

Title: Wednesday, March 17, 2004 Public Accounts Committee

Date: 2004/03/17

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call to order, please, this meeting of our Standing Committee on Public Accounts this morning. Later we will be hearing from the Hon. Ty Lund, Minister of Infrastructure, but first could I have approval of the agenda that was circulated, please.

Mrs. Jablonski: So moved.

The Chair: Thank you.

Are there additions at this time that any member would like to make to the agenda? Seeing none, then all those in favour of approval of the agenda.

Hon. Members: Agreed.

The Chair: Thank you.

Now, approval of the minutes of the last meeting that have been circulated. Yes, Ms Blakeman.

Ms Blakeman: Two issues. One is the business arising, and I'm not sure when you would like that addressed, whether it's after we accept the minutes, but I have a question that flows from something that's in the minutes.

The Chair: Okay. Would you like to deal with it at 10 minutes to 10, before we conclude the meeting, or would you like to deal with it now?

Ms Blakeman: Your choice. It's just business arising, and the second one, actually, is a correction. Would you like me to do the correction first?

The Chair: Sure.

Ms Blakeman: Okay. In the minutes from Wednesday, the 10th of March, appearing on page 15, second bullet from the bottom: whether any of the legal claims against the Ministry were related to wrongful deaths occurring while a senior was in care, not "in case," at a long-term care facility. It's just a typo.

Mrs. Dacyshyn: I corrected it after it went out. So I did catch it, but thank you. My apologies.

Ms Blakeman: Okay. All right then.

I can do the question that's arising from what's in the minutes at 10 to. That's fine. I don't want to hold the minister up.

The Chair: Okay.

Ms Blakeman: With that, I will move acceptance of the minutes of March 4 and March 10 with the change noted.

The Chair: Okay. Thank you.

Ms Blakeman: You're welcome.

The Chair: And approval of this, please? Mr. Masyk. Thank you very much.

Item 4 on the agenda, of course, is the Hon. Ty Lund, Minister of

Infrastructure, and officials from his department. But before we get there, perhaps we should go around and introduce ourselves for the convenience of the minister's staff.

[The following members introduced themselves: Ms Blakeman, Mr. Hutton, Mrs. Jablonski, Mr. MacDonald, Mr. Mason, Mr. Masyk, Mr. Ouellette, Mr. Shariff, Dr. Taft]

Mrs. Dacyshyn: Corinne Dacyshyn. I'm the committee clerk.

[The following staff of the Auditor General's office introduced themselves: Mr. Dumont, Mr. Dunn, Mr. Ryan, Mr. Wylie]

[The following departmental staff introduced themselves: Mr. Bauer, Mr. Johnson, Ms Killips, Mr. McGhan, Mr. O'Neill, Mr. Smith]

Mr. Lund: Ty Lund, minister.

The Chair: Mr. Lund, are there any other officials from your department that are sitting at the back that would like to participate?

Mr. Lund: My EA, Jeff Paruk, and my communications director, Mark Cooper.

The Chair: Okay. Thank you very much.

Now, it's tradition, of course, to have a brief overview from the minister before we get started with questions from the members, so please go ahead.

Mr. Lund: Thank you, Mr. Chairman. Good morning, committee members and others. Today we're in the final stage of accounting for the 2002-2003 fiscal year expenditures. We will look at how we spent our budget in 2002-03 and highlight actual performance results compared to desired results set out in Infrastructure's business plan.

First, I would like to review with you the wide scope of Alberta Infrastructure's mandate. The ministry's 2002-05 business plan describes our core businesses as:

1. Ensure efficient planning, design, construction, rehabilitation, operation, maintenance, and land management of government-owned [facilities].
2. Through innovative partnerships, ensure efficient planning, design, construction, rehabilitation, operation and maintenance of supported infrastructure to meet the overall needs of Albertans, including health care, learning and community service facilities, and seniors' lodges.
3. Manage central services to all government departments including accommodation requirements, property acquisition and disposal, air transportation and government fleet operations, procurement of supplies, disposal of surplus material, and representing Alberta's interest in trade agreements impacting procurement.

A change was made in the spring of 2002 to transfer the responsibility for procurement of supplies, disposal of surplus materials, and representation in trade agreements impacting procurement to the Alberta Corporate Service Centre. These activities are no longer included in this annual report. Government Services will therefore be reporting on procurement activities for the 2002-03 fiscal year.

A major part of our business is to provide capital funding and technical advice to school boards, health regions, postsecondary institutions, and seniors' lodge foundations for the construction and upgrading of their infrastructure. We also work extensively with other ministries to ensure that the required infrastructure is in place to support government program delivery needs. As well, the ministry manages the air transportation and vehicle fleets, provides

land management services, and administers the Edmonton and Calgary transportation and utility corridors.

Now I'd like to share with you some of our financial highlights. Alberta Infrastructure spent over \$819 million in 2003 on program services for Albertans and invested over \$29 million in capital investments. This represents an underexpenditure of \$15 million in a total combined authorized budget of \$864 million. Spending was lower than budgeted mainly due to lower than anticipated nominal disposal costs and amortization for the year, which are both noncash expenditures. In terms of cash funding available for programs, the unexpended balance for the ministry was only \$1.5 million.

A number of funding reallocations occurred within the ministry during the year to address critical operational pressures. These pressures were a result of escalating utility costs, lease cost increases, health and safety initiatives, and information technology requirements. Through careful consideration and working closely with our stakeholders, we were able to reprofile some of our cash flows for various projects to accommodate the reallocation with no adverse effect. Total spending on programs decreased from \$2.358 billion in '01-02 to \$819 million in '02-03 due to one-time funding increases made available in '01-02 for health, schools, and postsecondary facility projects.

We had a very busy year at Alberta Infrastructure, and we have many positive results to report for the '02-03 year. I thought I would provide some highlights on some of our more significant results, starting with the school facilities. Infrastructure provided \$80.8 million for new schools and school upgrades. This supplemented the \$942.7 million that was provided over the previous two years. Funding was provided to over 280 school projects. Some examples of these are St. Gabriel the Archangel and Coventry Hills in Calgary, George P. Nicholson and Jackson Heights elementary in Edmonton, Prairie Waters elementary school and Bearspaw school in the Rocky View school division, Elk Island multicampus facility, Dr. Karl A. Clark elementary addition and modernization in Fort McMurray, and St. Augustine K to 12 school replacement in Ponoka.

8:40

A new classroom on wheels was created as an innovative solution to providing career technology facilities in the Brooks area. Four rural areas now have access to a portable classroom in the form of 53-foot tractor-trailer unit. Incidentally, we had them bring it up and demonstrate it here on the Legislature Grounds, so perhaps many of the committee members saw it. This concept has proven to be cost-effective and was recognized with the Premier's award of excellence for school board innovation and excellence.

On April 1, 2002, Infrastructure took over responsibility for school plant operations and maintenance funding. This new program makes up a significant portion of the total budget, with spending of some \$324 million. Insurance, utilities, and caretaking make up a large portion of school operations and maintenance. Increases in these costs greatly impacted spending, and an additional \$30 million in one-time funding was approved in June of '03 in order to help school boards address increases in these areas.

We continued follow-up from the 2001 Minister's Symposium on Schools. We set up five stakeholder working committees to explore those ideas and develop recommendations in five areas. Those five are alternative procurement opportunities, sustainable buildings, planning/design process, functionality and utilization, and use of school reserves. A follow-up session on the symposium on schools, the Learning Facilities for Tomorrow's Communities implementation plan, was held recently. The session was part of the implementation strategy for the 37 recommendations that were made and communicated the minister's response to these recommendations to stakeholders.

Work also commenced on developing a framework for school

facility audits under the school facility conditional monitoring plan. The plan will allow annual reporting on facility conditions, identification of risk areas, and verification that value is gained for funds expended.

Turning to postsecondary facilities, as you know, we're also responsible for postsecondary facilities. Funding for maintenance and minor repair projects continued during '02-03. With an authorized budget of \$16.4 million the actual expenditures for the year only amounted to \$2.2 million as it was necessary to reallocate funds to help alleviate operational funding pressures due to high utility and lease rates. This supplemented \$393.5 million that was provided for postsecondary facilities over the previous two years.

I'm proud to say that the new centennial capital plan for '03 up to '06 includes two new research centres at the universities of Calgary and Alberta. Also, we are supporting the new natural resources engineering facility and the expansion of the power plant at the University of Alberta. The power plant provides heat and energy to the University hospital, and expansion was required to add the Alberta Heart Institute.

To establish a good baseline inventory of the space and capacity within postsecondary facilities, we embarked on a detailed utilization study. This study will not only establish a much-needed space inventory; it will allow us to develop performance measures and an annual updated process so that we have an excellent handle on the system capacity at any given point in time. We expect the interim report shortly. This will provide opportunities to work with Alberta Learning and other stakeholders to finalize the report by the fall.

Now, returning to the health care facilities, Infrastructure is also responsible for providing capital funding for health facilities, including hospitals, clinics, long-term care, and other related facilities needed to keep the health care system operating efficiently. Health facilities spent more than \$26 million in '02-03, supplementing the \$748.5 million that was provided to the health facilities over the previous two years.

Major projects undertaken during '02-03 include completion of the Eckville community health centre, which replaces the original hospital that was built back in 1945. The new facility will provide community care services, public health and rehabilitation services, diagnostic imaging, and mental health community outreach services.

Approved funding for \$18.4 million in new facilities in Camrose to replace two existing continuing care facilities. The north side supportive housing facility opened in September of '02.

The second phase of the \$5.2 million renovation project at the Women's Pavilion at the Royal Alex hospital in Edmonton opened in the spring of '02. I'm glad to say that redevelopment work is continuing at the Royal Alex as part of the new centennial capital plan.

Phase 3 of the redevelopment project at the Alberta Hospital Ponoka was substantially completed. This project included a \$26.5 million geriatric psychiatric centre and a \$22.5 million adult psychiatric program centre.

Site preparation and underground service work on the west campus of the University of Calgary for the new Children's hospital. The construction of this new facility is also included in the centennial capital plan, and design is currently underway. Upon completion in '05 it will increase the region's capacity to provide pediatric mental health, palliative care, rehabilitation, as well as emergency and outpatient care.

Public/private partnerships are also at the top of people's minds these days. Alberta Infrastructure has worked with health regions since 1999 to plan and implement over a dozen very successful P3s to provide long-term care facilities including, for example, the McKenzie Towne Care Centre in Calgary, the Allen Gray centre and

Summit Care Centre in Edmonton, and a long-term care centre in Rocky Mountain House. We continue to receive applications for P3 opportunities and are reviewing them as part of our normal capital planning process. Department staff have met with the Advisory Committee on Alternative Financing and will continue to work with them on specific P3 projects.

Now, turning briefly to seniors' lodges, we can't forget the work done by lodge foundations and the ministry to rehabilitate 121 seniors' lodges across the province. Under the lodge upgrading program a total of 114 lodges have been upgraded, and by '04-05 we will complete the remaining lodges. Once their program is complete, these lodges will have an effective age equivalent to a new facility.

Proper ongoing maintenance is a must, and we want to make sure that they are kept in tip-top shape. We are in the process of developing a process that considers a long-term infrastructure maintenance program. Just \$2 million per year will supplement an equivalent investment made by the lodge foundations and allow for ongoing maintenance of these lodges. I think that's really a good way to protect our investment in those lodges.

Turning briefly to government facilities, I want also to highlight our work in the area of government facilities. One of the most exciting initiatives that we have embarked on in recent years is the public/private partnership opportunity that we are pursuing for the Calgary courthouse. The request for proposals was issued in March of 2003 and resulted in three very comprehensive development proposals. A proponent was selected in September of '03 who we are continuing to negotiate with regarding agreements on project scope, costs, and terms and conditions. This facility will be the most significant P3 building project to be embarked upon by any organization in North America. Not only will there be economic benefits to the private sector, but government and all Albertans will benefit from state-of-the-art law court facilities.

8:50

In terms of efficiently operating and maintaining government facilities, Alberta Infrastructure will continue to follow through on several energy reduction initiatives. During '02 the ministry started the final phase of the energy retrofit program, involving some 40 buildings in the Edmonton area including Government Centre. To date energy savings of some \$3.2 million annually have been realized through improvements in heating, air conditioning, and lighting. The cost of those improvements was borne by the energy service contractors and paid for by direct savings from energy reduction costs.

As you will have seen in the results of one of our key performance measures, the average operating cost per square metre for all ministry-owned and -operated facilities was some \$84.11 in 2002-03. That remained constantly below the industry average of \$111.55 per square metre for the same period.

In support of reducing greenhouse gas emissions, new contracts for the purpose of green power were signed. Commencing in '05, government facilities will get about 90 per cent of their electricity from green energy generated through wind power and burning of wood waste. This is a long-term strategy that will result not only in significant environmental benefits but also in saving several millions of dollars per year based on current consumption costs.

Following an extensive RFP process, Alberta Infrastructure entered into contract with Earth Tech (Canada) in February of '03 for the long-term operation of the Swan Hills Treatment Centre. Under this 10-year contract Earth Tech (Canada) will manage the day-to-day operations of the plant. Alberta Infrastructure and Alberta Environment will continue to monitor contract performance.

This has been the final year of a three-year program to dispose of

surplus or underutilized properties. With an additional \$36.6 million sold in this reporting period, we have exceeded our original business plan goal of \$100 million in property sales over the past three years. Although our three-year land sales initiative is complete, we will continue to monitor and dispose of government properties that are no longer needed to support program delivery.

In conclusion, as of March 31, '03, over 300 major projects were underway across schools, health facilities, postsecondary institutions, and government facilities. As you see by our report, Alberta Infrastructure continues to actively participate in and achieve the goals and objectives set by the government and the people of Alberta.

So we look forward to your questions. My staff that are with me this morning will assist in answering, and for any that we can't answer at this particular time, we'll be only too happy to give you a written response.

Thank you, Mr. Chairman.

The Chair: Thank you, and I would like to remind the minister and his staff that those written responses come through the clerk to the members, please.

Mr. Dunn, do you have anything.

Mr. Dunn: I'll try to be brief. Our comments on the Ministry of Infrastructure are contained on pages 179 to 193 of our current 2003 annual report. In this section we make three numbered recommendations and one unnumbered. Just to remind the committee, two of those recommendations, numbers 26 and 28, were identified in our listing of the 14 key recommendations for 2003.

In recommendation 26 we recommend that the ministry "communicate, and require grant recipients to formally accept, the terms and conditions of construction grants." We report that "failure to have written agreements reduces the level of accountability for the grant recipients." Thus, "the Ministry may . . . not receive value for money on capital projects."

In recommendation 27 we recommend a strengthening of the monitoring processes for construction grants and also that "all construction grant payments [be made] through the Consolidated Cash Investment Trust Fund."

On pages 183 to 185 we report our findings in three parts: those related to health facilities, those related to school facilities, and those related to postsecondary facilities.

In our unnumbered recommendation on page 185 we make recommendations to the ministry to "implement a process to ensure that contracts with construction managers protect the Ministry's interests . . . and are cost-effective." In our findings we report a number of issues identified in a review of eight projects undertaken by school districts. These issues included failure to have a performance bond in place, failure to adhere to the ministry's policy regarding construction managers not being involved in any actual construction, and a question raised by us about the perceived benefit of a construction management contract being more cost-effective and allowing for fast-tracking of a project.

Recommendation 28 is a four-part recommendation to the Ministry of Infrastructure working with other ministries to "improve the security of government buildings and the safety of people who use them." We've recommended that the ministry identify resources to lead and co-ordinate security-related activities, that they establish and communicate a minimum standard of security for all buildings, that they implement increased levels of security for buildings requiring enhanced protection, and that they monitor compliance with recommendations made in risk and security assessments. Our findings resulting from our physical security assessments made of

seven significant government buildings are noted on page 188 of our report.

We also followed up and report on the progress made by the ministry on previous recommendations made on business case analysis, contract management, conflict-of-interest matters, infrastructure management systems, long-term capital asset plans, and health and safety risks at PSI facilities. I am pleased to report that the ministry has implemented our recommendations for five of the previous recommendations and is making satisfactory progress in implementing our recommendation on the sixth recommendation, concerning long-term capital asset plans.

I also report in my Auditor's report on the financial statements of the ministry that the cost of site remediation is only being reported in the period that the remediation work is being carried out rather than in the period in which the site remediation liability occurs. This policy is not in accordance with generally accepted accounting principles. We understand that the ministry is working with the Ministry of Finance on possibly revising this accounting policy. I believe this matter should be raised by this committee with the Minister of Finance when she meets with the committee.

Those are my opening comments. I and my staff will be pleased to answer any questions directed to us.

Thank you.

The Chair: Thank you, Mr. Dunn.

In light of the hour we should get directly to questions from the members, and please be as brief as possible because there is a long list this morning of members who have expressed an interest in questioning the reports.

Ms Blakeman to start, please, followed by Mr. Masyk.

Ms Blakeman: Thank you very much, Mr. Chairperson. I am taking note of the Auditor General's pointing out that two of the 14 key recommendations made this year refer to this ministry, those being recommendations 26 and 28.

My first round of questioning is on recommendation 26, which is recommending that the ministry "communicate, and require grant recipients," that being people in receipt of these large amounts of money to build things, "to formally accept, the terms and conditions of construction grants," and then talking about accountability frameworks, consequences of failing to adhere, and the ministry's right to audit. The consequences of this, the implications and risk: reduces the level of accountability, and "there is a risk that grant recipients may not build or sign construction contracts according to the Ministry's standards and requirements," and we may not be receiving value for money on these capital projects.

So my question is: how does the ministry assess when school jurisdictions or regional health authorities or postsecondary education institutions are in noncompliance with the ministry standards? Since you have no clear reporting requirements in the terms and conditions of the construction grants, how are you tracking this? How are you assessing when things might be going off the rails?

Mr. Lund: Well, since you're asking a very technical question, I'll get one of my staff to answer.

Mr. McGhan: If I may, Mr. Chairman, respond to Ms Blakeman. You've identified the clients that we have, with the school boards and hospital districts and universities and colleges across this province. When we identify and approve and agree with a specific project based on, if it's a school, utilization factors or age and condition of a school, we go through an exhaustive process of doing what we call a pre-tender estimate. Mr. O'Neill's division, with all

of his technical expertise on all the different building sciences and the cost analysis, determines the amount and the value of a project before it even goes to tender. Once the projects by the school boards and the hospitals and the universities actually go out to tender and it comes back in, then we compare that to our pre-tender estimate to determine whether or not it's within the guidelines, the standards, the ballpark estimate, if you will, or a more specific estimate of what the project should cost. Only then can we actually proceed with the project.

Once the project is at varying stages of design, development, funds are advanced to carry on with the next stage of the project. They do not get all of their funds up front, as a rule. They get funds as a project is being developed and proceeds. We are quite satisfied at the end of the day once the projects are complete, through the professionalism of the architects, the engineers, and others who are actually working for those authorities, for approval of plans and construction design, building standards, that in fact we're getting good value for money on these projects.

9:00

The Chair: Thank you.

Ms Blakeman: I understand that you're saying that in some cases, not in all, as is pointed out later in the report, you're releasing the money in stages as you feel the project is progressing, but according to what this recommendation is stating, in some cases you don't even have a right to audit or have not even established the right to audit how the project is progressing. So you didn't answer my question: how are you able to assess when there is a noncompliance that's happening if you don't have these contracts or you haven't required the grant recipients to accept the terms and conditions of the construction grants?

Mr. McGhan: To the supplementary question, Mr. Chairman, as always, we are very appreciative of the Auditor General's review and comments and the diligence by that department in advising us on how we can become better. This is certainly one of the areas where in the last few months, since the identification by the Auditor General, through a reorganization in capital projects we have identified the need for people who will be in the quality control area. We've looked at the contracts between ourselves and our stakeholders, and we will be advancing the very points that the Auditor General has made with us: to do more exhaustive and extensive work and to hold the stakeholders, or our clients as I said in the first instance, more accountable. We will be reviewing in greater detail the activities of them and reviewing their projects.

Mr. Lund: I think it's also very important to point out that prior to the final settlement there's a very exhaustive process that we go through of analyzing all of the expenditures they've incurred on that particular project before we release the final 10 per cent of the money. That, in some cases, takes up to two years past the construction of the facility.

The Chair: Thank you.

Mr. Masyk, followed by Dr. Taft.

Mr. Masyk: Thank you, Mr. Chairman. My questions today are for the Auditor General. When there's a project at hand and you send it out for tendering and the engineering firm brings back the package – you know, it's quite thick, depending on the project. When it's tendered out, various contractors are invited to tender the project, and the contractors don't do it in one or two hours. I mean, it takes

days and days and hours and hours to put these together, and at the end of the day when they divide up the contract, if one contractor is awarded, he may not be the low tender, and it's because of the hearsay of the engineer. That's one issue.

The other issue is that once the tender is awarded and the contractor begins the project, they find a whole bunch of details that are missed by the engineer, yet it's the contractor's fault because it's covered by lump-sum pricing in a contract. And it's not just this ministry; I'm finding it from different ones. Why is there not more accountability for the engineer, when they piece this together, to cross their t's and dot their i's?

Mr. Lund: I'm not sure that I completely follow. As the deputy pointed out, the whole process where we go through a fairly exhaustive exercise once the contract – you've got to recognize that government buildings are the only ones where we actually issue the tender. Otherwise, it's a regional health authority, a postsecondary institution, or a school board that issues the tender. Before we give them approval to go ahead and issue the contract after a tender, it comes back and the staff within the ministry go through it very carefully.

One of the things that we have implemented in the last year and a half – maybe this is what you're getting at. We have found that there have been overruns; they come back and ask for more money after the contract. We are becoming very, very difficult. We very seldom now will give any more money after we have approved the tender bid. I think it was something that they were just taking for granted, that they could come back and get more money, but we are stopping that process.

It has to be a very, very – I guess one example is the Catholic school that was in the west part of the city. You maybe remember the controversy over it being too close to the power line. Well, there were some cost overruns that had nothing to do with the fault of the contractor, nothing to do with the school board, but it was because of a process outside of their control that caused them some fairly substantial costs. We did have to give them some relief in that particular situation.

I don't know if one of my staff maybe twigged to something that you asked that I missed.

The Chair: Just briefly, please.

Mr. McGhan: Mr. Chairman, we have at the table a professional engineer and also a professional architect as part of our senior executive staff. I'd like to defer for an architectural response to Mr. Masyk's question. If you would, please, Malcolm.

Mr. Johnson: Thank you, Mr. Chairman. In answer and to supplement the minister's comments, one of the advantages we have in the department is, as the deputy says, significant expertise. We are able to provide documentation and guidance to the stakeholder groups – the school boards, the postsecondary institutions, and the health regions – as well as looking at our own contracts to ensure that best practices are followed, and thereby many of the mistakes that are common in some areas of the construction industry and the design professions can be avoided.

We've had 50 years experience – not personally, I hasten to add – and there is a depth of knowledge in the department that I think enables the elimination of many of the errors and the problems you're referring to. That's not to say that every single project will go perfectly and there won't be change orders and extras – there often are, for unforeseens – but the extent of experience that we do have in the department enables us to have a much cleaner bill, I think, than most organizations.

Mr. Lund: To further supplement that. Maybe it's one of the things that you're talking about. We are implementing prior to the approval of a site – we didn't in years past really get into that. If a school board wanted to build on a certain site, we assumed that they knew what they were doing. We don't necessarily make that assumption any more. We will look at the soil tests. We will make sure that where they're planning to build, for example, they don't have to come back and get extra money because they found that the soil conditions were wrong. We're going to try to avoid the situation that I indicated earlier, where all of a sudden they thought they were too close to a power line. Those kinds of things.

Prior to even giving approval to a site, we are going to require a site inspection and testing to make sure. There was another school that when they went to start laying the foundation, they found that they had to dig and put in a bunch of pillars. Well, we should have known that up front. So in the future we're requiring all of those kinds of things to happen as well so that incidents like you're referring to don't occur.

9:10

The Chair: Thank you.

Mr. Masyk.

Mr. Masyk: Yeah. It wasn't designed for you guys to put up a defence because I'm not really blaming the department, because, you know, you're trying to service the public. I guess my point is that once it's tendered out, where does the accountability go? You have your price, and all you can do is get the best estimate from the experts out there, so you try and cover that with a budget item, and that's where the line stops. But once it gets into commencement mode, then you have this conflict with an engineer or a contractor or a third party or even the school board, like you said, with sinkholes, where they're not doing the tests and stuff. It's not really your fault, Minister. It is, and it isn't.

What I'm trying to say is that if there are estimates and if there is a tender package put out by an engineering firm and if all the items in that package are not completely compliant for the contractor so he can bid this properly, does the onus go back onto the contractor, or are you going to share it with the engineers? Do engineers have bonding, to bond that their package goes together, and can the contractor go with it? Like, there's always a conflict between those two. It's maybe a he said/she said a lot of times, but somebody is right and somebody is always wrong on an issue. I was wondering how we can cut through all that so there's some more accountability.

The Chair: Go ahead with the question, but there are many people who've expressed an interest in . . .

Mr. Masyk: A written response will be fine even.

Mr. Lund: Okay. Yeah, we'll respond in writing. But I think we've got to look into bonding and the sorts of things that you're talking about. I'm sure that engineers and probably architects, as well, have errors and omissions insurance.

Dr. Taft: My question probably involves both the Auditor General and the minister. It's kind of a general one, I guess, really. As I go around the province and visit public buildings that come under this ministry, whether it's a provincial building or a postsecondary institution or a health care facility or a school, there's a whole range of quality. Some are in great shape, but my perception is that an increasing number are looking a bit tattered and shabby and need to be brought up to snuff.

Now, I'm not a finance person. I would have thought, though, that somewhere there would be a master list of all the province's capital assets including the ones that your department constructs, like health facilities and schools and postsecondary institutions, and at the bottom of that list a summing up of the value of all of the capital assets owned by the citizens of Alberta, as it were. It could be that I might just be completely missing it. Does that list exist?

Mr. Lund: There is a list; I'm not exactly sure how accurate. I can talk to our department. We are trying to complete – I don't know just exactly where we're at with it, but we've audited all of the schools, all the postsecondary institutions, and now we're in the process of the health facilities in the province so that we get a better idea of the condition that they're in and what they need.

As a matter of fact, we're starting on a second round for the schools because we found, I guess because there are so many of them – like, it's close to 1,600 scattered all over the province. So you can appreciate that we had a number of different firms that were doing them, and we're finding more and more inconsistencies, so for that reason we want to do the schools over. Also, because we have spent a very considerable amount of money on modernizing and right-sizing schools within the province, we're going to go back and see if we really, with those dollars, accomplished what we set out to do: number one, get the utilization rate up, and get the condition of the buildings to a point that they're good for another 30 or 40 years sort of thing. In this whole process we hope to accomplish that exercise as well. I don't know where we're at on the total buildings.

Dr. Taft: Well, maybe you could provide the list through the clerk. Is that possible?

Mr. Dunn: There are two points to your comments there, Dr. Taft. Is there one list that lists all the buildings in the province as to dollar value? No. It's all maintained by each of the individual ministries, departments, agencies as their capital asset record. As I mentioned to you before, Alberta has been capitalizing its assets for many, many years, unlike the federal government, which hasn't recorded capital assets. So Alberta has recorded its capital assets, and it comes together in the provincial consolidated statement and aggregates more than \$10 billion depreciated capital cost.

What the ministry does maintain and has been compiling over the last couple of years is really the deferred maintenance, the quality aspects of those buildings and those that need upgrading, if that's where you're going. So the ministry has been working quite hard over the last couple of years to get the deferred maintenance assessment from all the different organizations and agencies as to what has to be invested in those to bring them possibly up to a different standard.

Mr. Lund: We're also wanting to find the value because we've got a book value for the regional health authorities and others, as Mr. Dunn has indicated. There's a book value, but is that the real value? No, it isn't. So we're trying to get that value, the replacement value, as well.

The Chair: Just briefly, please.

Mr. McGhan: I will, Mr. Chairman. Thank you.

To Dr. Taft. I think I should clarify a point in your question, and with the Auditor General's concurrence a note should be made. I think you referred to schools and universities and hospitals as capital assets of the government and that they should be on the balance sheet. At present schools and hospitals and universities and colleges

are not part of the government's balance sheet and are not considered to be assets of the government. So I just wanted to make sure that we were clear on that point, if you were asking the Department of Infrastructure or the government on that very point. I won't comment on the pros and cons of that at this juncture.

But with respect to the categorization and the condition of the facilities, we do and are aware and keep very close track of the conditions of schools and universities and hospital projects. We're developing what I think is going to be an incredibly brilliant system called BLIMS, building and land infrastructure management system, which we've invested a lot of money into, that is going to allow us to keep exceptional track of building conditions, whether they are owned by the government on the balance sheet or are part of our stakeholder group. We need to have that information when we're deciding the allocation of dollars for maintenance based on the condition of buildings and to generally keep our buildings up to a standard that Albertans would be comfortable and satisfied with.

It should be noted, though, that in my estimation this province is getting older. At one time it was a very young province and everything was pretty new. Now, as the province gets older and older, we end up having considerably more buildings that are starting to show their age. I think that's kind of a natural thing in the evolution of a society. We have schools in this province that are 100 years old that we're still operating and maintaining, or are very close to having their 100th birthday. Those buildings are very difficult to maintain and make sure they're energy efficient, so over a period of time we're going to continue to have more and more difficulty keeping our infrastructure up to the level that we were once comfortable with.

Dr. Taft: I won't pursue a supplemental in the interest of timing, but if you were able to provide the list to the committee, that would be really helpful.

Mr. Lund: We can sure give you what we've got.

Dr. Taft: Thanks.

The Chair: Thank you.

Mary Anne Jablonski, followed by Mr. Mason.

9:20

Mrs. Jablonski: Thank you, Mr. Chairman. Well, Ty, I don't know if Lund is Irish or not, but I wish you a happy St. Patrick's Day . . .

Mr. Lund: Well, thank you very much.

Mrs. Jablonski: . . . and everyone else in this room.

Minister, you have a fascinating ministry. You get to build beautiful buildings: schools, hospitals, and courthouses and all of those things make this province great. I think that going from Lego to building these buildings is very exciting, and I envy that.

I have many questions, but the chairman is only going to let me ask one. In your annual report for 2002-2003 on page 61 under revenues you show an actual difference of \$27 million, and that's an increase. You show an actual increase of \$27 million. This was as a result of investment income and other revenue. My question is: can you please tell me what the investments are that are held by the Department of Infrastructure as well as what the other revenue line is made up of?

Mr. McGhan: Mr. Chairman, we also have professional accountants at the table. I'd like to defer to Mr. Bauer for that, please.

The Chair: Certainly.

Could we have some order on that side of the committee room, please? I can't hear. Thank you.

Mr. Bauer: In terms of answering the question, I think there are a couple of aspects or factors. First, relating to the increase in the investment income, this really relates to funds that are deposited into the CCITF accounts that are held by health authorities, and the capital funding dollars are put into there. The interest that is earned on those accounts, before it is spent, goes back into the general revenue fund, and the earnings are reflected here in our financial statements.

The other factors or aspects that related to increased revenue were that there was additional revenue that was earned at the Swan Hills treatment plant that was higher than what was initially budgeted, as well as some additional revenues that were generated. This relates to some of the upgrading projects at the seniors' lodges. So it was primarily those three factors that impacted the additional revenue.

Mrs. Jablonski: Thank you. Arising from that answer, could you tell me what CCITF is?

Mr. Bauer: I'm sorry. That's the cash consolidated investment trust fund. Those are bank accounts that are held by the Finance department, and they're essentially used to generate greater earnings by consolidating these various bank accounts. It's similar to the comments that were made earlier on by the Auditor General. The health authorities do participate and use those accounts. Some of our other stakeholders at this point in time do not. Essentially, the purpose is to create greater earnings on money that is currently sitting in these bank accounts.

Mrs. Jablonski: Right to my supplemental: \$10 million is a substantial amount of interest income, so my question is: why is this money set aside by the regions? Do we give them money for just-in-time delivery type payment, or do we give them money at the beginning of a project? How long do they hold it over? Along with that is: why did Swan Hills have such an increase in revenue that wasn't projected in the beginning?

Mr. Lund: As far as the flow of the dollars, as you probably remember, back in 2000-2001 we flowed out a lot of dollars at the end of the year. For the capital projects that were approved, it varied, but up to 80 per cent of the projected cost went into these accounts that Jim is referring to. It depends. Normally, we would give out 10 per cent when the project is approved for funding, then 50 per cent and another 25 per cent, I guess. Then we have a holdback of the 15 per cent. So that's kind of the normal process. But before the sustainability fund and the capital fund were established, at the end of the year when we had those extra dollars, we had to flow them out, and that's why there was a lot of those dollars.

Swan Hills. The fact is that they actually treated quite a lot more material and therefore had an increase in income, but if you look on the expenditures side, we also had an increase in expenditures.

Mrs. Jablonski: Thank you very much.

The Chair: Thank you.

Mr. Mason, followed by Mr. Shiraz Shariff, please.

Mr. Mason: Thanks very much, Mr. Chairman. Thank you for your presentation, Mr. Minister. My question deals with an issue raised on page 7 of your department's annual report, and that's pub-

lic/private partnerships, or P3s. The question that I have relates to how the P3s are tendered or dealt with. It's my understanding that there is not a public tender process. I'd like to know, I guess, just what the process is for reaching an agreement between the government and whoever it is that is selected to sign the contract to do the P3, whether you use an RFP process or if it's tendered privately. In particular, I'm curious to know why there's no public transparency with relation to the issuing of these contracts.

Mr. Lund: Okay. I hope, Mr. Chairman, you'll allow me some time because this is a very huge issue, and it's one where I think there's great misunderstanding, first of all even with the definition of a P3.

I think what I'll do is talk about the Calgary courthouse and the process that we are going through there, and then I'll talk a bit about what happens internally with a proposal. With the Calgary courthouse we first started out with a request for interest, and that was advertised widely. There were people from all over the world that responded to that. After that happened, then we put out a request for qualifications. This is important, this next step, very important, because you don't want a tire kicker that will just come along and then end up responding to an RFP only to find out that they can't possibly deliver. So when we go through the request for qualifications, we have to look at it all, right from their ability to do the project, to design it, and in the case of the courthouse we're looking for somebody to operate it, and then the financing. They have to have all of those components covered before we would ever let them even bid on a request for a proposal.

In the case of the Calgary courthouse there were about 10 different companies that responded to the request for qualifications. We went through those, and four out of those qualified, then, to be participants in the request for proposal. The request for proposal then was sent out to all four. The request for proposal is where you get into a lot of detail. You're now starting to get specific about exactly what you're wanting in the building when it's complete and the operation over the period of the time. Out of those four, three responded. Those are very big documents, and as a matter of fact we estimate that the people that responded spent from \$3 million to \$5 million putting those together, so you can understand the complexity that we're now getting into.

Staff and an outside panel. We set up a number of people to look at, in the case of the courthouse, seven different components, and they ranked all of them independent of one another. None of them were talking to one another. They each had a certain area of the project that they were to look at. They scored them, and then we compiled all those scores and dropped one. Now we've got two left. Now we get into the serious negotiations, because this is so big. Of course, there are different components now. When the scaling was done by all of these that did the different components, they then went back to each proponent and dealt with negotiations on each of these different components in the proposal. Once again, they were all analyzed at the end of the day, and of course you end up with a score. We ended up with one proponent then that we are still doing the final with. So that's the Calgary courthouse.

9:30

Internally, with so many of the projects that are now coming forward, we are not initiating them. School boards are initiating them. Regional health authorities are initiating them. Postsecondary institutions are initiating them. The process we have set up internally within the department – and, Mr. Chairman, I'm getting beyond the '02-03, but I hope you'll allow me the latitude to do this. Internally we have a committee that's set up to assist the people so

that they know. We've got a set of guidelines of what a P3 is and what they consist of, and the committee that we've got internally will help them with that.

When it comes forward, then we have another committee that involves Health and Learning with our department, and they then will look at the proposal and initially see how it stacks up. Is there a potential here? Or should we tell them, "No; you know, this is just not going to work as a P3"? For a P3 we must be able to show that it's a good deal, whether for a school board or the government, and Albertans have to benefit from it. That is number one. There has to be a benefit shown. Then if it looks like there's some potential here, we send it back to them and say to them: you must do a business case for this. Out of that business case that's, of course, where it will show whether in fact there is the possibility of it being something that is good for the province. If it comes back, then our committee looks at it again.

Outside of the committee, outside of our department, under Finance there's an external alternate finance committee, and that's made up of people from the private sector. That's not government; that's completely outside. They analyze it, and they did this on the Calgary courthouse as well. I forgot to mention that in that process that proposal went to them twice, actually, because we needed their approval and to analyze the fact that we were dropping one out of those three. That outside committee then would look at it. They will come back with a number of comments, of course, but overall they have to agree that, yes, it is a good thing for Albertans. If it's a good thing and we can show that, then in fact it is something that we can proceed with.

So that's basically the process that all of these go through.

The Chair: Mr. Minister, I'm going to have to ask Mr. Mason for his second question now, please. There's still a long list, and we only have a few minutes left of the meeting. If you want to add anything in writing, you certainly are welcome to do so through the committee clerk.

Mr. Mason: Well, Mr. Chairman, just in the interest of time, then, my second question is to the Auditor General, and perhaps we can just get the answer sent to members of the committee later.

I'd like to know if the Auditor General has had an opportunity to look at the P3 processes that the government has undertaken and whether or not he believes there is enough information to assure Albertans that, in fact, there are enough checks and tests that can be done to show that money is being put to good use and whether or not there is an appropriate degree of accountability and transparency in the process being used by the government for P3s. I'll wait for that answer.

Mr. Dunn: We'll respond in writing. But just to let the committee know, this is on our list of things to do this year, as we've reported to you before. We are doing that right now, but we'll reply formally in writing.

The Chair: Thank you very much, Mr. Dunn.
Mr. Shariff, followed by Ms Blakeman.

Mr. Shariff: Thank you, Mr. Chairman. Thank you, Mr. Minister and departmental staff as well as the Auditor General and your staff, for coming before the committee today. I have two questions that are not necessarily directly related. Given our time constraint, I'm just going to pose both of them and see if both of you, the minister as well as the Auditor General, can respond.

To the minister. On the issue of security in our government

buildings given the global scenario today, I'm wondering if you can apprise us as to what changes you have made in your assessment process to protect Alberta from any disasters that could happen as a result of a security breach.

To the Auditor General. I just wanted to get a clarification. Earlier on you made a remark, and I just wanted to get a clarification whether this ministry gives contracts verbally without having a written contract in place. I'm not sure if I caught that correctly from you.

Those are my two questions. Thank you.

Mr. Dunn: Maybe I'll start first. I'm not sure which is the comment where I said that they made verbal contracts. We're not aware of any verbal contracts.

Mr. Shariff: In your remarks that's what I heard, so I wanted to clarify if I heard it correctly. No?

Mr. Dunn: No.

Mr. Shariff: Good. Thank you.

Mr. Lund: And I'm sure I'm not aware of any verbal contracts.

On the security issue there have been quite a few things done, so I'll get one of my staff to answer.

Mr. McGhan: If I may, Mr. Chairman, ask Assistant Deputy Minister Bob Smith, who's in charge of all of the property management in the province. We have followed up extensively on the Auditor General's remarks and comments and recommendations and have put a number of things in place already, and we will be pursuing more.

But I'll allow Bob to just provide a few brief comments on that. If you would please, Bob.

Mr. Smith: Just very briefly, the Auditor's report was pretty straightforward in terms of its recommendations. What we've done is we've developed an action plan to deal with each of those recommendations. We're in the process of implementing that action plan at this point in time. We've brought in place a senior manager from the Solicitor General to head up this initiative in our property management area.

We are doing risk assessment templates for each of the buildings, and over the course of the next number of months we will be doing actual follow-throughs of completion of the risk assessments on those buildings. From there we expect to develop standards for security for different types of building occupancy or use. Flowing from that will be recommendations and implementation, of course, of recommendations that are approved for changes in security.

This is a significant exercise for us. It's not going to be over in three or four months, and we expect to be spending considerable effort on this in the next year to two years.

The Chair: Thank you.

Ms Blakeman, followed by Mr. Hutton.

Ms Blakeman: Thanks very much. I'm following up on the question first posed by the Member for Edmonton-Highlands around P3s, and I'm particularly interested in the Calgary courthouse. I listened carefully to what the minister was saying about the various requests – the request for interest, the request for qualifications, the request for proposal – the review by the independent panel, and the many assertions by the minister that Albertans have to benefit here.

I think that at one point in his earlier remarks he talked about how everyone will benefit. I have to say once again: how do you know?

I can give examples of P3 projects that have not worked in Canada and where I think their citizens would argue strongly that they were not the beneficiaries over some other entity. So what is it that this department has examined in this fiscal year that makes you think the Calgary courthouse P3 is going to be such an outstanding success? What cost-benefit analysis have you done? What literature reviews or comparisons have you done of other locations with very similar context? What reports have you looked at?

I'm suspicious because I asked the same questions of Dr. West around what work and what cost-benefit analysis had been done on electrical deregulation and was told: nothing; they thought it was a good idea. So I'm pressing you to table, to bring before this committee those reports, those cost-benefit analyses. If you did a business case that's talking about risk and examining risk factors there, then let's release it. Let's have it before this committee so that you can convince us that this is, in fact, a good idea. What was the work that you did in this year?

9:40

Mr. Lund: First of all, of course, we're out of the '02-03 discussion when we get into this one, and then I'd beg from the chair the opportunity to talk about it. I don't know if you want me to continue.

The Chair: Go ahead, but be brief, please.

Mr. Lund: Okay. Well, obviously, this is a real big issue, and I'll be as brief as I can. However, at the end of the day, you've got to understand that there's a lot of proprietary information. We cannot do this negotiation in public. You just can't do it in public. You will have all the information at the end of the day if we sign a contract.

One of the things you heard me say and that we continue to say is that we must be able to show at the end of the day that it is good for Albertans. That is a requirement or the project will not go ahead, and that's one of the things that the outside committee is charged with. They have to be able to show that this is good for Albertans. I think you read maybe a little more into my comment that this is good for all Albertans. The Justice department is saying that the courthouse will be good for Albertans.

We're saying that the P3 process, if we're able to complete it, will be good for Albertans, and we'll be able to show you that, in fact, it's an efficient way of doing it, that it's a cost-effective way of doing it. We're going to be able to show, as well, some benefits from the timing of the project. When I say "timing," the timing to build it. It's a huge project, and this is another one that is very important. You'll see the same thing when Transportation gets finished with their P3 on the highway, on the road.

But just as one simple thing that we did in this whole process, we did, as close as we could, an estimated cost for us to do the building. The tender came in; the bid from the RFP process came in. It was below our number. Well, because it was below, we thought: well, you know, let's check this with outside industry again. So we put out a dummy bid. Guess what? It came in higher than ours. So now you've got this dummy one that's up here, you've got ours which is down here, and you've got the true one, the one that we're working on to go ahead, and it's down here. So just that alone.

I can tell you another incident right now. This is taking a lot longer than we thought it would to go through the process, but right now the people that are doing that are still holding with the number for the original cost of construction. You've got to recognize that

steel, just steel for example, has gone up 30 per cent in the last three months. Who's going to take that cost? It's the builder, not us. Had we been doing it, we would have had to absorb that.

So that's just one example of this off-loading of risk, and I've talked to the Auditor General about off-loading of risk and what it's worth. It's a very, very hard thing to put a number on, and I know that the Auditor General and his staff are very interested in this because that is an important component of whether a P3 works or not. I think we almost have to look project by project as to what that off-loading of risk is worth. Certainly, in this particular one with the courthouse, we're talking about operation for 30 years. Now, off-loading the risk on that operation over 30 years: what's that worth? I don't know, and it's going to be a tough one that we must work with the Auditor General on as we try to assess these. But the outside panel that looks at this have looked at all of those issues and have put some numbers on them.

Now, one of the things that you'll hear the public say and a number of people say is: how can the private sector do it cheaper when government can borrow cheaper? Well, that's an interesting one, because the fact is that on this particular case we see that they can borrow the money at maybe between 60 and 80 points more than us. The rise in the price of steel will more than offset that interest, just the rise in the cost of steel in this building.

So there are those kinds of things that are figuring in here. The Auditor General will be looking at it, we will be going all through this thing, but I'm confident that at the end of the day we can show you.

Now, when you deal with other P3s like the regional health authorities, and there are about 60 . . .

The Chair: Mr. Lund, excuse me, please.

Mr. Lund: Yes, but I've just got to go over this one because so many are confused about what a P3 is.

We have a whole host of long-term care facilities out there today that are P3s. You've got the regional health authority that has partnered up with the Good Sam, Bethany Care, and others to do P3s for long-term care. It's really interesting. We have given a number of regional health authorities a block of money. Now, we say, for example, to the David Thompson: you go out and you build 150 long-term care beds for that money. Well, in the case of the David Thompson region they've built 190 already, and they've still got money left. How did they do that? Well, they did it through P3s. They brought in the private sector as a partner, and they're building them and they're operating them at a lower cost than if we'd done it ourselves.

So it's out there, and it's working. We've got to refine the process; the process is taking too long. Of course, we've got to look at every project, and we've got to be able to see that it's of benefit to Albertans or it won't go as a P3.

Ms Blakeman: Thanks.

My supplementary, Mr. Chairman. You're asking us to trust, and my problem is that once that contract is signed, it's signed. We can't change it as citizens in Alberta. So what's the proof you have going into this that this is a good idea? I'm looking for that transparency. If you've done those studies, if you've done the cost-benefit analysis, you should be able to give it to us before you sign the contract, because once the contract is signed, you're into a 30-year deal with these people. That's what you've told us. So we want to see that accountability up front, not after the fact but up front. So if you've done this stuff, I'd like to see it before this committee.

Thank you.

Mr. Lund: Well, we can't provide everything because there's a whole host of proprietary information in there, and we will not be releasing it until we have the contract. We can't, and we won't.

The Chair: Thank you.

P3s in this committee is beginning to mean patience, patience, and patience. Mr. Hutton has been very patient waiting for his question. Please proceed.

Mr. Hutton: There's been enough on P3s, and that's where my question was, so I remove myself from the list, Mr. Chairman.

The Chair: Okay. Mr. Cao, please.

Mr. Cao: I'll just provide questions, and I wish that you can provide written answers.

In fact, first I commend you on your lodges project, because there are two in my area and the citizens are very happy. It is also a proponent of what I call 4E: economical, effective, efficient, and ethical. My question, generally, is about whether you have any programs internally that encourage your staff as to continuous improvement. If not, then I suggest that you should put it in as an official program, I would say.

Number two, I know that you handle a lot of capital dollars. You have to deal with new construction, and then you have to also deal with renovation and maintenance support. Just on the schools area, because in my area there is no new construction of schools and they are, in fact, old schools, I was wondering: do you have any mechanism or kind of a queuing where you have priority for new construction separated from priority for renovation and maintenance?

Thank you.

9:50

The Chair: You will provide that to the committee through the clerk, please.

On behalf of all members of the committee I would like to express our gratitude for your time and your attention this morning, Mr. Lund and your staff, and also to the Auditor General.

That concludes this portion of the Public Accounts Committee meeting, and you are free to leave if you would like. Thank you.

Mr. Lund: Well, thank you, Mr. Chairman, and thanks to the committee. We have a whole host of other things we'd love to discuss, but if this is all the time we've got, well, okay.

The Chair: Now, there have been business matters arising from the minutes. Ms Blakeman, please proceed.

Ms Blakeman: Yes. Thank you very much. I'm referring to page 11 of the now accepted minutes from Wednesday, March 3, under item 7, Schedule for Review of the 2002-2003 Ministry Annual Reports and Auditor General's Report. There was some discussion about having the Premier attend on the Public Accounts Committee to be questioned. I had sent a letter to the chair of the committee last week asking whether this was proceeding and, in fact, whether the Premier would be scheduled. I notice in the minutes that the deputy chair was following up with the office of the Premier in an attempt to schedule the Premier's meeting for March 31 of this year. I am wondering where we are in the process of scheduling the Premier since he has now agreed to appear before the committee. When is that going to happen?

The Chair: Well, Ms Blakeman, we have sent an additional letter,

we being the committee clerk and myself, dated March 12 to the Premier's office requesting confirmation of attendance before this committee as president of the Executive Council. Everyone knows that the Premier agreed in Oral Question Period on February 19, 2004, to attend this committee at the convenience of the chair, and it would be very convenient for the Premier to come on March 31. We have also given the Premier's office a number of other dates as well, but with respect to the Premier's office, we have not heard back from either correspondence that has been presented to the Premier's office in regard to this matter.

Mr. Shariff may have something to add, but that's where we're at right now. We have had no response from the Premier's office. None.

Mr. Shariff: At this stage I have nothing further to add. We just await a response from his office.

Ms Blakeman: Well, given that this committee only sits while we're still in session and the end of session approaches, it's possible now that in fact the Premier could not be scheduled to meet in front of us. Is that what's happening?

Mr. Shariff: I think that in all fairness we have provided him with a few dates. The chairman has provided him with a few dates. We have to just wait for a response. We still will be meeting here all the way, I believe, into June. There are other opportunities. We will be meeting again in the fall; we will be meeting again next spring. So, quite frankly, at this stage I don't want to prejudge anything from his office. We need to wait for a response from his office first before we jump to any conclusions.

Ms Blakeman: Thank you, Mr. Chairperson.

The Chair: You're very welcome. Are there any other matters that you would like to bring to the attention of the committee, Ms Blakeman?

Ms Blakeman: No.

The Chair: No. Okay.

Under item 6, Other Business, are there any other members wishing to bring anything forward? Mr. Mason.

Mr. Mason: Thank you, Mr. Chairman. Just for the committee's information, subsequent to our discussion at the last meeting with respect to the audit on the BSE programs I did write to the Auditor General and ask him three questions. I have received a response from him, and I just wanted as a courtesy to provide copies of that correspondence to members of the committee. So I have copies here that could be distributed to the committee members.

The Chair: It would be very gracious of you to do that, Mr. Mason. The clerk will distribute those.

Are there any other matters from any other members?

Mr. Cao: From my perspective as a member of this Public Accounts Committee we should focus, as the chair I think suggested, on the reports, the accountability, the business of the year that we're supposed to look into and scrutinize. The questions should be directed to those and the responses should be limited to those, because we don't tend to venture into the current year and the current issues.

The Chair: Okay. Point well taken. If you would like the chair to be more diligent, the chair is certainly at the direction of the committee in regard to the 2002-03 annual reports, the Auditor General's annual report. The chair takes note of that, but certainly members of this committee have every right to bring up business under item 6.

Mr. Cao: Yes. I brought up that issue. Thanks.

The Chair: You bet.

Okay. Any other issues? May I have a motion to adjourn, please?

Mrs. Jablonski: I so move.

The Chair: Okay. All in favour to adjourn? Thank you very much.

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

