

8:30 a.m. Wednesday, February 10, 1993

[Chairman: Mr. Pashak]

MR. CHAIRMAN: All right. I'd like to call today's meeting of the Standing Committee on Public Accounts to order. You have an agenda before you. Is there a motion to adopt the agenda as distributed? So moved by Mr. Brassard.

MR. TAYLOR: Mr. Chairman, I'd like to amend the agenda, to put in place at your convenience a motion I wish to make that the Public Accounts Committee call the following witnesses as part of its consideration of recommendation 4 in the Auditor General's report on NovAtel Communications: firstly, S.W.R. (Sandy) Moore, secondly, D.E. (Del) Lippert, and thirdly, J.D. McDonald.

MR. CHAIRMAN: I'll put that under Other Business, and if there's time we'll . . .

MR. TAYLOR: Whatever the wish of the Chair is.

MR. CHAIRMAN: It will come up under Other Business if there's time to deal with the matter today. Or would you be prepared to add them at the time that item comes forward? Would that be all right with you?

MR. TAYLOR: Sure.

MR. CHAIRMAN: We just had an item to call other witnesses, but that would be an item that would come up under Other Business. All right.

We've got the motion to approve the agenda, with the addition of an item just raised by Mr. Taylor. Any further discussion on the agenda?

HON. MEMBERS: Question.

MR. CHAIRMAN: The question has been asked for. Those in favour? The motion is carried.

Okay. We've circulated the February 3, 1993, committee meeting minutes. Is there a motion to adopt those minutes as distributed? Moved by Mr. Hawkesworth.

Are there any amendments, corrections? Hearing none, are you ready for the question? The motion to adopt the minutes, then, as distributed? Those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Item 4 on the agenda, then, which is the continuation of the discussion with the Auditor General, Mr. Donald Salmon. I'm pleased to welcome Mr. Salmon again today. He is accompanied by Mr. Andrew Wingate, his senior assistant Auditor General, and Mr. Merwan Saher, the senior director in Mr. Salmon's department.

Mr. Salmon indicated that he wanted to make a brief statement before questions are put to him. I assume that's acceptable to the members. Hearing no objection, Mr. Salmon.

MR. SALMON: Thank you, Mr. Chairman. Before answering questions members of the committee may have, I would like to just take a minute and make one comment, and that is that I assumed from the start that my NovAtel report would be referred to the Public Accounts Committee. I therefore am happy to appear before the committee today to answer questions that may

arise from my report. If there are questions that request some detail I do not have with me or which will require some time to search files, I will endeavour to provide answers at a later time.

I would suggest, Mr. Chairman, that I forward through you those responses, if there are any, to questions relating to the report which I am unable to provide today.

Mr. Chairman, I feel I can be of most use to the committee if the questions posed relate to my findings and conclusions included in the report, which will help us focus on the things which we have actually included and the reasons for them.

Thank you.

MR. CHAIRMAN: Thank you for that statement and that offer. I'm sure all committee members will appreciate that.

I think I indicated that I don't see Mr. Severtson this morning, so Mr. Hawkesworth is next on my list.

MR. HAWKESWORTH: Is Mr. Severtson not here?

MR. CHAIRMAN: No. We shouldn't mention that in committee, but I indicated I would recognize him first last time. So Mr. Hawkesworth.

MR. HAWKESWORTH: Well, thank you, Mr. Chairman. I welcome the Auditor General. As he said last week, there's a lot of meat in terms of his report. I think the key question he has tried to grapple with for everyone here is the whole issue of accountability and how that can be created or ensured in this case in terms of NovAtel. I'd like the Auditor General to maybe take a few minutes to explain what he thinks the role of the members of the Legislature is in terms of establishing accountability for the losses of NovAtel and the events that led up to it. I think that's an important consideration for us here in the Public Accounts Committee as a way of starting out. So with a bit of an open question, perhaps Mr. Salmon could make some comments in that regard.

MR. GOGO: Point of order. I am curious, Mr. Chairman. I'd ask your guidance why we would ask the Auditor General how we as members of the Public Accounts Committee would perform our task. That's the reading I get in the question. I'd appreciate your comment.

MR. CHAIRMAN: Okay. Could I ask the hon. member to restate his question as succinctly as possible.

MR. HAWKESWORTH: Mr. Chairman, I think it's fairly straightforward. What we're trying to establish are systems of accountability, and I'd like to know if the Auditor General has drawn any conclusions or has any observations to make about the role of members of the Legislature and this committee in terms of that system of accountability and ensuring that proper accountability is established.

MR. CHAIRMAN: The committee itself will determine what questions are valid or not. From my perspective as the Chair of the committee, we have been assigned by the Legislative Assembly not only to look at the report of the Auditor General on NovAtel Communications but to deal with recommendation 4 in his report. I think the hon. member is really asking a question about recommendation 4 and an elaboration on that. So from that perspective I would say the question is in order, hon. member.

Would you care to elaborate on your recommendation 4, I think, is the sense of this.

MR. SALMON: I believe I can probably answer it this way, Mr. Chairman. In providing the five recommendations which have now been publicly discussed, and even, I believe, in the Legislature on Monday, one particular one, in trying to recommend how we can avoid such losses as NovAtel incurred, recommendation 4, was included because I have a feeling in my own thinking of the operation of the Public Accounts Committee that if they were given the opportunity to see all existing financial statements that I do sign opinions on, such as even the provincial agencies that have subsidiaries, and NovAtel was a subsidiary of AGT, and included within those financial statements – and I'm talking future here because this is the way the recommendations were – was a budget at the financial statement level, a senior level, rather than the details that must be developed by any organization before they ever approve their budget so that when the results obtained by that organization are printed in public accounts or provided to the Public Accounts Committee, the differences between the budget figures and the actual amounts that were achieved, particularly where there's an extreme difference between an expenditure which is much higher than was budgeted for, the Public Accounts Committee can then ask the organization's management or even the Auditor General, if I'm here, to discuss generally the findings in my report on the public accounts: what was the reason for those changes?

As a result, if one would consider the length of time NovAtel operated and the process by which we were able to establish within the report the way in which those losses were incurred, it would have been a lot sooner where there would have been public understanding that a particular organization may be in trouble, and being an officer of the Legislature reporting to the Legislature as a whole, some consideration through a public discussion through a committee, some indication that there may be some concerns about a particular organization could be noted. Now, without establishing the process – as I said on page 21 of the report in the last paragraph, some people may feel that in making recommendations, I should go through the full detail of what should happen and how it should happen. That really isn't the role of the Auditor. The role of the Auditor is to suggest a way of improvement and improve accountability, and the Legislature or management, whoever has that responsibility depending on what it is, should develop the mechanisms. Now, I was not recommending new types of recommendations. One of the reasons for putting them down in the order I did was so I would not start to establish something that may be costly, because even with respect to the first one where we talk about expertise on boards, I really feel there are processes that already exist that can be upgraded to avoid an increase in costs and so forth. So that was really the reason.

Of course, if you look at that one paragraph at the end of page 21, I'm talking about accountability in that sense, if that's a reasonable answer. That's the way I'm thinking about it anyway.

8:40

MR. WINGATE: Mr. Chairman, just to reinforce the comments of the Auditor General. If the financial statements for NovAtel had been included in the public accounts for the year ended December '88 and '89, although the losses made in those years would have been small, as is indicated on page 8 of the report, if the budgets had been included as well, the Public Accounts Committee would have spotted that there was a significant difference between budgeted turnover and actual turnover, budgeted expenditure and actual expenditure. That would have alerted them, I think, at a much earlier stage to the fact that there were problems with NovAtel's management.

MR. HAWKESWORTH: Well, this is important. As I hear the answer, one of the key requirements is that members of the Legislature have more information and less secrecy in terms of the information. Now, Mr. Salmon, you mentioned that you weren't proposing new mechanisms and if we could just take the ones we have and make them more effective, that would be the route to go. I also heard from your statement that the Public Accounts Committee could ask the management of organizations the reason for changes between budget and actual results. Would you recommend to the Public Accounts Committee that this become a forum for deputy ministers and senior managers as well as what has traditionally been the practice of simply having the minister called before the committee?

MR. CHAIRMAN: I'm not sure if that was in your report or in your recommendations.

MR. SALMON: I could answer that question yes, but whether I give a bigger answer to that is certainly not within this report. I have an understanding of this in relationship to Canada and the operation of public accounts committees, but I'm not sure this is where we should be debating this particular thing. There might be something that will come up later in some of our . . .

MR. CHAIRMAN: Yeah. If you could tie it to your report, that would be one thing.

MR. HAWKESWORTH: I'm trying to understand what the lessons of NovAtel are. I thought that was the reason we . . .

MR. CHAIRMAN: Well, you're really asking a question about the operation of Public Accounts.

MR. HAWKESWORTH: Yes, agreed; I am. In terms of what has been learned about this event, presumably that would help us as a Public Accounts Committee in what we can effectively do ourselves.

MR. SALMON: Let me answer just briefly, Mr. Chairman, that yes, I agree. I am of the opinion – and this is the Auditor General speaking. I don't set policy and I'm not part of government, and certainly this will be a debate of this committee. In view of what happened with NovAtel and what I think should happen in the future, I feel that this committee will operate better if the accountability process is through the deputies rather than through the minister, because I think it eliminates some of the – sorry for the use of the phrase – partisan process that takes place within this particular committee. I don't want to debate that here today.

MR. CHAIRMAN: No, that's not a proper subject for debate. I allowed the question to go forward because in a sense if it comes out of your . . .

MR. SALMON: There is a study of public accounts committees out, and you'll find that in Canada there are only two jurisdictions that still just have a minister. The other jurisdictions have the deputies come, so that's in itself an understanding.

MR. CHAIRMAN: Thank you.
Final supplementary.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I take it then, in terms of the lessons to be learned and the advice from the

Auditor General, that there is at least one way the Public Accounts Committee could be more effective. Do I also understand that in terms of the recommendation where the Public Accounts Committee should be considering "the reasons for actual results being significantly worse than actual results" - there are, I suppose, literally dozens and dozens and dozens of arm's-length bodies, Crown-controlled organizations, and similar groups out there that are financed and organized much along the lines of NovAtel? If this is the route the Public Accounts Committee would go, in terms of an effective review of that multitude of organizations out there along the lines as recommended, that this committee would have to find some means of being able to meet more frequently and get into greater depth . . .

MR. CHAIRMAN: Now wait a minute. That question's clearly out of order. You can ask a question that is related to content in the Auditor General's report, his recommendations, or if you want to direct your comments specifically to recommendation 4 in the report, that's fine. But when you're putting a question, my ruling would be that you have to tie it back into the Auditor General's report in some way for the question to go ahead.

MR. THURBER: I know it is a very valuable exercise to have you here, Mr. Auditor General. Premier Klein stated in his letter of January 25 that the annual reports of Crown-sponsored corporations that "sell goods or services in a competitive market" should "be released publicly within three months of year end and tabled in the Legislature as soon as possible." Could you comment on how this is different from the current practice and whether this would be a substantial improvement over what's happening now if we go to that method in the future?

MR. SALMON: Mr. Chairman, I believe that the indication from the Premier to the Auditor General in reply to the five recommendations is an open door for an improved accountability process. If you remember my annual report, I said I wanted some basis on which Crown-controlled organizations would be disclosed publicly so that the responsibility for disclosing information that had not been released is in the hands of management or government rather than the Auditor General. Even though I have that right under my Act, I didn't feel it was right for the Auditor General to be releasing a full set of statements that hadn't been released, so I've been pressing the other way. So the letter from the Premier is a positive indication to me to provide for that additional accountability.

MR. THURBER: Would you have any recommendations for any additional or different information, specific information that could be included in these reports which would improve the communications and the accountability of these reports?

MR. SALMON: We have not had any discussions with senior management under Executive Council or Treasury with respect to what they really fully have in mind. My reading of the letter indicates that it's answering an indication that they agree with the principle of the recommendations. They're also indicating in their letter they're going further. I think the workings part will be something that will have to be examined as the process comes to reality. Without any prejudging of how far they are going to go or not going to go, I can't make a comment as to what will be the end result.

MR. CHAIRMAN: Are you finished with your line of questioning, Mr. Thurber?

MR. SALMON: There's one more comment, Mr. Chairman.

MR. WINGATE: If I could just add to the remarks of the Auditor General. With the companies that are being referred to, the fact that the financial statements are tabled in the House within three months of the year-end is significant. That's very prompt financial reporting. The other fact is that the Premier's letter indicates that those financial statements will also include an explanation of the companies' performances in relationship to their corporate plans. That is very valuable accountability information which hasn't previously been available. So I think both are very positive signs for improved accountability.

8:50

MR. CHAIRMAN: Okay. Again, we've moved off the Auditor General's report. We've examined the government response to the Auditor General's report, so once we've broken that ground, if an opposition member wishes to ask questions about it, I think I'd have to permit at least one series of questions to go forward.

Mr. Doyle.

MR. DOYLE: Mr. Chairman, on page 20 of the report it says that the board members of the AGT Commission and NovAtel "were not active participants in decision making" that led to NovAtel's financial losses, "rather they were led by NovAtel's Chairman, and to a lesser extent by NovAtel's President." I was wondering how the Auditor General reached this conclusion.

MR. SALMON: Mr. Chairman, just to clarify. I believe you're on the paragraph in the middle of the page where we say that either they "did not recognize the risks NovAtel was running, or took no effective action to limit the risks." You have to recall in the reading of the report, as we indicated, that part of the board of AGT was also the board of NovAtel. With that process, whereby reporting to AGT would be done by the chairman of the board, you might say, of NovAtel, there was no real reason, because of being the same people, to have any active debate as to the decisions that were made. In our examination of documentation and the decision process, this is why we have said "they were led by NovAtel's Chairman, and to a lesser extent by NovAtel's President," because they were the ones making those decisions and recommending them to this board and the board, of course, was reporting to AGT and they're the same people. So you get that acceptance of what those decisions were without really a proper debate.

If you look at page 100, you'll find at the bottom that we said: *Regarding the following matters, the views of the Chairman and the President were accepted and there is no evidence to suggest that their views were seriously challenged.*

We went through and put in eight bullets of things that happened. So the evidence was there as we examined the documentation.

MR. DOYLE: Yes, I well realize that your responsibility was not to fix blame or find the exact fault. But I was wondering: is it fair to say that most of the responsibility for what went wrong with NovAtel belongs to NovAtel's chairman, John Burrows, and NovAtel's president, Sandy Moore, and given that they're the two individuals fingered for a large part of the responsibility for what went wrong with NovAtel, why did the Auditor General fail to interview these two individuals and get their side of the story?

MR. CHAIRMAN: There's a problem with the question in the sense that an opinion was sort of expressed early on. I think the question itself is valid. The question is: why were these two

individuals not interviewed? I think that's valid. The expression of opinion earlier was inappropriate.

MR. SALMON: Well, Mr. Chairman, I know what he's asking for, but I have to go back to my original statement. I was never told that I couldn't fix blame. I chose to do what I did, and I still think I fixed blame by indicating who was responsible in the process that took place. I named the two boards and the process that took place and the accountability process that had been established as being responsible for those losses.

Now, there seems to be a debate about individuals that always goes on. I also have already commented and even commented in the last meeting on the reasons why I did not interview Mr. Burrows and Mr. Moore. I believe they felt they had legitimate reasons for not talking to us about the NovAtel process. However, as I also indicated last week, I had access to information on the interviews of those individuals when the Price Waterhouse report was done in the fall of 1990. The information we obtained there did not in any way provide us with an indication that we needed additional information from these individuals. We felt we had the information and we could explain and describe from documentation we'd seen the reason for the losses and so forth.

MR. CHAIRMAN: Supplementary, Mr. Doyle?

MR. DOYLE: Yes. Why was it minimized to go after these questions?

MR. SALMON: Sorry.

MR. DOYLE: Why did you not dig further into the responsibilities of Mr. Moore and Mr. John Burrows?

MR. SALMON: I thought I answered that, Mr. Chairman. I'm not sure what he's getting at.

MR. CHAIRMAN: I think he answered that question in his response to your supplementary.

Mr. Musgrove.

MR. MUSGROVE: Mr. Chairman, the recommendation is that all Crown corporations and agencies be audited by the Auditor General, and I have no question about that. I think that is terrific. But let's have a look at what happened to NovAtel in that it was a market failure rather than a fiasco. The bottom line is that the first cellular phone I owned cost about \$3,900, and now you can buy the same phone for about 250 bucks. So really what caused it was a market failure. Now, when we do audits on similar Crown corporations, will the Auditor General be giving a financial forecast on what this company should be doing and/or whether it should be dissolved or whatever?

MR. CHAIRMAN: Actually, in the same sense that Mr. Hawkesworth's question was out of order, I think he wandered. But if the Auditor General would care to comment, that's fine with me, as long as the committee members . . .

MR. SALMON: Mr. Chairman, I would like to clarify one item that the member just asked. He said the recommendation was that I would be the auditor of all these organizations. That is not so. I am automatically auditor by legislation. I'm not recommending anything other than the inclusion of their budgeted figures within the audited statements themselves. The auditor does not audit the budget figures. These are management's, and they are included

there for purposes of comparison only. It is not a case of us giving any audited opinion on forecasts.

MR. CHAIRMAN: Mr. Thurber, a supplementary. Excuse me. Mr. Musgrove.

MR. MUSGROVE: Those figures, then, would be only for this committee's consideration, and we'd be doing what we felt best with the figures. Is that the idea?

MR. SALMON: In the process that will take place, according to the reply we've received as well, they will be included within the financial statements that are published in the public accounts.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. On page 28 of your report, Auditor General, you said it was unwise of the AGT Commission to have agreed to purchase Nova Corporation's 50 percent share in NovAtel. That was right at a time when the principals of NovAtel and AGT seemed to be really gung ho to pile a whole bunch of money in. Now, the question I have is: what did Nova know - and you must have known to make that comment - that the NovAtel people didn't know? What was going on there?

MR. SALMON: Mr. Chairman, from my point of view, it was not a complicated issue in understanding what happened after we examined the documentation and through our interviews. That is that Nova was an organization that had entered into this joint agreement with AGT and at the time of their desire to withdraw were involved in another venture and had to make a decision as to which way they wanted to go with respect to their funding of that other venture or continuing with NovAtel. They chose to get out of the cellular business because it didn't mesh with the other business Nova was operating. They chose to go that route, which meant, then, that the decision as to who the partner would be became a decision between Nova and the AGT Commission.

The story in the report is clear. The decision was eventually made that they did not want another partner for fear they would get the wrong partner, and they wanted to choose their own partner on their own time and speed. Therefore, they purchased the interest. Now, our concern is the fact that when they made that decision, they were actually adding the risk from 50 percent to 100 percent and automatically had assumed the full risk of the business. If they'd turned right around and got another partner, they'd have been back to just 50 percent, but because of the difficulty in obtaining a partner and the long process with the company called Bosch, they continued with that 100 percent risk and, of course, eventually ended up with the whole thing anyway. So that's really why we're saying that.

9:00

MR. McEACHERN: Okay. Thank you for that.

The whole process of the Bosch thing is very interesting, and I've read that through with a certain amount of interest. What I wonder is: on page 35 of your report, you mentioned something about an amending agreement which changed the closing date of the Bosch deal and allowed the terms to be renegotiated. Now, just how significant those changes were isn't perhaps an important question, but given that the amending agreement was signed on September 30, did you get any sense from Mr. Stewart, the minister of technology, as to why he told the Legislature committee, in fact the heritage trust fund, on October 24 that no material

change in the nature of the Bosch agreement had been made. Is there not an inconsistency there, sir?

MR. CHAIRMAN: That's asking for an opinion.

MR. McEACHERN: He's the one that has dealt with the details. Let him offer an opinion.

MR. SALMON: Well, my understanding was that it was an extension rather than a redo of the actual detail. I'll let either one of my assistants here tell me that specific detail, but my understanding was that the decision was to delay because Bosch needed more time. They were not prepared to sign and to go.

MR. McEACHERN: You think that on September 30 Bosch said they needed more time. They didn't actually materially change it at that stage. That could be just because the minister, of course, needed more time also to make sure he completed the sale, but I'll let that pass.

On page 53 of your report . . .

MR. PAYNE: Let's have the rest of the answer.

MR. McEACHERN: I'm assuming he had answered.

MR. CHAIRMAN: Excuse me. Through the Chair.
Mr. Payne, did you have a point?

MR. PAYNE: Well, I thought we were getting more of a response.

MR. CHAIRMAN: Let me just check with the Auditor. Is there a further response to the member's supplementary? Did you want to add something, Mr. Wingate?

MR. WINGATE: Yes. My understanding is that the minister was of the opinion that the Bosch deal would go through right up until the last moment. It was probably that that gave rise to his comments in the Legislature.

MR. McEACHERN: Well, obviously that wasn't a realistic expectation.

I want to take you up on a point you made on page 53 of the report. It says that "NovAtel management and the auditors of the NovAtel forecast should be held accountable for the error in the prospectus." Now, what does "held accountable" mean? By whom? Does it mean that there's any information in there that a public inquiry could get out or that could lead to criminal or civil charges of any of the participants? Just what does "held accountable" mean in your idea?

MR. SALMON: Mr. Chairman, in reading this particular chapter, one will gather that as we were going through the facts and getting information through the interviews, NovAtel management were very optimistic. They were the ones that were coming up with the forecast. We've told the story of the auditor's involvement and what happened in relationship to that figure that was included. I feel strongly that the blame, if there is blame, rests back with them as to be accountable. Now, how that accountability is to take place can be debated. You have to recognize that NovAtel management after this date left. We also know that the auditors went through a process of being reported to their own body for examination and investigation and were cleared. But the results still come back to the fact that they went along with this particular

forecast and did not raise a flag until it was raised by the chairman just prior to the prospectus being released.

That may be a question that could be asked of someone else if the committee so chooses, but I still feel this is the answer on the basis of my conclusion and the information I have examined.

MR. GOGO: Mr. Chairman, I'm having just a little bit of difficulty. I look at recommendation 4, that this "Committee should consider the reasons for actual results being significantly worse than budgeted." In terms of responsibility, there's no doubt in my mind that the government of Alberta is responsible. There's no question; they appointed the commission. When I say "the government," I mean the cabinet. They're the only people at law able to do that. So there's no question about who's responsible.

I'm deeply interested in what can be done to prevent further things happening in the future, and I think that's what we're into. I'm finding this extremely interesting. As the Member for Edmonton-Kingsway has pointed out, do we end up pointing the finger at specific people in terms of criminal charges or whatever? I frankly don't think that's what we're about.

MR. CHAIRMAN: With due respect, hon. member, we're putting questions to the Auditor General. I'm trying to prevent a debate from breaking out among the members. If you could put a question to the Auditor General.

MR. GOGO: Well, I don't have a question for the Auditor General, Mr. Chairman. I'm finding this extremely interesting.

MR. CHAIRMAN: Mr. Taylor.

MR. TAYLOR: Yes. Thank you, Mr. Chairman, and good morning, Mr. Auditor, and all the other auditors. On page 85 you mentioned, "The Ministerial Task Force does not appear to have considered the . . . retention of a firm of corporate restructuring experts." As the hon. Member for Lethbridge-West said, this is primarily to try to stop further events of this nature in the future. Do you have any method or suggestion on just how these corporate restructuring experts would be called in? I might suggest something like a government-owned company that has losses two years in a row or three years in a row. Are there any suggestions you'd have for an automatic kick-in, that these restructuring experts would have to be called in on a Crown corporation?

MR. SALMON: Not directly, Mr. Chairman. In examining the evidence available to us - and of course you have to remember that we're coming behind the actual time; I expect the task force was somewhat overwhelmed by the responsibility of assuming full management of NovAtel at the time of the takeover by the government - it was our view that it probably would have brought to focus, to their attention some of the problems that actually existed within NovAtel in a much quicker fashion. However, that decision was not made. The decision was made to go the route of the management committee and continue the operation until it was disposed of, and of course that was somewhat prolonged. So it was really a case of just getting focused quickly, and that's the reason you would go to these companies if you had a particular concern with the operation of a company you'd just taken over.

MR. TAYLOR: That sort of leads . . . Oh, sorry.

MR. WINGATE: I was just going to add that in this period significant losses were mounting each month, so any action ultimately taken, if it was taken earlier, would limit the losses. So

we felt it would have been appropriate if corporation reorganization specialists had been called in to try and effect the divestiture just as quickly as possible, because every month saved was losses not incurred. That's what led us to make the comment.

MR. TAYLOR: That leads to my second question, Mr. Chairman. I served on a number of directors in pre-MLA days through the years, usually an outside audit committee or something, and what appears to happen here is an incestuous relationship. I go back again to the management board of directors or board of commission. When you read through it, there's a lot of internal officers put on the board. As a matter of fact, they sort of dominate the outside directors coming in now. Does the Auditor General have any kind of recommendation that when we appoint boards of directors or boards of commissions for Crown corporations, there has to be firstly a number of directors, maybe a majority, from outside the management sector? In other words, there's no use drawing on your own executives and putting them on the board because you're sitting in judgment of yourself. Secondly, most large corporations now - I know whenever I went on the stock exchange I was forced to have a board of directors audit committee, and it was formed by directors that were outside the corporation.

9:10

AN HON. MEMBER: How about the question?

MR. TAYLOR: That's the question. If you'd been listening, you would have heard it.

AN HON. MEMBER: I've been listening.

MR. TAYLOR: Not very closely.

MR. CHAIRMAN: Through the Chair. I think there is a question in those remarks that the Auditor General might care to comment on.

MR. SALMON: Well, the question I gather from the statements of the member is: how do you determine who should go on that board so you don't have all internal people? I believe my recommendation 1, leaving it to be sorted out with the public service commissioner, where you would have a shortlist of individuals who are qualified to do certain things on a particular board, will assist in the appointment of individuals who are not of the nature of that process between AGT and NovAtel where they were so intertwined with things. Actually no one at that particular time, other than one individual that left, was really familiar at board level with the cellular industry, and that was one of the concerns that turned up as we examined those decision times.

MR. CHAIRMAN: The final supplementary, please.

There's a lot of chatter going on, and I'm having trouble keeping . . .

MR. TAYLOR: There was a second part to it. It was the audit committee of outside directors.

MR. SALMON: Yes. I think that again the audit committee of directors will come into that whole purview of appointing people with expertise and will understand the business you're in so the operation will be done by a very well-managed organization with board members who understand the business they're in.

MR. TAYLOR: My last question, then, takes a jump. Bosch backed out of the deal, and the Auditor General seems to hang it on the fact that the forecasted profits weren't there. Now, this was a hundred million dollar deal. It's a little hard to stretch the imagination. I've been involved in corporate mergers in the past, and people walked away from me or I walked away from other people. It was a heck of a lot more involved than just a forecast on profits being out. Wasn't there any kind of evidence or internal memos or communications at the time that Bosch walked away from the deal, that they had spotted a lot more things wrong than just a forecast of profits being haywire?

MR. SALMON: Well, Mr. Chairman, when you look at the report, you'll find that Bosch had senior officials in NovAtel for some time. They were familiar with the operations. They also knew what they wanted to do with NovAtel in relationship to their own company. Remember that Bosch is a German corporation which is a very private corporation. It is not one which discloses a lot of information about its operations. On page 35 we included in the report the fact that

there was apparently no single factor that caused Bosch to terminate the negotiations. [However] Bosch's conclusion not to proceed was based on the following main reasons.

Now, we could have written a lot of things in here, but we chose to put down six particular points, which I won't read because they're on page 35, as to the reasons Bosch did not proceed.

MR. PAYNE: Mr. Chairman, does the Auditor General feel that there are any specific areas that were not explored in his review of NovAtel's financial affairs that should be examined by this committee? If so, what are they?

MR. SALMON: That's a broad question, Mr. Chairman. I guess I would say that I would not have produced the report I did if I didn't feel I was satisfied with the story I was able to tell. It has been recognized that our writing of this story was not easy, because the material we had and the amount of information we had was tremendous. We were trying to figure out a way to digest it, and as we got the outline developed, we felt we told the story. Now, there's a lot of background detail we were able to have access to which you could not have included in here. We would have written a mammoth report. So I'm satisfied. The answers we were trying to come up with to give the story of NovAtel and the reasons for the losses and making some recommendations on maybe how these things cannot happen in the future was really what we tried to achieve, and hopefully it will be recognized that that's what we did.

MR. PAYNE: Mr. Chairman, in recommendation 4 the Auditor General speaks to the disparity between budget and actual results and recommends, I believe quite appropriately, that this committee should consider the reasons for that disparity. Are there any reasons for that disparity that are not referenced in the Auditor General's report?

MR. CHAIRMAN: With respect to NovAtel. The Auditor General's remarks are with the future, but he's asking, I take it, back to the NovAtel situation.

MR. PAYNE: Exactly.

MR. SALMON: Mr. Chairman, I believe we've explained the reasons for the past, for NovAtel's situation with respect to how they constantly were overly optimistic with respect to their budgets

or their forecasts and did not meet their targets many times, whether it was sales or particular manufacturing problems. A lot of those things are described within the report.

I think what I'm really saying in recommendation 4 is that this committee would zero in on the worst ones. There are lots we do, and many of them are operating just fine. The fact is that if there happened to have been a NovAtel in the public accounts, you would have noticed it a lot quicker than where it wasn't available. I believe there are others that possibly would be items for questioning by the committee. But as a whole you're going to find that most of them will be fairly well operated, and there will not be those discrepancies. So it's really deciding on which one's the worst.

MR. PAYNE: Mr. Chairman, the Auditor General has observed, again I think quite properly, that one aggravating factor was the absence of or the lack of relevant expertise in some of the board appointments. I have to relate that to the membership of this committee. In our current Assembly we have precious few members with business experience. We have even fewer with accounting experience. Right now I think we have zero with marketing experience. That suggests to me that in aggregate we don't have a whole lot of expertise either as a committee. Yet the committee has a legislated and, I believe, a public obligation to do what it can to prevent another NovAtel. I'm not sure whether the chairman will regard this as an appropriate question, but can the Auditor General suggest what could be done in view of the lack of expertise of this bunch to take on such an important challenge?

MR. CHAIRMAN: Members from both sides of the House have asked questions now about the role of the Public Accounts Committee in terms of conducting its business. Given that they've come from both sides of the House, if the Auditor General feels comfortable about commenting in terms of how he thinks the performance of the Public Accounts Committee could be improved, I will let that question go.

MR. GOGO: That will be an opinion.

MR. CHAIRMAN: It will be an opinion. It will be understood as that: an opinion on the part of the Auditor General with respect to this question.

MR. PAYNE: Mr. Chairman, if you and the committee are uncomfortable with the question, I will withdraw it.

MR. CHAIRMAN: No, I'm not uncomfortable. The question came from both sides, and if it's all right with the hon. member, I'll let the Auditor General use his discretion in terms of whether he chooses to answer it or not.

9:20

MR. SALMON: Mr. Chairman, I don't believe you have to be an expert to ask the right question if the information is supplied in such a way that you can ask the question. I believe that with management providing the budgets and possibly even in annual reports, et cetera, explaining how they've achieved the goals they've established at the beginning of a year and gone through a year, we'll give the information and the opportunity for this committee, no matter what your background is, to ask the questions that will be important to provide for that accountability. I'm not suggesting that there have to be certain types of expertise within Public Accounts. This committee draws from all kinds of backgrounds, and that's what the Legislature's all about.

MR. CHAIRMAN: In fairness to Mr. Hawkesworth's earlier question, which I ruled out of order, would you care to make any further comment with respect to public accounts committees?

MR. SALMON: The other thing – and I don't hold myself out as an expert on everything – is that because we have to provide a report to the Public Accounts Committee, the Auditor General has to work closely with the committee, and there are things I can provide and help in making recommendations that will help the committee do what they are assigned to do.

MR. CHAIRMAN: Thank you very much.
Mrs. Laing.

MRS. B. LAING: Thank you, Mr. Chairman. As we know, the Auditor General recently completed a very thorough investigation of NovAtel Communications Ltd. and their financial affairs. According to the Auditor General's report, this investigation included interviews, a review of documentary evidence from individuals and companies including members of Executive Council; senior government officials; the managements of NovAtel, AGT, and Nova, some of whom were on the NovAtel board. This also included Telus board members, members of the NovAtel management committee, underwriters, lawyers, auditors, and financial advisors. Does the Auditor General feel that his investigation was complete in terms of consulting everyone who could shed light on NovAtel's financial affairs?

MR. CHAIRMAN: I think the Auditor General has answered that two or three times, but if you care to . . .

MR. SALMON: I would say yes.

MRS. B. LAING: Thank you.

In the Auditor General's opinion, are there any individuals who were not consulted in the investigation who should be subpoenaed by the Public Accounts Committee?

MR. SALMON: I believe I've answered that too, Mr. Chairman. I would say no.

MRS. B. LAING: Thank you very much.

MR. CHAIRMAN: Thank you.

Mr. MacDonald, welcome to your first opportunity to ask a question in Public Accounts.

MR. MacDONALD: Thank you.

While the Auditor General has not laid blame at the feet of any particular individual, the fact that there's still a huge loss shows a lack of managerial skill. We've acknowledged in this body here that we do not have extensive skills in many areas. I guess my question to the Auditor General is: as the NovAtel board and the AGT Commission were involved in participating in their roles – you note that they "either did not recognize the risks . . . or took no effective action" – were you surprised that they didn't recognize the risk with the backgrounds they had?

MR. SALMON: I suppose, Mr. Chairman, that with the magnitude of the losses of NovAtel we were surprised in that sense. I guess an auditor is automatically able to examine this kind of thing and take it for what the evidence indicates. We're trying to draw conclusions as we're doing our examination, and these are the reasons. I mean, whether it's a "surprise" or not – I don't know

whether that's exactly the word. Certainly the magnitude of the losses was great, and we recognized we had that problem to describe. So we're looking for evidence as we're going along rather than expecting to find something different from maybe what we anticipated in view of the magnitude. I don't know whether that answers the question, but that's the way I feel.

MR. MacDONALD: I suppose it's in light of the fact that the information they did have - obviously in hindsight it's easier to say that you saw this and this and this. Maybe I'm repetitious, but what was your emotion as you saw the evidence there?

MR. CHAIRMAN: I think if we just change the word "emotion" to "reflection on the matter."

MR. TAYLOR: He just wants to know if he swears.

MR. SALMON: I don't swear, and I suppose auditors don't show emotion, not obviously anyway.

MR. CHAIRMAN: Mr. Lund.

MR. LUND: Thank you, Mr. Chairman. First, I want to congratulate and thank the Auditor General and his staff for the very thorough job they have done in this investigation. I find this report very useful in seeing what happened and how we can prevent some disaster like this from occurring again.

Building on Mr. Gogo's comment about the government being responsible, that the buck does stop here, I agree with that. Certainly through Mr. Payne's questioning it was very obvious that you felt management was a problem inasmuch as the needed expertise probably wasn't there. Of course, we're responsible because we appointed those people.

In order to prevent this happening in the future, would you agree that probably the other major problem we've got in the current structure is the fact that there is a lack of communication between these Crown corporations and either this committee as a sounding board or the Legislature that is ultimately responsible? How could we improve that?

MR. CHAIRMAN: I think there are two questions there.

MR. LUND: Oh, okay, the first one. I'll get to the second one later. I'll get two supplementaries instead of just one.

MR. SALMON: Well, I believe that the way I have made the recommendations will in effect lead to the opportunity for some relationship between the Legislature and these particular organizations, the provincial agencies or the Crown controls. I think that the filing of those financial statements and budgets within the public accounts gives an in for the Legislature, through this committee, to be able to have some additional communication that did not exist before.

MR. CHAIRMAN: Supplementary.

MR. LUND: Thank you. Reading from the letter dated January 25 from the Premier to yourself, Mr. Salmon, as Auditor General, on page 3, the second paragraph, it says:

For accountability to be meaningful the establishment and continuation of provincial agencies and Crown controlled organizations must be a public process. The Financial Administration Act will be amended so that establishment, acquisition or disposition of a provincial agency or Crown controlled organization will require

approval of the Legislative Assembly or Lieutenant Governor in Council.

Then down a little further it says:

Amendments to the Auditor General Act will be proposed so that the definition of a Crown controlled organization will include an organization in which the province, directly or indirectly has a 50% interest.

It would appear that this is going even one step further than your recommendation 4. I'm wondering: do you feel this is necessary, or is another mechanism coming through the Public Accounts Committee sufficient?

MR. SALMON: Mr. Chairman, I believe what this is saying from my perspective is that this will be an opportunity for the Legislature or the government itself to approve the establishment of these organizations. A year or so ago the Financial Administration Act was amended to include within the definition of provincial agencies the subsidiaries of those agencies. The reason for that was that there was a proliferation of subsidiary companies that were taking place, and in order to provide the control or the accountability, that was named as part of the definition of provincial agencies and also meant that the Auditor General, who had that responsibility for auditing the agencies, also had a responsibility for auditing the 100 percent owned subsidiaries. Now, I believe that having that particular opportunity for public disclosure of those organizations being, let's say, established will in itself assist in that process of accountability because there will be an opportunity for debate. Whether it be by the Legislature or this committee or by the government itself in some cases, as indicated by the Lieutenant Government, that will take place, and that will mean not having subsidiaries organized that the government is not aware of. I believe that is happening and has happened in Alberta. We're aware of them all because of being the Auditor, but I'm not sure that the government or the Legislature has always been aware of the many subsidiaries that actually do exist.

9:30

MR. LUND: One more, Mr. Chairman, if I might. One of the arguments we constantly hear when we're talking about Crown corporations is that if everything is discussed in public, it inhibits their ability to compete in the marketplace. Do you see this as an inhibitor to their ability to compete?

MR. SALMON: I believe there may be some concern with respect to a particular organization that might be taken over by the government for some reason and it's a competitive organization to other similar commercial ones. I assume that the government would only assume that for a period of time. It isn't like they're going into the business to compete. As a general rule, I don't believe any provincial agencies can hang their hat on the fact that they can't operate.

Now, we receive this kind of discussion, and I'm going to raise it right here, with respect to some of the hospitals that the Auditor General does audit. I do audit the provincial general hospitals and some of the other major hospitals that are government owned. In those five or six hospitals they believe that because I publicly report, that's unfair. I personally cannot see that there can be any justification for being unfair as long as an organization is operating properly. Where they're being funded by the government, they certainly should be accountable publicly if necessary. So I have not had any concern about that where there is that argument by a board.

MR. LUND: I agree.

MR. CHAIRMAN: Mr. Brassard.

MR. BRASSARD: Thank you, Mr. Chairman. I also would like to compliment you and your staff, Mr. Salmon, on a very comprehensive and thorough report. Most of what the report is about and what we're discussing today deals with this whole process of monitoring and accountability. In reflection I look back on the initial days of NovAtel in 1983, and they entered into one of the fastest growing and rapidly evolving sectors of our economy. It was indeed a roller coaster for a long time, and it would appear that for the longest time they were actually winning that. In your report you indicate that most of their demise is due to their failure to keep up to that fast-paced market.

You referred earlier to the letter that Premier Klein sent to you outlining our new financial reporting and goal-setting policies for Crown corporations. Do you feel that these new measures will be sufficient for corporations taking part in these quickly developing markets?

MR. CHAIRMAN: Well, you've answered that question previously, and it's really not on the report. Is there anything additional that you wanted to supplement your previous remarks with?

MR. SALMON: Andrew would like to comment.

MR. WINGATE: Mr. Chairman, the only point I'd like to make is that in the early days of NovAtel Communications they did in fact lose money. In fact, NovAtel lost money in every single year it operated. Its revenue went up year by year, and they were very sharp increases. Nevertheless, they made losses each year.

MR. BRASSARD: It's that very point, Mr. Chairman, that concerns me, because in the confidentiality that takes place in the marketplace, with all due respect this is not a hospital that we're talking about, and comparing a hospital I think is unfair. My concern is that the public consultation and discussion of the company that is going through these struggling formative years would be inhibited coming before your committee on an ongoing basis. I think they need that flexibility of going through a loss period to gain a market share.

MR. CHAIRMAN: His question really is: is there a difference between accountability of these partially private-sector entities and hospitals in terms of reporting procedures?

MR. SALMON: Mr. Chairman, I wasn't trying to compare hospitals to NovAtel. That was strictly on the basis of the comments the boards sometimes make to us about being publicly accountable. The end result is the same in the sense that public money is being used. One has to recognize that if it's public money, from the government, there should be some accountability, and I do not believe it can be behind doors. I think that's really what happened with NovAtel.

MR. McFARLAND: Mr. Chairman, I'm not trying to make light of the situation, but the comment's been made that NovAtel lost a lot of money, and the revenue went up and they still lost money. It sounds to me a lot like farming. At the same time, where NovAtel provided a competitive business and through it provided a service to the public, government is losing money every day in providing a service as well. I want to know if you could point out the correlation. In my question what I had in mind was: when the Premier referred to changes in the Financial Administration Act as it pertains to other Crown agencies and boards, the acquisition and

the disposal and the establishment of them, do you see any positive or negative effects in the future if these amendments in fact were to take place?

MR. SALMON: I'd think it's a positive thing if the amendments were taking place. I guess the first question that was referred to, Mr. Chairman, was that with NovAtel there were other effects that might have taken place because NovAtel existed. I believe the other effects that I mention on pages 116 and 117, which I did not elaborate on because I didn't feel that was my prerogative or expertise in relation to NovAtel - it wasn't really what was being asked for - and that's the effects that NovAtel might have had on the province as a whole. I don't think NovAtel, though, was designed for that purpose. I think NovAtel was really designed to get into the cellular business and hopefully make a profit and help diversify industry in Alberta. I think the intent was that; however, the result didn't materialize other than in the temporary gain from employees, et cetera, that took place in the economy of Alberta.

MR. McFARLAND: Mr. Chairman, again, in the vague attempt at comparing the private to the public - government - sector, could you tell me what the difference is going to be or if you find it acceptable if one of the amendments was that all provincial boards, agencies, hospitals, colleges, and so on be put up for review or public debate every five years as was recommended in the Premier's letter? Is that going to restrict what is deemed to be a needed service that can also, arguably at greater expense, be provided in the private sector? You know: education, hospital services, and those kinds of things.

MR. SALMON: I'm not sure.

MR. CHAIRMAN: Can you just make a succinct question that's related to the Auditor General's report or his recommendations?

MR. McFARLAND: Okay.

Would you as Auditor General agree that the public boards and agencies be put up for public review through this process or another every five years?

MR. SALMON: Well, other than every year, you mean?

MR. McFARLAND: Right.

9:40

MR. SALMON: I believe that the accountability I'm asking for, and has been agreed to in the letter, of having the budgets included is not the same kind of thing that probably should exist at times. That is a debate as to whether the organizations should exist or continue to exist, and I think that debate may not take place every year because one could project in planning further than just one year. There may be a need for, yet it's not the Auditor General's prerogative to recommend, a review over a periodic period of time of all the organizations that exist within government with the idea that the ones that are making the contribution, that are important, continue and the ones that aren't are phased out. That's certainly a policy matter that I believe is in the hands of this committee or whatever committee the government chose to give it to to review.

MR. CHAIRMAN: Final supplementary? Mr. Clegg. Or did you have one?

MR. CLEGG: Yes, I did. Thank you, Mr. Chairman. I first want to make a very quick comment about what the hon. Member for

Lethbridge-West said. I've always believed that, you know, the person at the top is responsible, and certainly I feel strongly that the cabinet in this case was responsible. It is no different from running a business. If you're running a municipality, you don't blame the grader man if it's losing money. If you're running a farm, you don't blame the hired man for losing money.

I'd better get to the question. In the letter from the Premier on January 25 to the Auditor General it states that the Crown "corporations that sell goods or services in a competitive market will be required to report and make public quarterly financial statements" instead of just putting budget information in their financial statement. Do you believe that this requirement is sufficient to keep the government in step with the companies they sponsored that are taking part in the marketplace?

MR. SALMON: Mr. Chairman, that's one of those things that are included in the letter that certainly we'll take into account as we examine in the future the establishment of whether or not this is something that will be satisfactory totally. I'm assuming it's going to be. It's the case of the timing of it.

MR. CHAIRMAN: Supplementary, Mr. Clegg.

MR. CLEGG: Thank you, Mr. Chairman. If those measures had been in place, then I'm sure there would have been more credibility or accountability.

Now, since the report has been issued, September 25, I'm sure, Mr. Auditor General, you've thought about this report. Everybody in Alberta has, so I don't know why you wouldn't. Would you be giving any more recommendations to the government? Is there anything else that you could see that could have helped this situation?

MR. SALMON: Mr. Chairman, I always am making recommendations. I mean, particularly in my annual report. Certainly I'm not prepared to comment on anything that's included in the current annual report that has come to bear after this report, so naturally it's not a case of you can sort of turn off the NovAtel report and start with the annual report. The NovAtel report will be mentioned in a certain way in the annual report that's coming out soon.

MR. CHAIRMAN: Final? Okay. Thank you.

Now, we approved an agenda. There are two other items. There is only about 15 minutes left. It would be my decision then to bring those items forward. There's still a lot of people that want to ask questions, and a lot that have asked questions have asked to be put back on the list. We'll deal with item 5, then, at this point. Discussion of the tabled motion.

Mr. Hawkesworth.

MR. HAWKESWORTH: Sure, Mr. Chairman. If you've moved that off the table, then I would like to make that motion that this committee meet after this Legislature session adjourns. I've given the times and dates, and I believe a decision is required by the committee. I just made a note here of some of the issues we have not touched on or just barely touched on: who all the key people aware of the budget results and discrepancies were, delays in the Bosch agreement, the amending agreement to the Bosch deal, why they backed out, the indemnity that was given, the prospectus errors, the terms of the Telus sale of NovAtel back to the province, the actions of the ministerial management committee, statements made by the minister to the heritage trust fund and to the Legislature. We didn't at all touch today on the commitment

letters for the loans and the approval of those loans to the American companies and why Alberta was so exposed, the state of those loans now, the full losses, why key people in management failed to act: those are just a small number of the issues that we haven't even talked about today, and we don't have time in the few minutes left. If the committee really wants to examine these issues, we have no choice but to adopt the motion.

MR. CHAIRMAN: Your motion is to bring the tabled motion back to the floor.

MR. HAWKESWORTH: I thought you had said that.

MR. CHAIRMAN: That's your motion. You've spoken to it, and we've spoken at some length on this motion previously. The motion is really to bring it back to the table, okay? So at this time we should keep our remarks either to why you want to bring it back to the table or why you don't want to bring it back to the table.

Mr. Moore, you had indicated you wanted to be recognized on the tabling.

MR. MOORE: Well, I wanted to speak to the motion. I'll wait to see whether we bring it back on the table.

MR. LUND: Well, Mr. Chairman, I certainly respect that it is your prerogative to cut off the discussion with the Auditor General, but I would be in error if I didn't point out that there were many of us that were interested in concluding the discussion today, and I think it could have been accomplished instead of dealing with this. I know it is your prerogative.

MR. CHAIRMAN: Thank you for your observations.

MR. McEACHERN: I would like to say that it's really important that we continue the discussion with the Auditor General. He does have, I think, some more answers for us, but even more important than that is to bring in some other people to talk to.

I would like to explore the Bosch deal certainly more thoroughly and what Mr. Stewart said and what he didn't say, first with the Auditor General but second with Mr. Stewart himself. I think there's a whole area of the cabinet responsibility and the management of AGT. It seems to me we've talked a lot about the NovAtel management but not very much about AGT. I'd like to know what Mr. Hobbs' role was and Mr. Webber and Mr. Neldner. That whole area of systems financing: Mr. Stewart talked of why it was necessary to have a \$525 million guarantee and how it was to be used. It all sounded very innocent and innocuous, but we found out that there were a lot of other details, ways of using that money that did not fit with the description he gave us, and that needs to be explored. I think we need also some evaluation from the Auditor General as to how he arrives at his figures as to how much of this \$300 million outstanding portfolio we're going to get back in the future as well. Certainly there are some questions about that that we could ask not only the Auditor General but some of the management of the government itself and the people in North West Trust that are in charge of that portfolio and what they're doing with it.

MR. CHAIRMAN: Any further discussion?

MR. TAYLOR: It's just a very short one. I think the public would perceive us as being a fairly useless committee if we sat twice and had only one question per member. I think we have to

sit again and do it. There are a number of things that have to be questioned. To limit the investigation of a major report by the Auditor General talking about nearly a billion dollars disappearing to one question per member over two meetings seems ridiculous.

MR. CHAIRMAN: Mr. Doyle.

9:50

MR. DOYLE: Thank you, Mr. Chairman. The Auditor General indeed did a good report with the amount of information he had before him, but I think it absolutely necessary that we call Hal Neldner, AGT president; Neil Webber, whom he indicates, for other information, the AGT board chairman and NovAtel board member. John Burrows, the NovAtel chairman, should be brought before this committee seeing as how he didn't answer to the Auditor General.

MR. CHAIRMAN: Yeah, you're providing some reasons why we want to meet again, but that's really the substance of this, not to get into the Auditor General's report. It's to give reasons as to why we should meet again or not meet again.

MR. PAYNE: Mr. Chairman, it would assist me as I come to my own personal decision as to how I'm going to vote for this detabling motion if I could have an answer to the question: is it a viable option to the Chair and to the committee to have the Auditor General return to meet with us when the Legislature reconvenes in April?

MR. CHAIRMAN: No. This committee's work expires at the end of a session, and we will have to report back on all our activities to that point in time. We established that precedent last year that we must report back to the House. There'll be a new committee in place, and if it's going to continue its review of the Auditor General's report and recommendation 4 contained in that report, it would have to get a further direction from the Legislative Assembly itself.

MR. PAYNE: Then if I could, I'd like to recast my question as a recommendation to the next committee.

MR. McFARLAND: Could I just have the comments repeated? I didn't quite hear it, Mr. Chairman. Sorry.

MR. CHAIRMAN: Mr. Payne asked whether or not the next Public Accounts Committee could . . .

MR. McFARLAND: I understood that. Just his last comment, Mr. Chairman.

MR. CHAIRMAN: Oh, you heard the answer to that. He wants you to repeat your last comment, Mr. Payne.

MR. PAYNE: Oh. I just simply asked if I could recast my question, then, into a recommendation for the next committee. That's all.

MR. CHAIRMAN: That this committee would go-ahead: that's your intention. We have a motion on the floor, but we'll let the minutes of the meeting show that you did make that as a suggestion that should go forward to the next committee.

Is there any further discussion on the motion to table?

MR. DOYLE: Mr. Chairman, we can't discuss what the next committee is going to do. It's the responsibility of this committee.

MR. CHAIRMAN: There's no debate on that.

Is there any further debate? Hearing none, are you ready for the question to table?

HON. MEMBERS: Question.

MR. CHAIRMAN: The question has been called. Those in favour of lifting from the table the motion that the committee meet after this legislative session, et cetera? Those opposed? Okay.

Well, now the motion that we're debating is on the floor, which is that the committee

after this legislative session adjourns, meet from 10 a.m. to 12 noon and 2 p.m. to 4 p.m. Tuesdays, Wednesdays, and Thursdays for as long as it takes to complete its examination of the NovAtel matter.

Any debate on that motion?

MR. BRASSARD: Mr. Chairman, we've just listened to our Auditor General explain that in his estimation this is a very complete and comprehensive report, and there isn't anything that he knows of that should be included further in this report, and I concur with that assessment. I think it would be ludicrous for us to sit around as a committee and second-guess what has already taken place.

MR. MOORE: This was an excellent motion when it was brought forward prior to the Auditor General appearing. We all were in agreement with that, I would say, at that point in time, and that's why it was tabled. So it's back here now. We've listened to the Auditor General, and he has clearly underlined on many occasions here today that it was a very thorough report from his point of view and it covered all the points that he saw necessary. He put it in his report. It's a very comprehensive report. We have it here. I now think that the motion is redundant, because we have done that.

I want to point out something, too: that it's hypocritical for us to go on here. We're sitting here with the responsibility to make sure that taxpayers' dollars are spent responsibly and productively. Why would we go back and go through a report that's already here that the taxpayers of Alberta have paid \$788,000 for and incur others? It's sort of hypocritical for us to go back for whatever reason to second-guess an authority who is far more qualified than most people around here and has great staff behind him to look at it. So I think it is now time to move on to bigger and better things.

MR. McEACHERN: Well, Mr. Chairman, just because the previous member can't think of more than three questions to ask the Auditor General at one turn in two days doesn't mean the rest of us can't. My colleague from Calgary-Mountain View and I outlined a series of questions that still need to be discussed with the Auditor General and a number of other people. It's ludicrous that we don't avail ourselves of the opportunity to keep him before this committee for a few more days and bring in some other people to explore some of those things.

MR. CHAIRMAN: Okay.

Mr. Lund.

MR. LUND: Thank you, Mr. Chairman. I really am having a lot of difficulty. We look back and see what happened in our previous meeting, where except for about 10 minutes it was wasted, totally wasted on procedural items. We had the Auditor General here. We have before us a very extensive report. We've heard from the Auditor General that he was in no way restricted

in his finding of information and in obtaining that information. We have before us some tremendous recommendations. We see how those can clean up the kind of mess that was created in the procedure that led up to this horrible loss of NovAtel. I don't understand what we're going to gain by going back and replotting. I wish the opposition would show some respect and accept that the Auditor General has done a very credible job. What are we going to gain by going back and trying to reinvent the wheel? I don't know. Is the intent to try to discredit the Auditor General?

SOME HON. MEMBERS: No, no.

MR. McEACHERN: Mr. Chairman, I resent that. That is totally ridiculous.

MR. CHAIRMAN: Order. [interjections] Order.

MR. LUND: Certainly the Auditor General has made very meaningful . . . [interjections]

MR. CHAIRMAN: Hon. member.

MR. LUND: Well, it certainly appears to me that there is an attempt.

MR. CHAIRMAN: Wait a minute. [interjections] Through the Chair, please.

Let me recognize Mr. Taylor. Maybe he can answer some of . . .

MR. TAYLOR: Yes, Mr. Chairman. I'll just have a short comment at the end.

MR. LUND: If we're going to sit back and question the information that the Auditor General has provided to us, what are we doing it for? Is it to verify it, or is it to discredit him? What are we trying to do? I think, as has been pointed out by the hon. Member for Lacombe . . .

SOME HON. MEMBERS: Order, order.

MR. CHAIRMAN: No. Those remarks are out of order.

MR. LUND: Well, what are we trying to do? I haven't seen anything except that attempt in the past. [interjections]

SOME HON. MEMBERS: Question, question.

MR. CHAIRMAN: In two minutes this meeting will come to . . .

MR. TAYLOR: I'll give up my turn. Personally, I think it's insulting to the Auditor General to only ask him one question after he's done all this work.

Can we have the question?

MR. CHAIRMAN: The question's been called on the motion. Are you in favour of putting the question?

HON. MEMBERS: Question.

MR. CHAIRMAN: All right. Those in favour of the motion that we meet from 10 to 12, et cetera, 2 p.m. to 4 p.m. on Tuesdays, Wednesdays, and Thursdays "for as long as it takes to complete its

examination of the NovAtel matter." [interjections] Recorded vote. It's recorded.

[For the motion: Mr. Doyle, Mr. Hawkesworth, Mr. MacDonald, Mr. McEachern, Mr. Taylor]

[Against the motion: Mr. Brassard, Mr. Clegg, Mr. Drobot, Mr. Gogo, Mrs. B. Laing, Mr. Lund, Mr. McFarland, Mr. Moore, Mr. Musgrove, Mr. Paszkowski, Mr. Payne]

MR. CHAIRMAN: Well, do we have time for any more items on the agenda?

Mr. Payne.

MR. PAYNE: Are we at agenda item 6?

MR. CHAIRMAN: Yes.

MR. TAYLOR: Well, I had a motion.

MR. MOORE: Mr. Payne is recognized.

MR. CHAIRMAN: I recognized Mr. Payne with one minute to go.

MR. PAYNE: Recognizing that we have just a moment or two, could I indicate that I have one reservation about the request and that is the . . .

MR. CHAIRMAN: There's no motion on the floor.

MR. PAYNE: I'm not speaking to a motion. I'm speaking to the wording and the inference of agenda item 6. I just simply want to register my concern about the proposed cost, without questioning the value of participating in these kinds of forums. I realize they are inherently valuable. I would want to be reassured that there is no anticipated or contemplated cost to the taxpayer for the trip for which we're asked approval in principle.

MR. CHAIRMAN: There still has to be a motion, really, before we discuss it.

MR. PASZKOWSKI: I'll make it.

MR. CHAIRMAN: Okay; the motion's been made by Mr. Paszkowski.

Then in response to the question: there'd be no cost to the taxpayer involved other than there may be an application to the Speaker for approval to use bonus points. That's no direct cost to the taxpayer in any way, shape, or form.

10:00

MR. GOGO: I'm in favour, sir, of you as chairman of this committee attending that conference. As a matter of fact, if the conference consists of an agenda that would have a spousal program, I'd certainly recommend that your spouse attend. I don't know; I'd have to ask Mr. Moore or other people more experienced on this committee who else has attended in the past. I think the public accounts is a very important process in terms of the parliamentary system.

I appreciate the comments about the costs, sir, but in no circumstances should you go as a third-class citizen. I would be offended by that. I have faith in you, sir, as chairman, and I

would expect you to attend, and whatever the appropriate cost is this Assembly would bear.

HON. MEMBERS: Question.

MR. CHAIRMAN: Any further discussion?

Okay. The question's been called. Those in favour of the motion as has been put? Those opposed? Motion carried.

[The committee adjourned at 10:01 a.m.]

