things they're doing within the department as well. I feel that now, with another year, we can see

how well they actually achieve what they've said they were going to do in this next year.

MR. CLEGG: Thank you, Auditor General. You kind of answered my second question, but I still have a supplementary question. Do these licensing officers presently possess authority to carry out any recommendations concerning program inadequacies?

MR. SALMON: I can't answer that specifically, Mr. Chairman, but I do know that they have a fairly open door to try to assist in any way they can in relationship to seeing that these kinds of things are taken care of. You'd have to get into some of the very specifics to be able to identify the area, whereas all I'm doing here is generally saying: here's your policy; here's your regulation; it's important that you try to tie that together so that these things are not left in limbo and cause problems later with inconsistent treatment of individuals or children or anything else. I think they recognize the problem. It's just a case that they've got to put it all together.

MR. CHAIRMAN: Mr. Severtson.

MR. SEVERTSON: Thank you, Mr. Chairman. To the Auditor General. I'd like to refer to recommendation 28 on page 83, regarding health care payments recovered through the Workers' Compensation Board. You discussed overpayment to practitioners and under-recovery of claims from the Board in the amount of approximately \$10 million. Could you please indicate to the committee how much of the \$10 million is a result of overpayment to the practitioners?

MR. SALMON: I had that at one time, but unless we can find it . . . I'll let you know if I can find the split. At one time in previous reports we had shown both figures; this year we've combined them. I think last year we combined them because we felt it wasn't really that important. Most of the \$10 million, though, if I recall in the past breakdowns, will be for overpayments. The smaller figure will be the WCB side. Our concern is that this has been an item we report every year. Again we've given assurance by the department that there are several options they can look at, and hopefully they will take upon themselves one or two of those to see if they can eliminate this problem. Our concern this year, of course, was the larger jump from the previous year. Instead of going down, which we had been seeing for a number of years, it's gone the other way again. Now we have to look at it again to see really what's happening.

MR. SEVERTSON: My supplementary. Is it a result of inappropriate applications of the schedule of medical benefits and inadequate computer validation of the claims, or why is it? Is the computer validation program inappropriate for this purpose, or is it a number of things?

MR. SALMON: Yes, there are some weaknesses in there, because those that are processing the claims can override the codes, and when you override the codes, then you can get things out of kilter. The systems really need to be redesigned. They are working on some things, and it's just taking a lot longer than we would like to see.

9:20

MR. CHAIRMAN: A final supplementary?

MR. SEVERTSON: I was just going to mention the length of time, because it was first reported about six years ago. I guess there's no reason for the lack of progress in this area other than the cost of computers? Is that what it is?

MR. SALMON: They've been working on some new systems, but those systems tend to be done piecemeal rather than all at once. These systems are very large, and the volume is very great. One of the reasons for the weakness is that when the claims come in and there's a huge backlog, in order to get them gone and out, they'll override to move them faster. What they need is a system that can handle the volume.

MR. CHAIRMAN: Mr. Gibeault.

MR. GIBEAULT: Yes, Mr. Chairman. Just to follow up on this recommendation number 26 regarding the Department of Health and the Workers' Compensation Board. As we just discussed, it's costing something in the neighbourhood of \$10 million to the health care insurance plan, and really that is to the taxpayers of Alberta, who finance the health care insurance plan, as opposed to the Workers' Compensation Board, which as we know is financed by assessments against employers. As we've also mentioned here, this is now the third year in a row in which this same recommendation is coming forward. I guess I would like to ask why we are still not seeming to make any progress here. I mean, \$10 million is a sizable amount of money, and I remind members of the committee that the government just raised health care premiums again this year. So I'm wondering: do you think, Auditor, that the government is making a satisfactory effort to address this problem?

MR. SALMON: Actually, I was going to give you the figure, but it would take me time to find it. If you can give me the figure, we'll give you the figure - or you can look it up yourself, I suppose - as to how many millions of dollars of that actually goes through health care. This is a projection of about \$10 million based on the audit tests that take place, and it's a fairly accurate way of looking at what's happening.

The system they're using is the same system that's been there for a number of years. We have had lots of discussions as to the opportunity to amend the system. There are things that are being done, but it's taking them a lot longer than they ever anticipated. We're always given pretty well the same story every year, "Yes, we're still working on it," but the systems still aren't in place.

MR. GIBEAULT: Since we've identified this problem now for a number of years, do you foresee that once the mechanisms are in place, there will be some retroactive adjustment to make sure the compensation board in fact pays for the medical costs it's been rightfully responsible for during those years?

MR. SALMON: There are some adjustments made now. When they can find out what the problems are and WCB does make those payment adjustments, whether or not they would choose to go back and do the extensive work of analyzing everything all the way back would be something else, I suppose, for them to decide, as to what the cost would be. Certainly if anything is found by the department in the examining and testing and so forth of these things, they actually do recover now.

MR. GIBEAULT: Your estimate was for about \$10 million this year. It was somewhat less for the year under consideration here, 1990-91, and somewhat less in the previous year, so we're looking

at an aggregate amount over three years of – well, I'm guessing here – maybe \$15 million. I guess I'm asking you: is that money an amount that would be worth trying to recover?

MR. SALMON: Well, again it would be a decision of the department, whether or not the recovery is easy to identify and prove. Sometimes these are straight errors, and you've got all kinds of things to consider in here as you get in and analyze this, actually. The paper involvement is pretty large, and whether or not they can really come up with the full amount and then analyze it to the point of recovery is something that will have to be decided upon when they finally get the system in place.

MR. CHAIRMAN: Before I recognize the next member, I'd just like to caution members a little bit about building judgments into their questions, because that often triggers debate that's not directly related to the information we're trying to get from the public accounts.

Mr. Thurber.

MR. THURBER: Thank you, Mr. Chairman. To the Auditor General. On page 6 in section 2 you address the issue of pension liabilities. I know you've talked about it generally in your opening remarks, specifically noting the province's insistence to exclude its full liability for pension obligations from its reported net debt. Although you have addressed it previously to some extent, you continue to be concerned about the accounting procedures. Could you cite any example where the government has in fact not taken into account its future financial obligations with regards to pensions?

MR. SALMON: I believe on the basis of what I'm hearing, Mr. Chairman, we're talking about the unrecorded pension liability. The government of Alberta, the Treasury Department, records the liability to the extent of the pension fund but does not record on the balance sheet or in their revenue and expenditure statement – it's not called that, but you know what I mean, the operating statement – any of the unfunded, you might say, pension liability. It's included in a note within the sphere of those particular years, which happens to be March 1990 in the March 1991 financial statements. In other words, it doesn't affect the bottom line. It's not affecting the overall deficit of the province or the accumulated debt figure or anything like that. It's strictly in the notes, so that's over and above that.

MR. THURBER: If you change the recording method that we currently use, would that change the government's capacity to cover its future financial obligations?

MR. SALMON: No, I don't think it has anything to do with the capacity, because one has to realize that this liability is future. I mean, it's a liability that is owing now which will be paid for in the future. What we have to remember is that we're not talking about a future liability; we're talking about a liability that they owe today. Because they owe the liability today, we're saying it should be recorded in the accounts and it will be paid for when it becomes due. But it's very easy to recognize when it's there rather than in a note, where people don't particularly look at it.

MR. THURBER: My final, Mr. Chairman. In March 1992 the government reached an agreement with the Local Authorities Pension Plan Board and the Public Service Pension Plan Board reforming the public-sector pension plans. A separate pension fund will be set up for each plan, and all assets will be invested

for the sole benefit of the plan members. A new board of trustees will be set up effective January 1, 1993, and they'll be responsible for the management of the plan and the fund. Could you outline how these changes will be reflected in the future financial statements?

MR. GIBEAULT: Point of order.

MR. CHAIRMAN: Point of order, Mr. Gibeault.

MR. GIBEAULT: Mr. Chairman, the member is asking about the future. We are concerned with the public accounts from 1990-91, and I would remind the committee of your direction to keep our attention on that and not talk about the future.

MR. THURBER: With due respect, Mr. Chairman, these are recommendations that are made in the Auditor General's report, and I felt safe to deal with them.

MR. CHAIRMAN: I extended a certain latitude to Ms Mjolsness, so I think . . . Does the committee agree? Is that question in order?

HON. MEMBERS: Certainly. Yes.

MR. CHAIRMAN: Auditor General.

MR. SALMON: Yes. I'll just reiterate. He asked me how these would be recorded in the financial statements.

MR. THURBER: Yes. How these changes would be reflected in future financial statements.

MR. SALMON: I guess my answer is that I wish I knew. That's the area we need to do some more debating about with respect to the Provincial Treasury, because that's the recording part. Now, I'm very pleased with the fact that the funding aspect is being resolved, and I do feel that the funding aspect of the pension plans in all cases is the first and foremost issue that has to be settled upon. But once that funding aspect has been settled and you know then how to determine what your actual liability is, then I think they should be recorded in the operating and balance sheets. In this case, if you're going to set it up separately, it will be in the particular set of financial statements for the pension fund itself. In that case, if it was also established that those liabilities were not, say, guaranteed by the General Revenue Fund, they won't end up in the General Revenue Fund, but then you may have to think about consolidated financial statements and whether or not there's a liability there and whether or not the organization itself should show the liability.

9:30

MR. CHAIRMAN: Before I recognize the next speaker, I should briefly point out to our visitors in the gallery that this is a meeting of the Public Accounts Committee of the Alberta Legislature, and we're examining the accounts as presented by the Treasurer for the fiscal year ended March 31, 1991.

Mr. Doyle.

MR. DOYLE: Thank you, Mr. Chairman. I also want to reiterate your mention of the hon. Member for Three Hills. She was a very effective member of both this committee and the heritage trust fund in the two years I served on the fund. She'll be well remembered, I'm sure, by all members of the Legislature for her ability to address things up front and openly.

Mr. Chairman, on page 64 dealing with the Lottery Fund the Auditor General suggests that more accountability is needed for approximately \$13 million. I'm not clear myself, Auditor General, on how we account the revenue from the lottery funds, and I would feel that putting it into general revenue would follow basically on your recommendation. What is the best way to account for these revenues that come into the Lottery Fund?

MR. SALMON: Mr. Chairman, if I ever try to get this thing straight, then I'll be happy when this thing is dead, because I've discussed lotteries for years. I thought I wrote this really clearly this year; I've been working hard at this so that it can disappear next year. Anyway, simply put – and I'll do it as simply as I can – the dollars that are received by the government of Alberta from the Western Canada Lottery Corporation go straight into the Lottery Fund. For years I argued the legality of all this. I still have an opinion that says it's wrong, but you hear out there that they have the opinion that it's not wrong. I forgot about that part, so I went strictly on the accountability side, and recommendation 1 is accountability.

In that sense I'm saying that if we're going to talk about these dollars – and all these dollars, from my perspective, are public money – we have to think about what happens, because it's a net figure that comes from the corporation to the fund. This last year, the year we're looking at, they have spent \$13 million. Now, the interesting thing about the \$13 million is that it has to do with marketing costs, tickets. It's to do with the actual operating expenditures of the Lottery Fund. We have no public disclosure of the actual operating costs of the Lottery Fund itself: the payroll, the expenditures, the travel. Anything that takes place is paid out of this \$13 million before it ever gets to the fund. The fund has the net figure, and that's what the lottery grants are coming out of.

The actual expenditures in operating the fund or in spending money are coming out of the corporation and are not disclosed anywhere. You might say that they'll be disclosed in the Western Canada Lottery Corporation, but that includes all the provinces in western Canada. It really doesn't give any breakdown of what happens to Alberta dollars. So if we had these dollars all in Alberta and we had an accounting for the expenditures of \$13 million, as I've put (a), (b), (c) on page 64, then I think publicly there would be an accountability. That's all the Auditor General has ever been saying other than the legality of the fund, and I gave up on that.

MR. CHAIRMAN: Mr. Doyle, supplementary.

MR. DOYLE: My second question, Mr. Chairman. On page 65, also dealing with the grant systems from the Lottery Fund:

- (c) The criteria established for determining the eligibility of projects were not complete. Several instances were noted where projects did not meet stated criteria, yet Program funding had been approved.
- (d) Instances were observed where the information provided by applicants was not sufficient to demonstrate the eligibility for funding.

Would this determine that we should be able to recover these funds in some way because they did not fit within the criteria of the community facility enhancement program, or is that money that's lost with no accountability?

MR. SALMON: Mr. Chairman, in this particular grant program area, the community facility enhancement program, we examined the processes, we examined some particular situations. These

weaknesses were identified in our systems audit, and because they were identified and seemed significant enough that we were concerned about them, we felt it was important that we include them in the Auditor's report.

That would strictly be a policy decision of government if they were going to do anything about recovery. I think in this case we're saying their systems should be such that these types of weaknesses should not occur. We are trying to get them to consider developing and having a system each time they develop a new program that would be sure that it's tied down and follows the criteria established and that they don't bend the rules, you might say, or break the rules, and that it really does follow the way in which they had set out when they commenced the program.

MR. CHAIRMAN: Your third question or your second supplementary, whichever you prefer.

MR. DOYLE: Thank you, Mr. Chairman. Going to recreation and parks on page 95 to deal with the municipal recreation/tourism areas program: moneys that were given through municipalities on recommendations from any of the MLAs or from municipalities. It also states there that "the Department does not have information on the criteria used to select grant recipients." Grants were made where they weren't necessarily needed. Is there any possibility that changes to this will occur, where there's more accountability? I guess you indicate that more accountability should take place, but is there any indication that there is more accountability taking place in the municipal recreation/tourism areas program?

MR. SALMON: Mr. Chairman, with respect to this one, it's a little bit different from the last one we talked about. This is where the department is not following through to find out on what basis these particular grants are given. My feeling is that the department has a responsibility to ensure that the grant moneys have been spent in accordance with the criteria. In effect, the department is saying that they have delegated this off to the municipalities and to the members of the Assembly to decide where these grants are going and they don't have any further action to involve themselves in, but to me there seems to be a lack of accountability as soon as that happens. The department should assume that responsibility to determine the effective use of the grant funds. The department does not know what the criteria are, according to discussions with our staff. I'm not sure they accept that as being their responsibility, but I certainly feel there has to be some way in which that circle is completed. That's really what this one is talking about.

MR. CHAIRMAN: Mr. Lund.

9:40

MR. LUND: Thanks, Mr. Chairman, and good morning. It's good to have the opportunity to discuss the Auditor General's report with you again and get some better insight into where the problems lie. I'm looking currently under the Alberta Hail and Crop Insurance Corporation, and on page 39 is recommendation 9. This really concerns me now, particularly in light of the fact that you have made a similar recommendation for two years, with the expanded role of the Alberta Hail and Crop Insurance Corporation taking on the GRIP program. Your recommendation 9 says that the Alberta Hail and Crop Insurance Corporation conduct a review of the processes used to generate management information to ensure the reliability and timeliness of management reports. Now, I wonder if you could outline to us the severity of the computer errors and the impact of those errors on recording the financial operations of the corporation.

MR. SALMON: Mr. Chairman, this particular area is significant, and I accept the question. What's happened in this case is that the corporation workload has been growing because they've had these extra areas given to them to operate. I think probably they weren't quite prepared to assume the role, and as a result when the year-end came, there were all kinds of problems. What I can say, though, is that despite all the problems that were identified and despite all the things that we're able to point out here in the way of weaknesses, we were able to straighten out the financial statements to the point where we were okay to issue and give a clean opinion on those statements. So the statements are correct.

The interesting thing we need to note here is that the general manager was very concerned and has given us positive indication that since we have been in, they have made some positive moves to correct the problem so we won't have it. We're in there now, I think, but I don't know. I haven't had any report back from the staff on the current year's audit. Certainly there was indication last year that things were going to be turned around.

MR. LUND: Thanks. I notice on page 39 that you did make some significant finds in the report. We're talking major dollars and even recording a \$3.3 million special warrant, but finally it was determined that it wasn't necessary. I'm wondering if the inaccuracies were solely the result of the failure of the management information system, or were there other circumstances that led to some of these inaccuracies?

MR. SALMON: I believe it's probably a combination of things. I think that when it comes to future estimates, sometimes they get offtrack on that. Basically, the majority of it is within the management system itself where the volume of transactions as they got into this other work created all kinds of confusion, and possibly the staff there was not quite able to cope with it. Things have settled down a lot now, and I certainly hope we won't have these kinds of significant findings in another year. It does take us a lot more time when we get into these kinds of things.

MR. LUND: It seems like we run into this in several different departments where the computer system is being established and set up and running, and then we find that the Auditor General has major problems with the year-end. I'm wondering if it would be possible for you or your department to set up some kind of checklist for the departments that they could use prior to establishing the system so we don't continually run into this problem, or are we too late?

MR. SALMON: I certainly agree with the idea of ensuring that the process is properly monitored and moving in the direction that will end up with the result rather than after the fact trying to correct. We try this occasionally. In a number of instances we've been able to help, but in some cases it's a very rapid change and it's not something you can always know is going to come about. We're not dealing with it ahead of time always; we're often after the fact.

MR. CHAIRMAN: We have about 15 minutes of routine business, I would guess, at least before us. I have two members of the committee that have not yet had an opportunity to put their questions: Mr. Payne and Mr. Jonson. The Auditor General will be coming back next week. If I put Mr. Payne and Mr. Jonson at the top of the list next week, would it be acceptable to the committee that we move in and deal with the minutes and a couple of other items: the report, a motion that the government wants to

bring forward. Are we agreed? Is that acceptable to Mr. Payne and Mr. Jonson?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Agreed. Okay. Thank you very much.

I'd like to thank the Auditor General for being with us today, and I look forward to seeing him again next week.

The first item on the agenda, then, is Approval of April 29, 1992, Committee Meeting Minutes. There's a typographical error in the minutes that were circulated. The name included there should have been "Mr. Drobot." That's changed for the final version of the minutes, so on the basis of that understanding, would anyone care to move the adoption of the minutes? Mrs. Black.

Any discussion on the minutes? Those in favour, then, of adopting the minutes with that correction? Agreed.

There's some business, I take it, that arises from the minutes. The first thing is that we talked about the availability of information about the Canadian Comprehensive Auditing Foundation, and the Auditor General indicated that he would be willing to provide some information. He didn't have copies of their latest bulletin for all members, but we have a half dozen of their latest bulletins that are available here. For those who want it, if they'd come forward, I'll hand them out. If other members want that, I'll make sure I get additional copies of this that will be available to people. It gives you some idea or understanding of just what the CCAF is all about.

Auditor General.

MR. SALMON: I have additional copies coming from Ottawa.

MR. CHAIRMAN: So they will be available.

Other Business arising from the minutes. I just want to point out that last day I indicated to Mr. Taylor that if he wanted to make a motion, it might be desirable to do that by way of notice of motion. There really is no requirement that you have to do that. Any member of the committee can bring a motion forward any time he or she wishes; it's just that the past practice of the committee, unless it's an emergency situation, has been to give notice of motion. It gives all members of the committee a little more time to look at and reflect upon a motion. That's normally how we've dealt with motions in the past. However, I just wanted to reinforce the position that really there's no requirement that you must do that.

In terms of the scheduling of appearances, the secretary of our committee has circulated a list of who is likely to appear before the committee and on what dates, and I understand those meetings have been confirmed by and large. The whole list of people on that list have confirmed that they will be available on those dates.

Now, with respect to my privileges as chairman, under the Standing Orders there are certain powers, I guess, that are associated with the role of the chairman. I just want all members of the committee to be aware that motions that are approved by the committee take precedence over Standing Orders. Okay? So as long as we are clear on that.

We do have a letter that I circulated that was sent to me by Richard Helm, the chairman of the press gallery here at the Legislature. It was distributed in your minutes. I understand that the government members may have a motion they wish to make with respect to that?

Mr. Lund.

MR. LUND: Thanks, Mr. Chairman. I wasn't sure that we were down to 3(b), but I guess that's where we're at, is it? But since you've given me the floor . . .

MR. CHAIRMAN: I'm sorry. You're quite right, Mr. Lund. I neglected to deal with item (a), which is the report. If we can go back, I'll deal with that and then recognize you in a moment.

You have a copy of the circulated report. Now, I didn't follow the committee's instructions. The committee's instructions were to summarize the responses of the minister. That would have taken an incredible amount of time, it would have produced a very lengthy document, and it's very, very subject to interpretation. So what we did was take out, I think, what the government members found objectionable, which was an edited list of the questions that were put to members. We just took that out, and in the front of the document you have, it just makes reference to the fact that you can find out what questions were asked and what the ministers' responses were by referring to the *Hansards* for those dates. They're available.

Now, is that acceptable to committee members? Mr. Moore.

9:50

MR. MOORE: I move approval of the report as circulated.

MR. CHAIRMAN: We have a motion to approve the report as distributed for presentation to the Assembly. Is there any further discussion on that motion? Question? Those in favour? The motion is carried.

Mr. Lund.

MR. LUND: Thank you, Mr. Chairman. I want to say that I'm a little sorry about what happened last week. I'm afraid there could have been an impression that we were not anxious to have coverage of the committee, and that certainly is not the case. I think this is an extremely important committee. It's a method of getting information out to the public, and we welcome that. Unfortunately, we don't see any other press here this morning. Of course, the Assembly and these meetings have always been open to the public and the press. The controversy surrounded the use of video, TV cameras. I'm happy to see that we have some people in the gallery this morning watching the proceedings as well, something that hasn't happened in the past.

Now, getting back to . . .

MR. CHAIRMAN: We should have a motion on the floor, if we may, to deal with this. Then we can direct our conversation to . . .

MR. LUND: I would like to move that television coverage of all Public Accounts Committee meetings be allowed, with the following guidelines - these are, incidentally, similar to the ones that are used . . .

MR. CHAIRMAN: Could I just suggest a technicality, a technical motion that might have to be put? If you're planning on putting into place a new procedure, I think someone would have to move that we rescind the motion that was made last week. Would you be prepared to do that?

MR. LUND: I will do that as well:

that we rescind the motion that was presented by the Liberal member last week.

MR. CHAIRMAN: Okay. Is there any debate on that motion? Those in favour of the motion to rescind? Motion carried.

Now Mr. Lund.

MR. LUND: The motion that I'm presenting this morning: that television coverage of all Public Accounts Committee meetings be allowed, with the following guidelines:

- (1) all equipment and manpower be in place in either or both of the traditional locations to the left and the right of the Speaker's chair at the time the meeting is called to order;
- (2) all equipment, duly manned, must remain in place until the motion for adjournment of the committee is approved; and
- (3) television staff must remain in the traditional locations; interviews, closeup pictures, et cetera will be conducted outside the Chamber.

MR. CHAIRMAN: We have a motion before the committee. Is there any discussion on the motion? Mr. Gibeault.

MR. GIBEAULT: I'd like to make an amendment to delete the second condition as proposed by Mr. Lund, the one about having people required to stay in position till the adjournment of the committee. Mr. Chairman, if we look at question period, we notice that TV reporters and crews often conclude their filming prior to the end of question period. To put in a requirement that they have to stay right to the bitter end of our meeting I think is counterproductive. I would therefore make an amendment to the motion that we scrap that.

MR. CHAIRMAN: We have an amendment to delete the requirement that the crews must remain the length of time of the meeting.

Mr. Paszkowski, on the amendment.

MR. PASZKOWSKI: The recommended resolution that the hon. Mr. Lund has brought forward is the identical requirements of question period. I'm a little shocked that our hon. Member for Edmonton-Mill Woods didn't research the requirements. To make an amendment that suggests that question period doesn't have these regulations just shows a lack of proper research.

MR. CHAIRMAN: I take it you're speaking against the amendment.

Mr. Doyle.

MR. DOYLE: Mr. Chairman, I speak in favour of the amendment by the hon. Member for Edmonton-Mill Woods. I think it's unfortunate that some members of this committee want to restrict people from spending just whatever period of time they can here. Perhaps they have other functions to do before the committee meeting is over. It's not right, it's not democratic to tell people you must stay until a certain time. It's okay to tell them to be in place by the time the meeting starts to not disrupt or cause any confusion.

We must support this amendment by the Member for Edmonton-Mill Woods.

MR. MOORE: Mr. Chairman, speaking to the amendment by the Member for Edmonton-Mill Woods, the deliberations here are very, very important to the citizens of Alberta. They deserve total coverage of it. I think this motion is in order. We can't have crews coming and going back and forth disrupting the process here. It's a very serious process, and having those interruptions is not tolerable. On the other side of the coin, I think the television crews are very responsible people. They want to give total information to the public, and the only way they can is by not going in and out. They'd want to be here for the full time. I don't think we need any disruption in the process. We have it in there during question period, and it should come in here. I'm sure that, as I say, those people who are truly interested in getting

information out to the public, members of this committee and members of the media, would be in favour of this; they would want full coverage so the public would know what goes on within Public Accounts.

MR. CHAIRMAN: Have we had a fair debate on both sides of this question?

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: The question's been called.

MR. GIBEAULT: As the mover of the amendment, I'd like to summarize.

MR. CHAIRMAN: All right.  
Mr. Payne.

MR. PAYNE: This is a difficult one for me, Mr. Chairman. I'm sort of between the two positions. I wish there was time to discuss a compromise or another alternative. I don't have any particular objection to a camera crew having set up at the commencement of our deliberations and after 30 minutes determining they've got enough film in the can or whatever they have these days and leaving. I've got no problem with that. I don't have a problem with premature departure. I guess the objection I have and I've picked up elsewhere is if there was some disruptive activity; you know, flitting back and forth. That I would take great exception to. So I'm somewhere between the two positions.

MR. CHAIRMAN: I think we're rapidly getting to that point in time, though, where we're going to have to table this issue until next week, because we do have to make some other announcements. So would a motion to refer . . .

MR. MOORE: Well, Mr. Chairman, we've got two minutes. Surely we can make two votes.

MR. CHAIRMAN: Okay.  
Ms Mjolsness.

MS MJOLSNESS: I think in all fairness we have to consider if in fact the media moving in and out of the room would be disruptive. Their moving out after 30 minutes: they could do so very quietly, and in my opinion they would not be disruptive. That's just my comment. Thank you.

MR. CHAIRMAN: Mr. Gibeault, to close the debate.

MR. GIBEAULT: Mr. Chairman, just to respond to Mr. Paszkowski's remarks. It may in fact be the rules as such that people have to stay for the end of question period, but in fact the practice, if anybody could observe it on any given day, is that the press gallery members go back and forth in the press gallery above the Speaker or the television cameras. So to impose this arbitrary rule on members of the media for the proceedings of our committee is absolutely ridiculous and totally out of keeping with the practice of this House.

MR. CHAIRMAN: Okay.  
Are you ready for the question on the amendment?

HON. MEMBERS: Question.

MR. CHAIRMAN: Those in favour of the amendment as proposed by Mr. Gibeault? Those opposed? The amendment is defeated.

Are you ready for the question on the main motion?

HON. MEMBERS: Question.

MR. CHAIRMAN: Those in favour of the main motion? Those opposed? Motion carried.

Mr. Gibeault gave notice of a motion. Could we have that tabled for one week? Would someone care to so move that we table Mr. Gibeault's notice of motion? Moved by Mrs. Laing. Any discussion? Those in favour of the motion to table? Those opposed? Motion carried.

Now, we're not meeting in this place next week. We're meeting up in 512 at 8:30.

Mr. Moore.

MR. MOORE: I move adjournment.

[The committee adjourned at 10 a.m.]