

8:31 a.m.

Wednesday, February 16, 1994

[Chairman: Mrs. Abdurahman]

MADAM CHAIRMAN: I'd like to welcome you to the first meeting for this session of the Public Accounts Committee.

Before I have approval of the agenda, I just want to point out an error under 4(e). It reads Media Attendance at Meetings (S.O. 112). It's not 112; it should be 111. So with that correction I'd certainly appreciate approval of the agenda. Moved by Debby. Any discussion? If not, all in favour? I take it you're all approving the agenda. Against? We're off to a good start. Nobody wants to vote.

As chairman I'd like to draw your attention – and I'm sure that you've all read it – to the memo from myself with regards to the Standing Committee on Public Accounts, the role and mandate. I think it's a very important area, public accounts. I've expressed as chairman in the previous session that as yet we certainly haven't met the Canadian Council of Public Accounts' mandate as recommended by them. I was somewhat disappointed that to this point in time the only thing that we've seen happen is a reduction in the numbers to make the Public Accounts Committee more manageable, but even that hasn't gone as far as those recommendations. I'd certainly welcome any questions about the memo.

Before doing that, I'd welcome Mr. Salmon and Mr. Andrew Wingate, his senior assistant in the Auditor General's office. If you would just possibly comment on your comments within the Auditor General's report of '92-93 regarding Public Accounts?

MR. SALMON: Madam Chairman, that's in section 1. Is that the one you mean?

Section 2. The only thing we did was to reiterate the recommendation of the 1991-92 annual report and indicate that we still felt that the committee could be organized in such a way that the efficiency would be greater if deputies came. We do recognize that under the process the ministers would come on the invitation of the committee and the deputies would be there to answer the questions with respect to administration which we wanted to be sure of, so we think that's a positive step to ensure that they are here. Also, as far as the size is concerned, we acknowledge that at the time of the printing of the report they had recommended that the size of the committee drop by four, and at least that's partially a movement. We certainly recognize that the committee itself has the right to determine through process how they would want to operate and to set their own terms of reference in accordance with direction from the Assembly. So that's basically what we have done within this particular '92-93 report.

MADAM CHAIRMAN: Thank you.

Are there any questions at this time to the Auditor General with regards to section 2 before we move into the section on organization? I should point out that section 2, Executive Council, was attached to your agenda as well. Sine.

MR. CHADI: Thank you, Madam Chairman. Mr. Salmon, around the middle of the page it indicates that based on your experience in working with the Alberta Public Accounts and looking at other jurisdictions, you concluded that we should have a maximum of, say, no more than 11 members. We're down to 17 now. Is that a goal that you see we ought to be striving to achieve?

MR. SALMON: Well, certainly this was the goal of the public accounts organization as they did the study, and each of them made their own contributions from their own jurisdictions. From

my experience and understanding of how some of the smaller groups work, I believe that their ability to get through and to cut across the massive amount of material that's available to a Public Accounts Committee and to come to grips with where the money has been spent and whether or not they've achieved something from spending that money – it can be done with a smaller group, but at the same time I recognize that there are possibly reasons why they had such a large group: so that a lot of more individuals could be involved in the committee. There must be other reasons as well which I'm not really particularly familiar with. It's just that the smaller the group, the easier it is to work together, and the nonpartisan part disappears more in the smaller groups.

MADAM CHAIRMAN: Any other questions?

For those of you who may not have found it yet, it was section 2, pages 9, 10, and 11. Also attached to your agendas there was a copy of the Auditor General's comments.

Any other questions at this time? If not, I would like to move on, then, to Committee Funding, which is 3(c). Mike.

DR. PERCY: Yes. At this stage I think it might be appropriate, in light of the Auditor General's recommendation, to bring forward a motion with regards to the role the standing committee might have in terms of calling the deputy ministers and senior government officials under oath. Is this the appropriate time, Madam Chairman?

MADAM CHAIRMAN: Yes.

DR. PERCY: I would like to bring forward a motion that the Standing Committee on Public Accounts be given the authority to call deputy ministers and senior government officials under oath as primary witnesses to be answerable for the implementation of government policy.

MADAM CHAIRMAN: Would you like to speak to your motion?

DR. PERCY: Well, I think it follows directly from the recommendations contained in the report of the Auditor General. Certainly in light of this government's policy in the sense of outlining policy and then allowing senior bureaucrats to implement – I think it ties in very nicely with this government's strategy in this regard. I think it would free up the time of senior cabinet ministers, and it would deal with the issue of the implementation, issues of process. So I think it would be appropriate.

MADAM CHAIRMAN: Thank you.

DR. L. TAYLOR: It doesn't seem to me we need this, really, because we have cabinet ministers and their assistants here all the time, so I don't think we need another motion suggesting that they should be here under oath, quite frankly.

MADAM CHAIRMAN: Well, the motion's before us. You're speaking against the motion, I take it.

DR. L. TAYLOR: Yeah.

MADAM CHAIRMAN: Thank you.

MS CARLSON: I'd like to speak in support of that motion too. I think that when we're talking about implementing government policy, there are many times when we need the authority to call

senior government officials other than those we've had access to in the past.

MADAM CHAIRMAN: Anyone else wishing to speak? Richard.

MR. MAGNUS: Well, I don't know. I've never heard that this Chamber was supposed to be a courtroom, and to have sworn testimony to anything from a minister or deputy minister seems a little bit excessive, shall we say. It's kind of like killing a fly with a sledgehammer. I'm obviously opposed.

MS CARLSON: It isn't a matter of putting anybody on trial; it's a matter of being able to clarify points of interest to this committee.

MR. SOHAL: I think it'll be sheer wastage of time. A cabinet minister is an elected official, and he can answer to representatives of the electorate. I don't think that it'll serve any purpose, so I'll vote against the motion.

MADAM CHAIRMAN: Thank you.
Pearl.

MS CALAHASEN: Thank you very much, Madam Chairman. I, too, disagree with the recommendation that has been brought forward. I think the way we've been doing it has been pretty good so far. The ministers have certainly been responsible for the departments and will continue to be responsible despite whatever happens. If they require help from their deputies or other officials, they will bring them like they have in the past. So I don't think there's any need to have any motion.

MADAM CHAIRMAN: Thank you.
Sine.

MR. CHADI: Thank you, Madam Chairman. Following up on what my colleague Mike Percy had to say, it's probably not too far out of the ordinary to consider calling deputy ministers and senior government officials, but when we use the words "under oath," I think perhaps we're going a little too far. I'd like to agree with Richard Magnus on that one. I think perhaps a friendly amendment to that, that we would strike out the words "under oath" and we'd say: "senior government officials as primary witnesses to be answerable for the implementation of government policy." I think that if we ever do need them and have to call them up, we have the power to do that. If we choose not to do that, then we don't need them. We've got that power embedded in our committee.

So my motion would be to strike the words "under oath".

8:41

MADAM CHAIRMAN: Does the mover take it as a friendly amendment?

DR. PERCY: Yes, I do.

MADAM CHAIRMAN: You do. Well, rather than debate it, we'll take it as a friendly amendment, and it's been carried.

We'll go back to the original motion as amended. Do you wish to speak to it, close debate, Mike?

DR. PERCY: Yes, I would.

MR. McFARLAND: Madam Chairman, has the amendment been carried, or do you vote on it?

MADAM CHAIRMAN: He agreed to it as a friendly amendment, so rather than go through the process, if he's agreed to it, we're back to a motion that has deleted "under oath".

MR. McFARLAND: The amended motion then?

MADAM CHAIRMAN: Certainly.

MR. McFARLAND: I'm just not too sure, Madam Chairman, if the motion is necessary given paragraph 2 after the bullets, I believe it is, where the Auditor General, the way I read it, has indicated that the government has not yet accepted the recommendation but that he seems to feel quite confident that the deputy ministers and senior managers will be available. I'm not too sure about my recollection on the wording of the motion, but it seemed to me that it's contemplating future policy rather than whether or not government policy has been implemented in past Public Accounts. So until I'm clear on that, I'm not in favour of this.

MADAM CHAIRMAN: Would you like us to read the motion as it was amended?

MR. McFARLAND: You certainly can; sure.

MADAM CHAIRMAN: Could you do that, Corinne, please?

MRS. DACYSHYN:

That the Standing Committee on Public Accounts be given the authority to call deputy ministers and senior managers as primary witnesses to answer for the implementation of government policy.

MRS. BURGNER: A couple of comments. I was considering as well my past experience on this committee since June. It seems to me that when and if we've needed designated information, the ministers have brought staff along with them and have provided us with information. I appreciate the sensitivity, perhaps the question of an oath – I would like to have seen the motion written, because there's a phrase in there that caught my attention as well. There's an implication of implied deception or failure to provide information, and I take exception to that notion.

I mean, the issue in my mind is: when and if we bring people before the committee to speak, are they speaking the truth and are we getting the answers we need? If we're not getting the answers when they're here in front of us already, I don't understand how your motion is going to make them any more forthcoming. I have a problem with the fact that the responsibility rests with the minister when they are the ones that are accountable.

My question to the mover is: is there a concern that the information you're receiving is inadequate, or is it the question of its validity and truthfulness that is the problem?

MADAM CHAIRMAN: Mike.

DR. PERCY: Well, I hate to be the one to explain government policy to a government member, but it is clear that under the business plans direction is going to be set out by the minister. The minister, then, is going to set the broad policy guidelines. As the hon. Provincial Treasurer has said in the House on numerous occasions, what he hopes to do is: having set the direction, responsibility for implementation would then rest with the senior bureaucrats. That has been said in the House, and it is in *Hansard*. Under those circumstances, for subsequent years this is in a sense a forward-looking motion. As last year's public accounts are debated and we're trying to assess issues of imple-

mentation and allocation of funds, I think that in light of the direction that is going to be given to senior bureaucrats and the responsibility that they will have for the implementation of policy – and that clearly is set out as part of this government's agenda – the Public Accounts Committee does need the ability to call those that have the responsibility for implementing, that are on the line making those decisions, before this committee.

There was no inference whatsoever regarding the integrity of senior civil servants. I happen to think that this province has some of the best civil servants I have ever run into, and person for person their abilities and their qualities dominate many of the individuals I've run into in the federal government. I think our people in Treasury stack up, you know, 10 to one. I think the odds are on our side there.

So it has nothing to do with the quality or integrity of the individuals; it's now with regards to issues of implementation. I think this responsibility given the Public Accounts Committee, then, is perfectly consistent with what the government is doing and is perfectly consistent with the recommendations of the Auditor General.

To Mr. McFarland's comments that, you know, that in the paragraph following the bullets – that says "has not yet accepted my recommendation" and "seems to have indicated." What this motion does, then, is just give the committee the authority to call, because everything else in here I'd read as pretty wishy-washy. You know, "seems to have indicated" isn't a strong statement.

MR. MAGNUS: We don't want to get into Standing Orders this morning, Madam Chairman, I don't think. Being called "wishy-washy" at 10 to 9 is unconscionable.

DR. PERCY: Oh, "wishy-washy" isn't nonparliamentary.

MADAM CHAIRMAN: Okay; if I could call us back to order.

MRS. BURGNER: First of all, I appreciate, Mike, the clarification on the issue of the integrity of our senior officials. That's a key one. Then the other one comes down to process for me in that as a member of the government this recommendation on the Executive Council through the Auditor General's report is something that we as caucus have to debate and decide what our position will be. So at this point to pre-empt government's acceptance of these recommendations in a formal way, I have to sort of sit on that one until that process occurs.

The other concern I have, then, is that there's a great deal of enthusiasm – I think it's well placed, and based on past records, I think there's a reason for it to be there – that we scrutinize the day-to-day activities of government as well as what's happened in the past. My understanding is that my responsibility on this committee is to look at the past activities of government from a financial position. I read into this motion, particularly with your comments with respect to business plans and things that are happening in the current session, an eagerness and enthusiasm to have a hands-on, day-to-day opportunity to respond to current government policy and implementation. Until they change the focus of Public Accounts, I still think we have to be working in the past, for all the right reasons. It's one of the few times I keep myself rooted in the past.

So I have a concern on those points. I am prepared to recognize that there's a recommendation here from the Auditor General to have our senior staff more forthcoming and more part of the process, and I will await support from my caucus colleagues and then perhaps revisit this one further on in the session.

MADAM CHAIRMAN: Before we close debate, is anyone else wishing to speak against the motion? If not, would you like to close debate, Mike?

DR. PERCY: Again, this is not moved in a partisan basis on my part, but I think it's consistent with the recommendations of the Auditor General. I think it does give the committee the authority to get a better idea of how decisions were made in the past in terms of how funds were allocated and to deal with the individuals and ask them: why was this done, and how could it be improved? So the focus of the motion is positive. It's trying to understand how decisions were made and how they could be improved, and I think it follows from the recommendations contained in the annual report of the Auditor General for '92-93.

MADAM CHAIRMAN: Thank you. I'll call the vote. All in favour of this motion? Against the motion? The motion is lost.

Anything further under 3(b), Powers of the Committee? Debby.

8:51

MS CARLSON: Thank you, Madam Chairman. I would like to move that the chair of this committee and Corinne, the executive assistant, attend the conference for the Canadian Council of Public Accounts Committees.

MADAM CHAIRMAN: I would ask you to hold that. We're still on 3(b). I believe 3(c)(iii) deals with what you . . .

Anything further under 3(b)? Debby.

MS CARLSON: Then I'd like to move

that the Standing Committee on Public Accounts be given the authority to scrutinize the operations of Crown corporations, Crown agencies, and commercial enterprises and to make reports or recommendations on the privatization of these entities.

I think that for this committee to be able to review those operations is fundamental to our mandate.

MADAM CHAIRMAN: Do you wish to speak further to your motion, and could you identify why you're raising that at this point?

MS CARLSON: Sorry. I'll have to find that.

DR. L. TAYLOR: Is that under 3(b), Madam Chairman?

MADAM CHAIRMAN: Under Powers of the Committee. That's why I'm asking: if you've got something that has to do with the report of the Auditor General that's attached, it makes things much easier for all members if you identify the reference point.

Mr. Salmon, do you know where Ms Carlson's reference point on Crown corporations would be?

MR. SALMON: No. It's not there.

MADAM CHAIRMAN: It's too early in the morning.

MS CARLSON: My apologies. I had this organized last night, but now I don't have.

MADAM CHAIRMAN: I'm trying to find the reference point myself so that we can allow the . . .

DR. L. TAYLOR: Perhaps we can leave it till the next meeting instead of wasting time here with everybody looking for it.

MADAM CHAIRMAN: Well, if somebody wants to move a tabling motion.

MS CARLSON: Well, I can get an example of what I'm talking about here. If you want to go to page 71, we talk about the Alberta Hail and Crop Insurance Corporation. There's a recommendation by the Auditor General with regard to that, but more backup information certainly would be beneficial for this committee. To be able to make reports or recommendations would also be beneficial to this committee.

MADAM CHAIRMAN: Thank you. Anyone wish to speak to the motion? Barry.

MR. McFARLAND: Madam Chairman, first off, it is quite a lengthy proposition that's put forward. Does the member have it in printed form so I can read it? I'm just going strictly by what . . .

MADAM CHAIRMAN: We can certainly read it back to you. Would you like to move your motion again?

MR. McFARLAND: I'm not trying to stall. I'd prefer that I saw it in print so I can read it. I think there's more to it, especially if you're tying it to page 71, as the member indicated, where you're talking about Alberta Hail and Crop Insurance and a tripartite program, which involves a federal level of government. I just don't know if we're stepping outside what we can reasonably expect to investigate or look into.

MADAM CHAIRMAN: Well, the chair could ask if there was unanimous agreement to do it as a notice of motion and then deal with it at the next meeting. Certainly as chairman I have never had any direction that motions have to be in writing, and if we do it for one motion, then it would be a requirement for all motions. Would you agree to give it as a notice of motion, or do you wish to proceed?

MS CARLSON: No, that would be fine. A notice of motion would be acceptable.

MADAM CHAIRMAN: So it would be at the top of the agenda at the next meeting, any notice of motion. Thank you. Is there agreement to that? All in favour? Against? It's been carried unanimously.

MR. SALMON: Madam Chairman?

MADAM CHAIRMAN: Yes, Mr. Salmon.

MR. SALMON: May I just find out where you're coming from? If you're coming from the point of view of the third bullet on page 9, where potentially the Public Accounts Committee could "prepare recommendations to the . . . Assembly on how the administration of government policy could be improved." Is that where . . .

MADAM CHAIRMAN: Yes.

MR. SALMON: Okay. To give an explanation of why that was in here from our perspective, following the review of the Auditor General's report and the public accounts of the province by the committee, the committee, having done that work, may have specific recommendations that they would like to make to

government to potentially improve government policy in some particular area. It wasn't designated to be anything specific. It would be what the committee felt following the full review of the Auditor General's report and the Public Accounts Committee for that year. So that's the basis of that.

MADAM CHAIRMAN: Thank you, Mr. Salmon.

Any questions to Mr. Salmon with regards to that at this time? If not, Mike.

DR. PERCY: Yes, I'd like to bring forward a notice of motion. It's brought about from experience last session, and it really deals with what is the objective of this committee. The motion would stand as

that the Standing Committee on Public Accounts prepare and adopt a formal and written strategic plan that describes its mission, goals, objectives, performance, strategies, and output measures.

I mean, we're here to do something. What is it at the end of the day that we'd like to accomplish? That's the intent of the motion: just an agreement among the committee so that we can move away from partisanship and to say, at the end of the day, we will have done something positive as a committee.

MADAM CHAIRMAN: As chairman, I'll accept that as a notice of motion. We've had a precedent set.

MR. MAGNUS: For a clarification, Madam Chairman, are you suggesting that we do strategic planning on this committee?

MADAM CHAIRMAN: It's a notice of motion, and as such I think that we should allow it.

MR. MAGNUS: I want clarification. I want to know if that's what he's saying.

MADAM CHAIRMAN: Mike.

DR. PERCY: Well, a strategic plan outlines exactly what you would like to accomplish over the course of the life of this particular committee.

MR. MAGNUS: Mike, I know exactly what a strategic plan is. I've been involved in a couple of them. Frankly, this committee hasn't even got close to enough time to even think about doing a proper strategic plan. We'd be in this room for the next . . .

MADAM CHAIRMAN: I'd like to bring it back to order. A notice of motion is purely a notice of motion. You will get it prior to the next meeting, and we will enter into debate at that time. Thank you.

Anything further under 3(b)? Leo.

MR. VASSEUR: Yes, Madam Chairman, I'd like to make a motion

that the Standing Committee on Public Accounts be given the authority to meet at a specified time period, to be determined by this committee, year-round, in and out of session.

MR. McFARLAND: Madam Chairman, I thought we had decided that particular issue in the last session, and I thought this committee had decided that we would only meet during session. Is this up for review every time we come back into another session? We'll get right into it, I guess.

MADAM CHAIRMAN: I'll have to bring us back to order as well. This is an organizational meeting. At the beginning of

every session the committee members are designated by government and by the Official Opposition. That can change at any time. This committee cannot be called until the membership has been tabled in the Legislature. It's a new beginning. We have to go through the organizational meeting, and at that time everything is open to motions or debate until a legislative change is made. That's my understanding as chairman of this committee.

DR. L. TAYLOR: A point of order. That should be point 4(a); shouldn't it?

MADAM CHAIRMAN: Theoretically you're correct, Lorne.

DR. L. TAYLOR: Thank you.

MADAM CHAIRMAN: It should have been moved under 4(a). You're quite correct.
Richard.

MR. MAGNUS: Well, Madam Chairman, be it as it may, we're a brand new constituted meeting. If your side, if you would like, is interested in not wasting time, the committee members, I believe, haven't changed one iota. So I suppose we can spend a lot of time in this committee debating whether or not we want to meet in or out of session. We're all the same members, and technically I suppose we could do that, but it's your time. We're wasting time.

MADAM CHAIRMAN: Notices of motions are purely notices of motions, and really the chair should not be allowing any discussion on a point of order.

MRS. DACYSHYN: It was a motion.

MADAM CHAIRMAN: It was a motion? Well, we'd have to have agreement that it could go back under 3(a).

MR. VASSEUR: Okay. Well, I can withdraw it now and bring it back forward at the proper time in the agenda.

MADAM CHAIRMAN: Okay. Thank you.
Moving on, Sine.

9:01

MR. CHADI: Yes, I'd like to move
that the Committee on Public Accounts be given the authority to request the Auditor General to conduct value-for-money audits on any government department, Crown agency, Crown corporation, or commercial enterprise that the committee designates for review in order to ensure the effective use of public funds.

MADAM CHAIRMAN: Are you doing that as a notice of motion?

MR. CHADI: I'm doing it as a notice of motion. Yes, I am.

MADAM CHAIRMAN: Thank you. So there is no debate under notice of motion? We'll move on.
Is there any further business? Debby.

MS CARLSON: I have another notice of motion:
That the Standing Committee on Public Accounts be given the permanent referral of the public accounts of Alberta, the annual budget, quarterly budget updates, all reports and management letters

prepared by the Auditor General, and any other reports prepared by the provincial audit committee.

MADAM CHAIRMAN: Thank you. Another notice of motion? Anything further under 3(b)?

If not, I'd like to move on to 3(c), which is Committee Funding, the approved budget estimates '94-95. There was a copy attached. These have been approved by the Members' Services Committee on January 27, 1994. My understanding is that there's a caveat inasmuch as the committee allowance is not applicable until April 1; is that my understanding? [interjection] Yes. So to this point in time the members of this committee up till April 1 can claim the allowance that members would normally have. In the previous session we had a motion of this committee that no member would claim that allowance.

Is it the wish of this committee to have a further motion to cover us till April 1? Sine.

MR. CHADI: Well, I would like to move
that we not accept per diem fees and expenses for committee meetings, seeing as this committee only met and continues to meet during session.

MADAM CHAIRMAN: So the motion is that this committee – and would you put applicable till April 1, 1994? – will not claim honorarium or any expenses attached.

MR. CHADI: That's correct.

MADAM CHAIRMAN: Thank you.
Jocelyn.

MRS. BURGNER: Yeah. I'd like to amend the motion to say
that we'll continue to not accept,
because I think it's appropriate, for the matter of public scrutiny, to identify that this committee in its reconfiguration in the new session is reconfirming a practice that it adopted in the last session. If anyone from the public is going through our debate and deliberation and comes across that statement, it would appear that we're suddenly rejecting an opportunity to be compensated for this committee, when quite clearly we debated this motion before. We have maintained the practice of not collecting it, and not only that, in speaking on behalf of government members – and I'm sure the Official Opposition has the same awareness of the fiscal responsibilities that we're under and the constraints that we're asking all Albertans to be cognizant of – to suggest that we've had access to these dollars and have been utilizing them is a little bit off the mark. So if my colleague would be amenable to a friendly amendment, because he knows I'm such a sociable person . . .

MADAM CHAIRMAN: He has indicated that it would be most appropriately a friendly amendment. I take there's unanimous agreement to that friendly amendment?

HON. MEMBERS: Agreed.

MADAM CHAIRMAN: Anyone wish to speak further to the motion? If not, all in favour? Against? I take it's been carried unanimously.

Moving now to out-of-session committee meeting recommendation. This is dealt with in the memorandum I sent from myself to all members. As yet this is not legislated, that it would affect this committee at this time, but I think it's important to note that the

special select committee has tabled their interim report. Any questions with regards to that? It was unanimously agreed on on January 25, 1994, but it's not been tabled in the House, so it's there for information at this time.

Moving on, then, to Delegate Selection for Canadian Council of Public Accounts Committees Conference. I did attach some background information. Also, there was a memorandum sent out to past members with regards to the budget.

MR. MAGNUS: Madam Chairman, have we decided that on every motion that we're going to put, it's a notice of motion and we'll discuss it the next time around, or do you want just a flat-out motion?

MADAM CHAIRMAN: A flat-out motion, because it's been identified on the agenda as being brought forward at this time.

MR. MAGNUS: All right. I'll make a motion then, Madam Chairman, if that's all right.

MADAM CHAIRMAN: Certainly.

MR. MAGNUS: I would like to move that we do not send a delegate to this conference.

To open debate on that, I'm looking at the first day, Monday, July 5, 1994. The day starts at 8:45 and ends at 10 o'clock in the evening. If you start looking at the actual work sessions within this conference, you've got your first business session from 9 to 10:20, your next one's from 2 to 3 o'clock, the third one is from 3:30 to 4:30. If you look at the rest of this filling a day, what you've got is opening remarks and a welcome, a coffee break, a walk to the Leg. Building, a group photo on the main staircase, a tour of the Leg. Building, lunch in the Leg. dining room, walk to hotel. That gets you till 2 o'clock in the afternoon only, and this is a 10 o'clock day.

Madam Chairman, this is nonsense. We're Albertans. We were elected to represent Albertans. Frankly, it would be a really nice trip to get to Prince Edward Island, but I'm not willing to let the taxpayers foot the bill.

MADAM CHAIRMAN: Thank you. Did you speak to it from a staff perspective as well or just a member of this committee?

MR. MAGNUS: Yes. My motion is pretty clear, Madam Chairman.

MADAM CHAIRMAN: To both?

MR. MAGNUS: Yes.

MADAM CHAIRMAN: Thank you. Debby.

MS CARLSON: I'd like to speak against that motion. I think it's a fundamental responsibility of this committee to understand what's happening across this country, and this is really the only venue that that can happen within. The networking that can be done at a conference like that both from a member and a staff perspective is fundamental to a better understanding of making this a committee which actually accomplishes its mandate. I would have to consider that the free time allocated in this agenda is not in fact free time. It's time for networking with other Public Accounts members, and it's a very valuable resource for us.

MADAM CHAIRMAN: Anyone else wishing to speak to the motion?

I should indicate that I understand we will have one member going: Ron Hierath, from Legislative Offices. So there will be someone from Alberta there.

Any further debate?

MR. MAGNUS: Close debate, Madam Chairman.

MADAM CHAIRMAN: Debate's been closed. I'll call the question. All in favour? Against? The motion's been carried.

Moving on to Organization of Committee Meetings, Date and Time of Committee Meetings. I believe this is the time, Leo, that your motion would be appropriate.

MR. VASSEUR: Yes, Madam Chairman. Can I reintroduce the motion, or do I have to read it over again?

MADAM CHAIRMAN: I'd appreciate you reading it over, please.

MR. VASSEUR: Okay. The motion would read that the Standing Committee on Public Accounts be given the authority to meet at a specified time period to be determined by this committee.

I'm talking about year-round, in and out of session. If I can speak on the motion, I'm not recommending that we meet on a weekly basis out of session, but if we could meet at least once a month preferably for more than an hour, an hour and a half. I think it's very important that some of these issues that we can never get at be debated in public, and this the public forum to do so.

MADAM CHAIRMAN: Anyone wishing to speak to the motion? Richard.

MR. MAGNUS: Madam Chairman, as I said before, we've been through this issue not very long ago, same members. I think, frankly, we're wasting time here. I'm speaking against the motion. My previous debate from the first session still holds.

MADAM CHAIRMAN: Thank you. Any further debate? Sine.

MR. CHADI: Well, I have to agree with the motion, Madam Chairman. The thing is that when we did meet in session, we got a great handle on what was going on. The time lapse while we were out of session I think has done us some harm. I think what we have to do is maintain the momentum that is built during the session. The weekly meetings that we've had I think were very, very beneficial. They certainly were for me. I gained a great deal of insight into what has happened in the past.

I think the Auditor General sitting before us, with all of his recommendations in the past years – and this is no exception – will attest to the fact that we need to have a Public Accounts Committee and a strong Public Accounts Committee. A strong Public Accounts Committee cannot – cannot – function if we're going to do this based on an hour a week and then forget about it because we're out of session. We have to come to terms with this thing and realize that we're here to do a function. We're doing something in the best interests of the province of Alberta and the people that pay their money. Let's put our partisanship aside. Let's think about what we're doing. If we're not happy on this committee, then whoever is not happy ought to not be here. We all want to do a job. Let's get on with it.

9:11

MADAM CHAIRMAN: Okay. Thank you.
Pearl.

MS CALAHASEN: Thank you, Madam Chairman. To support my colleague Richard Magnus' position, I too maintain that to sit out of session, to me, is very costly. I have to drive up all the way, and that's a costly endeavour. When we're talking about debate and being able to debate some of the issues that were mentioned during the motion, we debate the issues here while we're sitting, and I think some of these issues that are being brought back, the same agenda that we dealt with last time, are a waste. I find that to be a waste. We could be dealing with the issues that we need to deal with and some of the concerns that have to be dealt with relative to even what the Auditor General is saying. I think those recommendations are the ones that we should be looking at, rather than looking at other issues that don't in my mind even need attention. I think sitting out of session is just a total waste of time and too costly to taxpayers.

MRS. BURGNER: I just would like to make a few comments with respect to the motion, and that is basically focusing on the fact that I have a sense of a great deal of frustration from the mover of the motion and some of those speaking to it that there is a waste of time because the way we do our business and what we're doing doesn't fit with what the mover would like to see us do.

The issue here is: what is the role of Public Accounts? I get the sense that there is an interest in changing the role and responsibility of this committee to make it more in line with perhaps a Liberal agenda of how government should be run. I personally don't believe that the Public Accounts Committee is the place where we revisit the roles and responsibilities of government.

If you look at the notices of motions that have come forward, everything from the strategic plan to the changing of the scope and responsibilities of the committee, quite frankly that is not the mandate that I have sitting here. My job right now is to get on to the Auditor General's report, and we've now designated three or four notices of motions which will take up a significant amount of time from that very responsibility that we have. If the concern is that we don't have enough time to do the job we're supposed to be doing, then in my mind let's remove the notices of motions and get on with it. You can't have your cake and eat it too. If you want to revise and review the scope of the Standing Committee on Public Accounts, that's one thing.

What I'm here to do is to get on with the job I have. I don't want to see additional time added to a schedule. We've got a long session ahead of us. We are familiar with the process. We have a much more complete set of financial information to deal from, a good working relationship with ministers and staff, which was just publicly acknowledged by members of the committee. I don't see any problem in getting on with it.

So my recommendation would be to vote against the motion and to perhaps conclude debate in a timely fashion and get on with the responsibilities of this particular committee.

MS CARLSON: Well, speaking directly to Jocelyn's comments, this is an organizational meeting, and this is where we decide the mandate and the function of this committee for this session. All of us here who have been in attendance at these meetings know and understand that within the time frame that we have, we cannot accomplish much of anything, and given the depth and scope of

what we're provided to back up the Auditor General's report, it's not enough to make serious recommendations that are going to reflect positively on the role of this government in the future. I take great offence to her saying that this is a Liberal agenda with these motions that we are bringing forward. This is an agenda to improve the function of this committee.

MADAM CHAIRMAN: Thank you.
Barry.

MR. McFARLAND: Thank you. I, too, will speak against this motion, Madam Chairman. I've got a little bit of concern. I go back to the original arguments that I had. My concern lies in the focus that we seem to be losing with the notices of motions that are coming forward. It seems that there's an attempt to try to take the scope of the Public Accounts Committee and move it from one of reviewing what has happened in the past to being an overseer of whether or not policy is being implemented today and anticipating what will be tomorrow. The notice of motion that came forward this morning indicating, if I'm reading it correctly, that we would also begin to look at interim reports, quarterly reports isn't in the best of my understanding right here and now dealing with what has happened in the past. It's anticipating today's implementation.

We've talked about time element, and I firmly believe that there is something that has to be said about the cost of calling members back in when we're not in session, whether it's once a week or once a month. I think it's quite convenient that the members in the front row here in front of us, with the exception of one, live within the city of Edmonton or in very close proximity to. But if you look at the members on the government side, who come anywhere from 350 miles to 400 miles away from here, I think it's a horrible waste of time to have the cost of moving those people in even once a month to anticipate implementing and discussing some of the things that you've just heard this morning on notices of motions.

I think it's also ironic that we heard yesterday the introduction of a Bill which would eliminate about 20 percent of the MLAs. I, for one, seem to have quite a little bit of committee work, and if somebody anticipated 20 percent fewer MLAs doing the same amount of work and then adding on the other role of public accounts on a greater time frame, I think you're taxing the imagination of the public here.

My last comment would be that we have legislated that we'll sit two times a year, and I think when we're looking at two sessions up to four months per session, that's more than adequate time to deal with public accounts and the review of them, in the past tense. I think it's more than adequate time, if we focus on what we're going to do instead of trying to expand the role of the Public Accounts Committee.

Thank you.

MS CARLSON: A point of clarification for the member. The notices of motions brought forward are not dealing with current affairs. They are dealing with the annual general report of the Auditor General, 1992-93. If the Auditor General puts forward the great piece of work that he has in a very timely fashion, I think it's incumbent upon this committee to also be able to review that in a fashion which is in line with the amount of work he's put in bringing this report forward. What the notices of motions were referring to is the annual report 1992-93, not any current operations. I don't want anyone on this committee to be under any misunderstanding with regard to that. We can't properly review

this report without additional backup information, and that's what was requested this morning.

MADAM CHAIRMAN: Would you like to close debate, Leo, please?

MR. VASSEUR: Yeah. In closing, I was never suggesting at any point in time that we allocate more time to public accounts during session. My request was that we set some monthly meetings, as just a suggestion, throughout the whole year. I think the Public Accounts Committee is exactly that; it's a public forum for us to have the opportunity to peruse and review the recommendations of the Auditor General. I think we are shortchanged as far as time is concerned, and that could be greatly improved by having monthly meetings.

As far as the extra traveling costs for the members, I know that we all have to come in more than once a month regardless if we're on the opposition side or on the government side. We could time those meetings so that they coincide with our caucus meetings, on the same date or something like that, to reduce those costs and kill two birds with one stone.

Thank you.

9:21

MADAM CHAIRMAN: Debate's been closed. I'll call the question. All in favour? Against? The motion has been lost.

Our past practice has been alternating questions and also two supplementaries to the main question. Is there anyone wishing to speak to 4(b), Scope of Questions by Members? Jocelyn.

MRS. BURGNER: Madam Chairman, I think the practice of the last session that we went through using that model worked very well. It's certainly something that we're comfortable with. I compliment everyone on the committee for being very focused with their questions, and I support that we maintain the status of the last go-round.

MS CARLSON: I agree. I also support maintaining the status that we had established in the fall.

MADAM CHAIRMAN: I take it, then, that the scope of questions, number and order of questions by members has been agreed to, that we continue this traditional path. Pearl, and then Sine.

MS CALAHASEN: Just the scope of questions, or are you talking about the number and order as well, Madam Chairman?

MADAM CHAIRMAN: I was wondering if there was general agreement to 4(c) as well.

MS CALAHASEN: Okay. I think the order of questions should be according to those who put up their hands first, and if you come in late, you go on last. Even though if we agree with the back-and-forth type of thing, I don't think those that are here and want to ask questions should go on because somebody else comes and then we go with that order. I think that if you come in here and put up your hand, you're on the list and you don't have to wait for somebody who comes in late, whether it's Lorne or Leo or whoever it is.

DR. L. TAYLOR: I'm never late. Point of order.

MS CALAHASEN: Pardon me. Sorry, sir.

I think it's important for those that are here and put up their hand to get on first, without the back-and-forth order.

MADAM CHAIRMAN: That's pretty well what I've attempted to do: to be fair at all times. I would agree with Pearl. Is there agreement, then, that we continue with past practice for 4(b) and (c)?

We, I believe, had agreement that notices of motions as standing agenda items had to be given a week prior.

MR. CHADI: Madam Chairman, just to let you know something. I did have a question to ask with respect to (c), but now that you've passed it, I'll forgo that.

MADAM CHAIRMAN: No, you can still have the question.

MR. CHADI: No, that's fine. I'm going to let it go by.

MRS. BURGNER: Just a comment, Madam Chairman. Maybe I heard you incorrectly. Notices of motions a week prior or from the previous meeting? Oh, it is one week. Sorry; my mistake. Okay. I thought it was every two weeks.

MADAM CHAIRMAN: That's all right. We're all allowed to make one mistake.

Number 4(e) is purely there for information, that we are governed under Standing Order 111 with regards to media attendance.

Scheduling of the Auditor General for review of '92-93. Corinne.

MRS. DACYSHYN: And next week.

MADAM CHAIRMAN: Today is of course the first day for that review and also next week. So it would be important that we deal with the notices of motions as expeditiously as we possibly can.

Scheduling of the Provincial Treasurer and Cabinet Ministers/Designate. What we have done in past practice, keeping in mind that we do have a motion that's been moved prior by a legislative committee, is Corinne has used her administrative time to contact the ministers' offices to see when they're available. I'd ask her at this time to circulate the information that we've collected to date.

MS CALAHASEN: Are we on 4(g), Madam Chairman?

MADAM CHAIRMAN: Yes.

MS CALAHASEN: Okay; good. And you and the vice-chairman have met to discuss this, or is this just from Corinne?

MADAM CHAIRMAN: This is based on what Mr. Friedel and myself had agreed on, that because of ministers' schedules being paramount, really Corinne was the person that would co-ordinate who was available, keeping in mind the wishes of both government members and the opposition as to who appeared in what calendar time over the past number of years and in what order. If you'd like to peruse that, any comments would be appreciated. So that's based on what Mr. Friedel and myself had agreed to under the last session. We had to do that on the assumption that myself and Mr. Friedel would be once again nominated for this committee.

Are there any questions? I take it that Corinne can proceed? Jocelyn.

MRS. BURGNER: Just a question. I think we have sessional time off during the Easter week. I'm not sure.

MADAM CHAIRMAN: As yet the notice has not come out, so we can only act on what is official. They're looking at the first week of April. Thank you.

Moving on, then, to the establishment of the subcommittee. Can we have a motion that we continue past practice?

MRS. BURGNER: So moved.

MADAM CHAIRMAN: Thank you.

I just want to express a concern that I have as chairman. It would appear that we are having other meetings scheduled at the same time as our standing time for this committee meeting, which gives me some cause for concern. So I'd ask government members to take that to their caucus.

MR. MAGNUS: Can you give us an example?

MADAM CHAIRMAN: Well, my understanding is that there's an Auditor General Search Committee meeting this morning that Mr. Friedel and Yvonne are involved in.

AN HON. MEMBER: You can't find him? He's sitting right here.

MADAM CHAIRMAN: Well, I don't think that's the Auditor General of the future.

So I'd appreciate it if we could have some co-ordination so we can get full attendance, particularly with my vice-chairman.

Jocelyn.

MRS. BURGNER: I just want to clarify how you would like to pursue that, because I think when you look at the government agenda right now with the number of discussions and committees and roles for MLAs – are you looking for some formal list of scheduled meetings or just asking us to maintain this as a priority personally? Is there some co-ordination you're looking for?

MADAM CHAIRMAN: Well, as chairman I have some concerns, and I'll table them at this time. One is that it's certainly been recorded in *Hansard* that our vice-chairman voted against having a Public Accounts Committee. As chairman I have a concern with regards to that.

I also have a concern about what I find a confusing policy message. It's my understanding that a government member was approved to go to the conference in Prince Edward Island, and the moving of this person being sent was by the vice-chairman of this committee. So as chairman I'm certainly getting very mixed messages from the government.

Also, when I see my vice-chairman being actively involved in a committee set at the same time as an ongoing standing legislative committee, once again I find it very disturbing as chairman.

DR. L. TAYLOR: Because we do all have a heavy agenda, especially members from our side, in terms of the government program we're trying to get through, one solution might be that we meet every second week.

MADAM CHAIRMAN: You think that would correct all the ails of mixed policy messages?

DR. L. TAYLOR: Yes. So I'd like to make as a motion that we meet every second week. That allows people more freedom.

MR. SOHAL: Madam Chairman, just to clarify, the Legislative Offices Committee hasn't set up a committee meeting. That's a search committee meeting. I'm a member of the Legislative Offices Committee, and I'm here. There are only two or three individuals, though, that are members of the search committee, and they are attending that meeting. So the meeting hasn't been set parallel to this committee.

MADAM CHAIRMAN: It was the search committee meeting that I was referring to.

MR. SOHAL: Yes. The search committee meeting is today, not the Legislative Offices Committee meeting.

MADAM CHAIRMAN: Lorne, do you wish to speak further to your motion?

DR. L. TAYLOR: Well, there is a great deal of conflict, as you've pointed out, in the number of meetings that are being held and the number of calls. For instance, I was supposed to be at a meeting this morning with my school board chairman and the Minister of Education, and I believe there may be some people from this committee at that meeting. Quite frankly, I would have preferred to be there with my constituents than here, and if we met every second week, then we could schedule around some of those things.

MADAM CHAIRMAN: It's been indicated to me that the motion is out of order because there was a pertinent time on the agenda. As chairman I've noted that, but I will still allow the motion to go forward as it was on the agenda, unless the chair is challenged.

Sine.

9:31

MR. CHADI: Well, Madam Chairman, I thought under 4(a) we dealt with that, and we agreed to dates and how often we'd meet. Are we now revisiting this under some other section here?

DR. L. TAYLOR: Madam Chairman, I'm offering it as a solution to the problem that the chairperson, chairman – I'm not sure what's correct.

MADAM CHAIRMAN: Chairman.

DR. L. TAYLOR: . . . chairman has raised. She has raised the problem. She introduced the subject, so here's a good, logical solution.

MS CARLSON: Well, if you're going to allow that motion to stand, which I think is clearly out of order, then I'm going to speak against it. We don't have nearly enough time now as required to review the report in any kind of detail at all. If we were to only meet every second week, we wouldn't get through even one-tenth of this document. I think it's clearly against the mandate of this committee to do so. If the member finds he doesn't have enough time to commit to it, perhaps he should withdraw his membership.

MADAM CHAIRMAN: Thank you.

Anybody else wishing to speak to the motion? Jocelyn.

MRS. BURGNER: Yes, Madam Chairman. I think what we have here is just a failure to communicate. The issue is not the number of meetings, in all due respect to my colleague. The issue is that there is some conflict in terms of scheduling. I might suggest that if my colleague was willing to withdraw his motion, I would undertake to speak to our vice-chairman. We would hold a planning session amongst our colleagues, co-ordinate our schedules better to accommodate the chair, and get on with the process of reviewing public accounts. If my colleague would accept that undertaking, then I think we could get on with what we're supposed to be doing.

DR. L. TAYLOR: No, I won't accept that.

MRS. BURGNER: Oh, Lorne.

MADAM CHAIRMAN: Anybody else wishing to speak to the motion? If not, would you like to close debate, Lorne?

DR. L. TAYLOR: I think I've said what I need to say. It's a logical solution to your problem.

MADAM CHAIRMAN: All in favour? Against? The motion has been lost.

We now get to the most important part of the meeting. I have introduced Mr. Salmon, and he has addressed section 2 of his report, but I'd like at this time to ask Mr. Salmon if he would like to continue with some more comments before we open it up for questions.

MR. SALMON: Thank you, Madam Chairman. Yes, I do appreciate being here today with Andrew and would like to make just some brief comments about the '92-93 annual report for the committee.

The report was made public on January 12, and it contains, as you know, 47 significant recommendations, which are the shaded recommendations, and some 61 other recommendations. The first 11 significant recommendations were directed towards Executive Council and Treasury. On January 13, the day after we issued the report, the government accepted the first 11 recommendations and referred the remaining 36 to the departments and agencies. This acceptance means that they agree with the recommendations; however, action to accomplish what is required to make the changes will be some time in the making. To recap briefly what some of them are: we are really concerned and made recommendations regarding the annual reports that are being prepared and tabled in the Assembly, which will take some time; we made comments about the recording and amortization of the province's land, buildings, vehicles, and equipment; we made some other recommendations with respect to how revenue is recorded in the consolidated statements and some concerns about actuarial valuations; we also talked about the review of the heritage fund among others. So we do acknowledge and appreciate the acceptance by the government of the first 11 recommendations but recognize that there will be some time in the implementation of them.

Let me just briefly mention several other matters that are discussed in the report, for the benefit of the committee. One of the messages within the report itself which is repeated a number of times relates to the costing of outputs. In section 1 of the report I stated that the first step in measuring and reporting on the effectiveness of provincial programs is to know the cost of each service provided. The costing of outputs is critical to encouraging improvements in efficiency. It's important that service providers

define what services they are providing and how much the services cost. In all aspects of financial management, from budgeting to reporting, managers should relate the costs to outputs. The process should start with budgeting because that is when priorities and resource allocations are determined. Assessing the benefit of a service is important, and often the benefits are known and understood even though placing a value on them is difficult. This difficulty does not affect the measurement of costs. In the absence of cost information on outputs, few informed decisions on spending can actually be made. Once the cost of outputs is known, however, a sound basis will have been established for progressing to a more comprehensive assessment of performance.

Closely tied to the costing of outputs is that of benchmarks. By correctly costing outputs, a comparison will be possible between the performance of government departments and agencies against that of the best equivalent organizations. The government indicated in the May 1993 budget document that performance benchmarks will be established, and the Auditor General was asked to assist departments in establishing their benchmarks and perhaps also helping them to compare their performance against that of the best equivalent organizations.

Of course, the advantage of a benchmark such as the average cost of university training for a B.Com graduate is that it enables management to convey performance information in a compact and easily understood form. Not only can a benchmark be used to convey the cost of outputs such as graduating students; it can also be used to report results such as the reduction in the rate of unemployment, for instance, and also benchmarks can be used in setting goals and objectives. In my opinion, management should decide on the benchmarks themselves and those that are appropriate for their particular organization, and the Auditor General then can make recommendations to management that will help to identify ways of improving the use of the benchmarks in budgeting and reporting. However, the most important and the first priority is to have management link the costs with the outputs.

In Section 1 of the report also I discussed the need for a system that would give rewards when performance is improved. At the moment central control is being exercised over each government employee's salary. I acknowledge that the government for now has no alternative but to make cost cutting decisions even though it does not have adequate information on program performance. Having said this, however, I believe that the quickest way to obtain better information on program performance is to establish a way so that the improved results can be rewarded. In my opinion, in the longer term it will be better when control is exercised through the dollars available to fund a program rather than through individual salaries. An assessment of the costs and the effectiveness of the program should be the mechanism for allocating resources and controlling costs, and managers should be able to use funds saved through increased efficiency and to reward those who have contributed to that efficiency.

In the longer term money saved through increased efficiency will be greater than the savings achieved through salary restraint. It will require a fundamental change in attitude to think about and measure and report on the economy, efficiency, and effectiveness of the programs. Such a change will occur when there is a way to reward employees for demonstrated improvements in program performance. If in the future management is rewarded for improved performance, people will be able to assess whether the salary levels are reasonable from the information on performance and from the salary levels included in public reports.

Madam Chairman, I recognize that there is a considerable amount of information within the report and would not want to dwell on any specific recommendations that have been given to

departments or agencies and would be now happy to discuss any matters that the members of the committee would like to raise.

MADAM CHAIRMAN: Thank you, Mr. Salmon. I certainly commend you on your report.

It's open for questions. Harry.

MR. SOHAL: Sir, your mandate that managers be given the flexibility to reward employees for efficiency using money saved through their efforts: do you see the rewards going to managers who operate successful departments, or should the rewards be given to the person who is responsible for the savings?

9:41

MR. SALMON: I believe where I'm coming from is not the specific method of rewarding for improved performance but more the very principle that as the reductions and the cost cuttings are completed and the deficit is eliminated, there could be ways and means of ensuring that those involved in efficiency in the future can be given some rewards for doing so. It could be a lower person; it could be a higher person. It could be something other than dollars; there are other ways of rewarding. I'm not particularly suggesting that it mean specific dollars or that's what my reference is to. There may be a way in which this matter can be handled in order to improve the attitude of public servants, or the morale, you might say. It is interesting that in principle what I had said was that in simple form the quickest way to obtain better information on program performance is to be clear that improved results will be rewarded. The government's response to that was that, yes, we recognize that through some refinements in developing some processes, this should be considered. So it isn't something that will be done immediately, but certainly I think it could go both ways, in the ways you've commented.

MR. SOHAL: Are you suggesting that we follow the Japanese model of rewarding performance where employees have direct involvement in the formation of policies and employees who implement a cost saving are rewarded to the extent of being named as a patent holder if a new product or process is developed?

MR. SALMON: Certainly, Madam Chairman, there are some ways in that particular model you're suggesting that that could be considered, although I wasn't suggesting an adoption of the Japanese model. I'm suggesting that there are ways in which the government could improve the way in which it handles the rewarding of improvements. Of course, this will all come about with the three-year plans being established and then in developing some basis for measuring the effectiveness that they are presently working on. Then bringing this other type of reward within the process I think will be a positive thing for the operation of the government itself.

MR. SOHAL: Thank you.

MADAM CHAIRMAN: No further questions?

MS CARLSON: Madam Chairman, first of all I'd like to commend the Auditor General on his report and, more specifically, on the timeliness of the report. I do believe that he's moving in a direction where we will be getting these reports in a timely fashion, where we can make recommendations as a part of this committee which will significantly and positively impact the running of the government. I hope he will pass his recommendation to provide timely reports on to the new Auditor General.

Specifically with regard to page 12, I'd like to discuss quality of information as outlined by the Auditor General. He stated that only a small number of financial statements now available talk about the "achievements of goals or discussion of future goals," and then on page 13 states that "other appropriate information, for example performance against benchmarks" is not currently available. Then he goes on to talk about "the test of usefulness is whether the performance measurements are verifiable and as simple as possible to identify potential program improvements." Could you comment on what steps are being taken to accomplish these goals within the departments now?

MR. SALMON: I can comment briefly on that in that with the process of developing a means for measurement within the programs themselves, partially through the aspect of the three-year plans that will be released fairly shortly, there will be a means whereby the annual reports can then have within them some of the indicators of what they are trying to achieve and then what the results have been, whereas I believe before it has been more information about things that have happened rather than showing any performance measurement with respect to the programs or the departments or the agencies themselves. So with the recommendation we are suggesting that there be the improvement of the information so that those who are interested, particularly Members of the Legislative Assembly – when those reports are tabled on a timely basis, that information will have an indication of what they have achieved based on the goals they have set. That recommendation has been directly accepted, and I expect that it will take some time to fully implement in view of the long-range process of getting the three-year business plans in place and starting to measure the results from them.

MS CARLSON: In your opinion, what would be a timely basis for those annual reports to be tabled?

MR. SALMON: Well, Madam Chairman, just for the sake of my own shop, with our recommendation of a year ago to have the public accounts, consolidated financial statements of the province released by September 30, that was achieved last year with the consolidated statements being released on September 8 and the public accounts released on September 30. But the government came back with the suggestion which I hadn't made – and I was somewhat resisting it – with the fact that the statements would be issued on June 30. Now, that of course put pressure directly on our own office to get the audits done. We are doing our best to accommodate that, and there has been some direct planning with Treasury regarding the timing of the completion of the audits for the current year, which automatically, I believe, puts responsibility back on the Auditor General to then improve the timing of the annual report.

The annual report of the Auditor General should be such that the Legislature would have available to it not only the public accounts of the province for a particular year. If they are released in the summer, the Auditor General's report needs to be released by the time the session starts in the fall. So our goal is to have the annual report of the Auditor General released by the 15th of October or at least so it could be tabled in the fall, which gives us a very narrow gap between the time of doing the financial statements in June and in the summer, because although the consolidated will be done by June, there will be some cleanup work that would have to be done in the summer. So the timing is eminent that all of this can be moved ahead and be provided to the Legislative Assembly earlier. Equally so, with that type of flow of information and putting measurement criteria forward as the

three-year plans are put in place and the measurement results are possible, annual reports of organizations should also be timely and available in a much better way than they have in the past. As you notice, on page 14 in an analysis of the annual reports tabled in the Legislature, there are some interesting statistics shown on that particular page.

MS CARLSON: Could you comment on your recommendation 1 where you said: improving the contents of the annual reports?

MR. SALMON: Yes. My comment there, Madam Chairman, is regarding performance measurements, actually putting in the goals and then showing the results thereof.

MADAM CHAIRMAN: Thank you.
David.

MR. COUTTS: Thank you very much, Madam Chairman. Mr. Auditor General, I too would like to compliment you on the timeliness of getting this report out. I also would like to comment on your introductory comments. You say the process of change has definitely started. You indicate that the government has acted quickly on the implementation of some of the recommendations made, and I believe that this is true for both 1991-92 and this present report, '92-93. In that this is your last report, in your opinion is the process of change developing fast enough, or should resources be allocated to speed this process up?

MR. SALMON: Madam Chairman, I believe the process of change is moving very well in the sense that we need to get through this particular year, '94, in order to see whether or not we meet the deadlines of June 30 and the Auditor General's deadline of getting an annual report out by the time of the fall session. All of these things would give indications as to whether or not it's a practical thing to do. I think we certainly are not in any way wanting to stretch it out any further. We think this is very timely. The movement on the recommendations from '91-92 is where the comment was made that the policy has changed with the consolidated budgets and so forth. So I'm pleased, especially after having spent eight years doing this kind of thing, to see the changes that have taken place in the last two years.

I would like to put on the record that I'm delighted that the search committee is meeting while Public Accounts is on. I think it's important they get a new Auditor General before I leave. Other than that, I'm pleased with the progress.

MADAM CHAIRMAN: Supplementary.

9:51

MR. COUTTS: Thank you very much. You mentioned in your verbal remarks this morning the development of benchmarks for better cost/benefit analysis by management. This is something I've always been interested in. Do you think the development of the benchmarks should be the role exclusively of managers, or should it be a process that could be developed from the input of everyone involved, say the entire public sector?

MR. SALMON: Madam Chairman, I believe that if you were to study some of the American states who have done this fairly extensively, some of them did surveys and did some interesting accumulation of potential-type benchmarks. Where I'm coming from with respect to management establishing their benchmarks doesn't mean that management might not seek information and advice from others or information from other areas where it's

beneficial to them, but I am very strongly of the opinion that management should eventually set the benchmarks they're going to measure themselves against and that the Auditor can add credibility to that or comment otherwise if he thinks it's inappropriate. For the Auditor to set the benchmarks for someone else probably doesn't mean they would do very well in wanting to be accountable, but when you do something yourself, you can be much more accountable publicly for what you've set out to do and then what you've achieved.

MR. COUTTS: If I can get some clarification on that, if it's not your role to measure and report on performance – managers might view that as an interference; do I get that indication? – then should the Auditor General be assessing maybe the system in place rather than the actual performance level?

MR. SALMON: That's right; not only the systems in place but whether or not the benchmarks they've established are reasonable, whether or not they've used proper assumptions in developing the processes of establishing their goals – this is the area where the Auditor can add some credibility to what they're doing – and then review the system once they've actually reported on it.

MR. COUTTS: Thank you very much.

MADAM CHAIRMAN: Sine.

MR. CHADI: Thank you, Madam Chairman. Mr. Salmon, in the past and in particular in the past session and the times this Public Accounts Committee has sat when you were present at those meetings, there were many times that questions were asked with reference to management letters, and there were many times when the answer was that they would not be released or were not available. Recently there seems to be a move towards the release of these management letters. Is this something that you see as being beneficial, that you would like to see carried out with the new Auditor General?

MR. SALMON: Madam Chairman, I am not an advocate of management letters being released, but once they leave the office of the Auditor General and are given to management – the minister, the Premier, whoever – it's out of my hands as to what they do with those letters.

Under the Auditor General Act there is section 27 that talks about working papers. Management letters are part of our working papers until they're public to management, and then management will make that decision whether or not to release them. On the basis of the way the Act is developed, those management letters are the results of the audits we have performed. The Auditor General by the mandate of section 19 of the Auditor General Act is required to make a public report. The process is to take those management letters and select from those the significant findings, recommendations, and so forth and include them in the annual report to the Legislative Assembly. We not only give the significant recommendations in a shaded form, which are the 47 that you can easily identify; we've also given upwards of over 60 recommendations that have also been directed to management which we classify as not so significant or that would be handled directly and may not be interesting to the Legislative Assembly. What else is left in those management letters are things of a minor nature that are basically handled yet identified to be sure that the senior management is aware of the finding. Many of those things are cleared up very well at the exit conference date time.

So I believe it's sound that the management letters are not tabled in the Assembly. The few letters that have been released, which I could probably put on this hand or less, that have gone public, have gone public because of heavy pressure on individuals, possibly, at times. Particularly we had a review at NAIT, and that went out by the minister, and a few other instances. Other than that, they are not normally released.

MADAM CHAIRMAN: A supplementary. One minute.

MR. CHADI: Yes. Mr. Salmon, then it would appear that your reluctance to release these management letters does take a different form, though, and that is the recommendations. Quite clearly, in the past the recommendations that have been coming through from your department and via the Auditor General's report have been recommendations that the government has taken quite seriously and has acted upon. There are, though, recommendations that have not been acted upon and continue to be in the Auditor General's report. Is there any way that you think we ought to be moving in another fashion here, or some way to improve that these recommendations be implemented?

MADAM CHAIRMAN: I think I'm going to have to leave it at that for today, Sine, because we're running out of time. You'll have an opportunity to continue at next week's meeting. So thank you.

Is there anything under Other Business? If not, the date and time of the next meeting is next week at 8:30. Once again the Auditor General will be appearing before us, so please come prepared.

We stand adjourned. Thank you very much.

[The committee adjourned at 10 a.m.]

