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Standing Committee on Public Accounts

Wednesday, November 7, 1979

Chairman: Mr. Mandeville

10:05 a.m.

MR. CHAIRMAN: Good morning, committee members. We'll bring our meeting to order. Are there any errors or omissions before we have them filed? If not, we will have them filed.

On behalf of committee members, I would like to welcome Mr. Kroeger and his staff here. Possibly, Mr. Kroeger, you could introduce your staff to committee members.

MR. KROEGER: Yes, Mr. Chairman. We have Mr. Cronkhite, on my right. Everybody knows Mr. Cronkhite. Harvey Alton is on my left, looking after regional areas and airports; and Mr. McGeachy, who does everything.

MR. CHAIRMAN: On behalf of committee members, Mr. Kroeger, I want to apologize for holding you up last week. We had the minister and his staff on standby in case we had time, so they were waiting for us. We're sorry we did that, Mr. Minister.

Could I ask Mr. Clegg to swear in the witnesses.

Messrs. Cronkhite, Alton, and McGeachy were sworn in.

MR. CHAIRMAN: Just before we start our questions to the minister and his staff, I'd like Mr. Rogers to bring to your attention just where this is in the Public Accounts book.

MR. ROGERS: Thank you, Mr. Chairman. Volume 1 of Public Accounts, 1977-78, page 292, just over half way down the page is Vote 4, Construction and Improvement of Airport Facilities, shows that under the estimates a total of \$7,880,409 was provided. There was a special warrant of \$681,556 and the details of that are shown on page 88 under Department 4, Construction and Improvement of Airport Facilities. The total funds provided, therefore, amounted to \$8,561,965, of which \$8,419,052 was expended, leaving a total of \$142,913 unexpended to the end of the year. On page 298 is a further breakdown of the main expenditure categories. The revenue is found on page 305.

Mr. Chairman, I think those are the appropriate references.

MR. CHAIRMAN: Thank you, Mr. Rogers. Do we have any questions for the minister or any of his staff with regard to airports?

MR. PAHL: Mr. Chairman, as a pilot, although regretfully not one with an airplane anymore, I am pretty impressed with the sort of airports we have been able to construct. I wonder if the minister might indicate how we are with respect to the year ending '78 in terms of performance, what was planned and

what was achieved. Are we ahead of the game in airport construction, or behind?

MR. KROEGER: Mr. Chairman, I guess we're always behind, not in terms of what money we have to spend but in terms of what we would like to do. I don't really know the meaning of the question, how I can help you, other than saying that it has been a good construction year. Certainly the weather hasn't interfered. Conversely, funding has; there has been a shortfall as it relates to what has been asked for and a shortfall compared with what was planned for this current year, 1979-80, if that's the year we're talking about, in that the funds that were asked for were not approved.

MR. PAHL: Just to help the minister, I was referring specifically to the year under review by Public Accounts. I realize it wasn't your area of responsibility, but I just wonder if you have any comments with respect to what was achieved versus what you had hoped to achieve. Obviously, you achieved \$681,000 more than you planned with respect to the International Airport facility. I just wonder whether I could get a measure of the performance with respect to the rest of the program.

MR. KROEGER: Mr. Chairman, I'd be perfectly comfortable to have either Mr. Cronkhite, Mr. Alton, or Mr. McGeachy give an answer on this kind of thing, keeping in mind what Mr. Pahl has just said. I'm perfectly easy in my mind to have them comment on it.

MR. ALTON: Specifically with respect to the 1977-78 airport construction program: field lighting was installed at the Edson airport; phase one of the construction of the Fort Chipewyan airport was undertaken; the Grande Cache airport was commenced; Jasper-Hinton airport construction was undertaken; lighting was installed at Pincher Creek airport; Rocky Mountain House airport was upgraded; some development was undertaken at Slave Lake; Whitecourt was constructed. In the community airports, work was undertaken -- and I won't go into detail on all of them -- at Athabasca, Bonnyville, Bow Island, Cardston, Consort, Fort Vermilion, Fox Lake, Hanna, Hardisty, High Prairie, McLennan, Three Hills and Camrose, Ponoka, and St. Paul. The work that was planned was completed basically as originally scheduled. There was some completion work on a number of those projects that was carried over to the following fiscal year.

MR. PAHL: Mr. Chairman, a supplementary. Could I get an indication of the dollar amount that was carried over to the next year?

MR. CRONKHITE: The dollar value carry-over might not be significant to your question in that we have stage construction on these airports, such as Whitecourt which really started in 1975-76 with grading and drainage, base course following, then finally in '78-79 the paving was completed. So as far as the projections in each year it really came up about to where it should have been. Insofar as a shortfall because of weather or construction conditions, I think it was a pretty average kind of year. The production was pretty good. I think we met the targets pretty well. I think the special warrant of that year, if I recall, was to complete the financing payments for the construction of the hangar at Nisku.

MR. PAHL: Supplementary, if I may. I suppose I'm getting that in a qualitative sense. You were on track; you did what you planned on doing. I was simply trying to, I guess, get the same response in a quantitative sense. If you're saying the only exception was a special warrant, I guess that answers my question.

MR. R. CLARK: Mr. Minister, I would be interested in knowing what projects we had at the end of '77-78 that had continuing calls on the budget. That information may not be available today, but if we could get it to the committee so all members could have it. What I want to ascertain is, do we have \$5 million worth of commitments after '78, and where and what are they, as far as call for capital money from the budget from here on is concerned. I'm sure members will never have any indication what I'm leading up to, but I want to know at the end of this year how much we had committed for the year we're finishing now and for next year, kind of thing.

MR. ALTON: Mr. McGeachy can provide you with the airports that were worked on in '78-79, as well as those that were listed for '77-78.

MR. R. CLARK: And how much was spent on each.

MR. McGEACHY: Mr. Chairman, I can give the dollar figures of work accomplished in the year '78-79 from those that were started in '77-78. I can't give you summary totals because I don't have the totals calculated that way. In the provincial airports, we spent -- I'll just round these off -- a further \$58,000 on Whitecourt; about \$8,000 on Fort Chipewyan -- this is in the year '78-79 -- \$20,000, Jasper-Hinton; \$6,000, Pincher Creek; \$34,000 Rocky Mountain House; Grande Cache, \$435,000; and about \$1,200 at Slave Lake; Edson, \$7,000; Ponoka, \$70,000; St. Paul, \$51,000; Camrose, \$229,000; Fox Creek, \$5,000; Fox Lake, \$1,000; Bonnyville, \$2,400; Consort, \$2,600; Hardisty, \$1,000; Three Hills, about \$600; Athabasca, \$900; Bow Island, \$5,000; Cardston, about \$4,000; High Prairie, \$1,000; and McLennan-Falher, \$323,000.

MR. R. CLARK: My first supplementary. Either now, or would you make available to the Chairman of the committee for all members, a breakdown at the end of '79 what outstanding commitments we have for any of these projects. I want to get some kind of figure, if I might, on things started in '77-78 under the year we're budgeting, then what kind of continuing costs we have the next year, and the following year.

MR. McGEACHY: Mr. Chairman, I can indicate that I believe the plans for this year were some continuation of work at Grande Cache . . .

MR. R. CLARK: Any ballpark figures?

MR. McGEACHY: I have about \$700,000 in Grande Cache. I believe that was completion of paving.

MR. CRONKHITE: (Inaudible) predicted at the beginning of the program season, including the construction of the pavement on the runway which had been graded before. Again, it was done in stages. We started clearing and in the year of 1977-78, as has been reported, continued on to the grading and paving stages in '79. We also finished the terminal building, which is under the heritage fund.

MR. McGEACHY: Mr. Chairman, we also plan to do some work at Edson, approximately \$40,000, in the current year. I believe, from the information I have, that would be the only two that were for the three-year period, where activity commenced in '77-78, '78-79 were planned for '79-80.

MR. R. CLARK: Mr. Chairman, for my second supplementary question, I'd be interested in knowing what facilities we have at Nisku, what use is being made of them, and what kind of revenue we're getting back from those facilities.

MR. CRONKHITE: The hangar was built as an investment and has been used by Wardair on a going interest rate against the capital cost, plus the lease agreement for the land it sits on. I believe it's in the range of \$530,000 a year they pay for the facility on that basis. Pardon? There are two years of funds. May Mr. McGeachy could get for you.

MR. ALTON: \$6.037 million.

MR. R. CLARK: You built that for Wardair?

MR. CRONKHITE: We built it on an arrangement where they would lease back, or pay back on the basis we set out, over a 20-year period.

MR. CHAIRMAN: The recorder has some problems. Would anyone speaking please stand? It's much easier for the recorder to plug them in.

MR. L. CLARK: I certainly think the program is a really good one. I want to compliment the department on coming up with it. I wonder what kind of time line we're looking at for when the entire program is supposed to be completed and operational.

MR. KROEGER: Mr. Chairman, to Mr. Clark. Would you give me the area you're referring to, because we have an ongoing buildup of lists of applications that keeps getting longer than the amounts we're able to do. Would you clarify for me?

MR. L. CLARK: I didn't realize you were still getting applications. My information was that you had put in a program of so many airports across the area. Let's take the one in Drumheller, then. When is it due to be completed?

MR. CRONKHITE: At Drumheller the project is the construction of a terminal building. If all goes well, it will be substantially completed -- that is, except for some deficiencies which always carry on and we have to get cleaned up -- at the end of this year. That's the projection so far. It's well advanced and being built. That project, the terminal building facility, is under the heritage trust fund, of course.

MR. FJORBOTTEN: Mr. Chairman, to the minister. I think it would be very helpful if we had a little background, a background statement of some sort, on what the airport development program really is, how it started, the year it started, what's its overall thrust, and how do you balance out the design and construction of new facilities over the upgrading of old, and what input you get. I think a short statement on that would be most helpful, Mr. Chairman.

MR. KROEGER: Mr. Alton will make the comment, thank you.

MR. ALTON: Mr. Chairman, the airport development program was commenced initially, I believe, in 1972, under the department of industry and commerce. The funding levels during the first two years of that program, '73-74 and '74-75, was just over \$1 million in each year. In 1975-76 fiscal year, the airport programs became the responsibility of Alberta Transportation. Since the implementation of that program under our department, there have been 38 community airports upgraded to a paved standard, three upgraded to a gravel standard, six forestry airstrips upgraded to a gravel standard, and 12 provincial airports. At the present time we have approximately 20 applications pending for new airports, 13 applications for upgrading existing airports, and another 12 communities that have requested application forms to submit applications for airports.

The program serves a number of different purposes. We have a major requirement for airports, particularly in northern Alberta, to support water bombing and forest fire suppression operations of the forestry service. We try to support the commercial and general aviation demand. The air facilities are provided to provide air access to northern communities that, in many cases, are isolated and the air facilities are their only year-round access. We provide air facilities in communities for private owners and light commercial air services for flying training and charter operators. A number of airports are referred to in the industrial capacity, to serve aircraft, commercial air service, fixed base operators, and so on.

We see the airport program being very active for the coming years. But the applications we are receiving are starting to decrease from the initial stages of the program. The airport construction program insofar as community airports are concerned will, we expect, reduce in future years.

MR. FJORBOTTEN: Mr. Chairman, supplementary. I think we could go a little further on that, a little more clarification. For example, distances between one airport that we've upgraded and another one -- is any criteria used in that? And about the terminal buildings, where they might be located. A little more on that end of it, Mr. Chairman.

MR. ALTON: The criteria for determining the location of airports or the justification for airports covers quite a broad range. There are no specific guidelines that specify that you cannot have an airport within a specific distance of another airport, because the circumstances are substantially different. In respect of the community airports, the basic guideline followed is a 25-mile distance between existing facilities. As you can appreciate, that does not readily apply in all instances, because the various criteria that go into determining justification for an airport are quite different in different locations. I could give you a brief outline of some of the factors that are considered in looking at the selection and establishing priority for airport development.

We try to assess the volume of expected commercial and business activity in an area. We look at the proximity of other airport facilities, the industrial development existing and proposed. Of course those things lead to an assessment of the number and type of aircraft expected to use the new airport. In looking at assessing the need to upgrade existing facilities, the condition of those facilities is a factor that has a major impact on the program. Such other factors as the land services that are available: rail, bus, road access are factors in determining whether or not airports are justified and the

priority for those airports. The potential for third level operation; as I've mentioned, the number of plants and potential for industrial activity is a major factor in some of the provincial airports.

MR. FJORBOTTEN: A second and final supplementary, Mr. Chairman. I'd like to find out who carries out an assessment of the priorities of development. I think in light of an example of probably a resource strip that might be put in by an oil company or someone else in an area, and we maybe have applications from the community for an airport. In an instance like that, how is the process carried out? Who carries out this assessment?

MR. KROEGER: Mr. Chairman, prior to this year, there was an airport caucus committee, chaired by Dr. Walker from Fort Macleod. They had input in this kind of thing. We now have another airport committee. While I can't comment on just exactly what the process was in the past, the plans for the assessments and decisions as they will be coming up now will be that we, in conjunction with the committee, will weigh the factors and make the decisions in that sense; in other words, the department won't arbitrarily be throwing something into the hopper without the airport committee knowing the reasons and how the decision will be arrived at.

MR. FJORBOTTEN: That was the (a) part of the question, Mr. Chairman. How about the (b) part? Resource airports put in by resource companies against the community.

MR. ALTON: Mr. Chairman, we in the department look on our responsibility to obtain all the background information as to the justification for airport development, provide that information to the special caucus committee on airport development for their consideration in providing recommendations to the minister with respect to the airport development. In terms of assessing a resource-oriented airstrip against a community strip, really that has to be examined in the overall priority establishment by the committee in determining the final program.

DR. C. ANDERSON: A supplementary on the same topic. Mr. Minister, when we're talking about history, maybe you could explain to us why the provincial government became involved in the airport program when DoT had been providing this service.

MR. CRONKHITE: At the beginning of the Transportation Department, which was 1975, there had been a program which the Department of Transport, federally, supported some funding to community airports. This funding was fairly limited, considering the type of airports which began to be demanded. We have a lot of light airports around which are not very strong, and that's why they're being upgraded. I think we got caught with their standards a little longer than we should have. The federal government has since basically withdrawn their support to the community airport program. It went almost completely down the drain with their spending reductions announced approximately a year ago. They support us with technical help in the operations end, that sort of thing. But I think it was because of the increased air activity. Alberta has reportedly somewhere near 20 per cent of the registered aircraft outside of airlines in Canada, with eight per cent of the population. So that's an indicator, I suppose, of why the government got into it.

The fire services, of course, have demanded a modern look at air water bombing, and that's why the larger airports have been built in those areas. But I believe that basically because it was too slow and too small a program supported by the federal government that the province got involved.

DR. C. ANDERSON: A supplementary. Is the federal government still providing the same airport development in other provinces, or have they now terminated their program altogether, so we're still making use of our provincial money but not losing out on the federal end.

MR. ALTON: Mr. Chairman, the federal program for all of Canada was \$2 million. The top limit that was available for any single airport was \$100,000 in terms of the community airport program. The federal government terminated that program entirely. It's my understanding that the program was terminated throughout Canada. But the \$2 million for all of Canada was not a very significant program in terms of development of community airports throughout the province.

MR. PAHL: A supplementary question, Mr. Chairman. This question of overlapping jurisdictions has become fairly topical with the recent strike/slowdown of the radio operators. There was a question of safety related to getting the lights turned on. I remember -- and perhaps it was a pilot program -- when they had a procedure, I think it was Vegreville where I first became aware of it, where you would fly in and key your mic button three times and the lights would automatically come on. I assume that was done as part of the provincial government program. Perhaps the minister could indicate whether that has been feasible, has been budgeted, and why this wouldn't be done on a more universal basis where lights are provided?

MR. KROEGER: I don't suppose I can give a very comprehensive answer to that, Mr. Chairman. We got into a weird mix of reactions at airports where we have airport managers, where we have radio operators, where we have federally controlled airports, and a variety of things were happening, where lights were being turned on and turned off. But in regard to your direct question as it relates to the automatic system, I'm not familiar with that.

MRS. EMBURY: Mr. Chairman, to the hon. minister. Given the revenue that comes from the federal government, as outlined on one of these pages -- \$14 million plus in 1977, and \$19 million plus in 1978 -- back on page 88, item No. 4, I'd like to ask why the \$681,556 was not recoverable from the federal government, because this was used at the Edmonton International Airport.

MR. CRONKHITE: The hangar built at the International Airport does not belong to the federal government. It belongs to the province. It's a provincially owned building on a leased section of land, under a renewable lease, provided from the International Airport to the province. So it is a provincial investment, and if we do our homework right we'll get it back through the user, which is Wardair.

MRS. EMBURY: A supplementary question, Mr. Chairman. Why is it stated here, under Particulars: "Provides for increased costs associated . . .". Could you please tell me a little more about that definition there in the Accounts?

MR. McGEACHY: Mr. Chairman, in terms of the special warrant that was shown for some \$681,000, the special cost was a ruling, I believe, by the Department of Labour over fire suppression in the hangar. The original design of the hangar was such that there was a particular type of fire suppression, and the department ruled that it had to be -- I can't remember the technical term, but it means that if there is a fire the building fills up with foam. That was the added cost, basically, in that particular case. It was a ruling from the Department of Labour, I understand.

MR. McCRAE: Could I just respond to the question asked by Mr. Pahl; that was the automatic triggering of the landing lights on the community airstrips by a device in the aircraft. I suppose I should more properly attempt an answer to that than Mr. Kroeger. I can't give you the answer today.

MR. CHAIRMAN: Mr. Pahl had a question, and he was going to come back to Mr. Cronkhite on that for a written reply.

MR. McCRAE: What I'm saying, Mr. Chairman, is that that falls within my area of responsibility and I will attempt, through Mr. Cronkhite or whatever other witness or directly with Mr. Pahl, to give you the information on that. I can say that obviously the devices are not in government aircraft at this time or we would be using them. But it may be a very feasible suggestion, and we'll look into it and report back.

MR. CRONKHITE: The only other comment I would have is that there are no air radio operators on other than federally operated airports in this province. So if they're monkeying around, it's really out of our jurisdiction. We are putting in lighting and where we run the airports ourselves, the provincial ones, we have managers who control the system and the lights are on when required. The community airports, of course, operate them under their self-managed processes, and they have control of the lighting at this stage.

DR. C. ANDERSON: Mr. Chairman, mine was really a supplementary. It goes back to this hangar in Nisku. I want to know from the department, is that a lease-purchase for Wardair? After a number of years, will they own the building? Or will we still own it, regardless?

In regard to the lighting you're talking about, the way it's a VHF system. If you click your mic twice when you're turned on to the frequency of the airport, those lights will come on. It's a fairly expensive system. We tried to put in at St. Paul, and we couldn't spring the department to put the extra money in there for it. So I think it's just on the basis of cost.

Maybe I could get an answer to the question about the Nisku terminal.

MR. CRONKHITE: It is not a rental purchase. It's owned by the province, and it's a payment basis project.

MR. R. CLARK: Mr. Chairman, I'd like to know a little more about this operation at Nisku. Is it being used by Wardair now? Does it look like it's going to be used by Wardair from now on? Where does the thing stand now?

MR. CRONKHITE: At the present time that is being looked into by the department through the contact with PWA. For your information, the agent for us with respect to the hangar is PWA. We're exploring the uses, current and projected, through that connection at this moment.

MR. R. CLARK: Mr. Chairman, my first supplementary, and I have to perhaps wrap a couple of things into that supplementary to the minister. I take it from what Mr. Cronkhite has said that the rumblings about Wardair not continuing to use the facility on a long-term basis and that they have already or are in the process of considering moving their facilities to Toronto, or anyway out of Edmonton, are accurate and there's some question now whether Wardair will continue to use the facility on a full-time basis. What use will be made of it?

MR. KROEGER: Mr. Chairman, I think that question would require some backgrounding that I would have to get you some information on. I did have a conversation with Mr. Ward over dinner -- it wasn't a business meeting. In that conversation there was reference to this thing. In view of the fact that, as Mr. Cronkhite has mentioned, PWA is acting as agent, again, as you appreciate, Mr. Clark, having come into the department very recently -- and I don't want to keep using that as an excuse; I have to get myself oriented on this thing, but it does take some time -- I'm not in a position to tell you exactly what the state of negotiations are between PWA and Wardair. But I can get the information for you.

MR. R. CLARK: Mr. Chairman, to the minister. I'd appreciate that. I'm not trying to belabor the point either, but when we're talking to the Public Accounts Committee about an expenditure of public money and the money supposedly had gone to Wardair for a hangar, and when there is an anticipated change in the use, I think, Mr. Minister, with great respect, that we should level with the committee if in fact there are some major changes on the horizon. I don't want to belabor the point, but I think the committee deserves to be levelled with that much by officials of the department, Mr. Minister.

The second supplementary question, Mr. Chairman, to the minister and his officials is, I would be very interested if the members could give to us -- and maybe this isn't the time now, but to provide for us -- a rather detailed breakdown as to the negotiations that led up to the decision on the location of the McLennan-Falher airport.

It may not be possible to have all the information right now, but I'd like it in considerable detail. I'm sure members are aware of the problems that have been brought to my attention with regard to change in location, from Falher to McLennan and then half way between, the commitments which were made and change and so on. If we could get that information from the officials in due course, Mr. Chairman. I see Mr. McCrae getting itchy. This took place during 1977-78, so it's perfectly within the scope of the committee and not within the minister's department.

MR. KROEGER: Well, Mr. Chairman, to the Leader of the Opposition. That one is completely new to me. I have no immediate information, but certainly we'll come back to you with it.

MR. PENGELLY: Mr. Chairman, when the town of Innisfail submitted a request for upgrading of the Innisfail airport, it was discovered that it was owned by DoT and the town leased it. I can understand the government's reluctance not to pave it when it belongs to the federal government. Has there been any reconsideration of perhaps purchasing that from DoT and/or giving them some assistance on paving that?

MR. ALTON: We've examined the lease arrangement that the town of Innisfail has with the federal government. We see that as not being any barrier to resurfacing the runway as a community airport operated by the town of Innisfail.

MR. KNAAK: Thank you, Mr. Chairman. Does the federal government in any way lay down regulations in the construction of the community airports that are owned by the province? And does the federal government purport to exercise any jurisdiction whatsoever with respect to these airports?

MR. ALTON: In order to obtain licencing for these community airports, they must comply with the federal standards. So the federal government does establish standards which we must comply in the construction of those airports in order to obtain licencing, which is a federal responsibility. MR. PENGELLY: Mr. Chairman, supplementary to the previous question. In light of that, it would be all right for the town of Innisfail to go ahead with that request for an upgrading of that?

MR. ALTON: Yes. We've had correspondence already from the town of Innisfail with respect to the resurfacing of the Innisfail airport. That request is one of the outstanding requests that I mentioned previously.

MR. CHAIRMAN: Are there any further questions to the minister or any of his staff on airport development?

If there are no further questions to the minister or any members of his staff . . . Mr. Minister, on behalf of committee members, I want to thank you and your staff for bringing the information to us this morning. If you have any closing remarks, Mr. Minister, feel free to make them. But you can leave whenever you see fit.

MR. KROEGER: Thank you very much, Mr. Chairman. The closing remark that I would be inclined to make is that I appreciate the patience of the Chairman and the committee, and that I will stop using the excuse, if not the reason, of not being informed by virtue of the fact that I am a little new in some of these areas. But we do have good supporting people here who, hopefully, have given you the information you need. With that, Mr. Chairman, we will excuse ourselves.

MR. CHAIRMAN: Thank you. If it's agreeable to committee members, and we've had it on our agenda, possibly we could turn the meeting over to Mr. Rogers, who would like to bring you some background on the format of the financial statement in relation to Crown corporations. Feel free to intervene at any time. Possibly we could have a general discussion for a few minutes on what is going to be the role, how we are going to handle our Public Accounts Committee another year, because we're going to have the Public Accounts and we're also going to have the report of the Auditor General. So possibly after Mr. Rogers gives us the format on the financial statement of Crown corporations, we could spend a few minutes on that. I'll just turn the Chair over to Mr. Rogers.

MR. ROGERS: Thank you, Mr. Chairman. I thought that if there were a few minutes, it would perhaps be useful to discuss or share with the committee a line of thought that I have at the moment; that is, the financial statements of Crown corporations follow very much the financial statements that exist in

the private sector for corporations, non-government or non-Crown corporations and are, I believe, adequate for that purpose in that they show the financial position and the results of the transactions carried out by a corporation within a year. But the financial statements are also accountability statements to the Legislative Assembly. It just is a thought of mine that those statements should be as useful as possible to this committee. I would like to suggest that perhaps they could be augmented. I'm not suggesting they be changed, but that simply information be supplied in addition to the existing statements within a set of financial statements. Certainly nothing I'm going to say reflects any criticism on the staff or anyone connected with the Alberta Housing Corporation. I simply mention it because they were recently before this committee. It occurred to me that the set of financial statements shows in overall a picture of the transactions carried out by the Housing Corporation, and its financial position at the end of the period. It seemed to me that because in the budget speech, the budget document and the information given to the House, contained the millions of dollars for various capital budget programs, also the number of units that the money was to be provided for, perhaps the reporting back to the House in the form of the financial statements might include some information on a program basis in a manner somewhat similar to the information that is provided in Volume 1 for the operation of departments.

Also, the mandate of the Auditor General now includes a provision that: "where appropriate and reasonable procedures could have been used to measure and report on the effectiveness of programs, those procedures were either not established or were not being complied with,". This infers that the financial statements or the reporting to the Legislative Assembly should include some information as to effectiveness.

I was sitting here last week thinking that perhaps one way this could be carried out, or this kind of information we could see would be the number of units under construction at the beginning of the period, the number of units completed during the period, the amount of construction on hand at the end of the period. This could be tied in then with the actual expenditure. We could have a cost per unit, a cost per square metre as we've gone metric, for each program. It seems to me this kind of information may be of value to the committee.

Mr. Chairman, I was really wondering if the committee had any advice to give me in this area, as to what they feel would be appropriate.

MR. McCRAE: Mr. Chairman, could I address myself to that? When we come back here next spring, I think it's going to be a learning process for all of us. Your responsibilities as reflected by the financial information which you will give us, in both Public Accounts and your reporting, will be new to us. I would think it would be extremely difficult for us at this time for the committee -- I personally don't have any great accounting skills; I have difficulty handling my pay cheque most months and I suspect a lot of the other committee people are in the same position, that as a committee at least we're probably not in a position to give you, sir, any direct guidance on this. I would like to offer one comment, and that is your reference to the Crown corporation, the Housing Corporation and the qualitative assessment of what they're doing in terms of number of units, the cost, the completion date, their targets -- all that sort of thing -- and your general statutory responsibility to comment on whether there is a cost effectiveness in place; secondly, whether or not it is being used. Without attempting to range into the area of accounting and your responsibilities, Mr. Auditor, it strikes me

that's the kind of departmental thing that you shouldn't be into. I sort of anticipate you'll be into a broad policy area, either showing evidence that there is or there isn't a particular cost efficiency plan in operation in a particular program, and if there isn't then commenting why there isn't and what the shortfall is. If I understood you correctly, it seems to me you're getting into the complete evaluation of every program in government. Perhaps I misunderstood you, but I wouldn't think we should be doing that. To come back to very basic position, for instance, Transportation. People may build bridges. There will be cost efficiency systems in place there, studies done to show that the accounting was proper and they are doing their things efficiently. You will comment on that in a general way. However, I wouldn't expect you to have on your staff -- to put it in very simple terms -- a bunch of engineers who have expertise in bridges. It would be second-guessing or commenting on the effectiveness of what they're doing in that department.

Maybe I didn't understand exactly what you were getting to. But when you referred to the Housing Corporation and that sort of assessment, it did strike me that, number one, probably that was the kind of detailed information that perhaps we shouldn't be getting into; secondly, as a committee we're not in a position at this stage to offer you any guidance beyond looking at your statute and what your responsibilities are there, sir.

MR. ROGERS: Just one point. Certainly it was any thought on my part that the Auditor would evaluate the performance of any corporation or department. It is that it would be management that would be providing this information, which would be supplied by systems which would be audited. Consequently, it would be management giving this information, as a part of their accountability statements which simply give the other side of the equation: the amount of money, in effect, that was expended for the various purposes that were disclosed to the Legislative Assembly before the fact, and what they did with that money by the way of achievement, which was also anticipated before the fact in the information given to the Legislative Assembly in the budget address, or in the appendices to the budget address. This was the approach I was kind of exploring, if you like. I fully agree that it is early, but I thought I would simply raise the matter and perhaps some thought can be given to it before the spring session.

We need quite a bit of lead time when you get into something like this. For instance, I think you have to have the staff of the corporation geared up, if you will. If they were asked to provide information, they should know about it before the commencement of the fiscal year. It would only appear in the statements of that fiscal year, which would be some 18 months later. This is the reason I brought it up right now, just to simply get a feel for what the reaction was.

MR. CHAIRMAN: Are there any comments or questions from any other members?

MR. R. CLARK: Mr. Chairman, I basically agree with what Mr. McCrae says on the question of where, I think, we're feeling our way with this new arrangement, the provincial Controller or the Controller from Treasury and the new Auditor General situation. I would say though, Mr. Chairman, to you and members of the committee, that I would think it would be very advantageous for the Public Accounts Committee to set aside a period of time between the fall session and the spring session to do some serious thinking about this new relationship the committee has with the provincial Auditor, with the Controller, with what we as a committee hope to get out of Public Accounts, also the kind of monitoring

we do as far as Crown agencies are concerned. Without trying to anticipate the debate on a certain bill that deals with remuneration for all of us as MLAs, I think frankly that we have to look at the question of the Public Accounts Committee only sitting during session, which in essence is a couple of hour or an hour and a half, maybe 10 times a year. With a budget now in excess of \$4 billion, and with how many Crown corporations? I don't know how many, but as a committee -- and this is no reflection on the committee at all -- I think now is an appropriate time, with the first Auditor General's report coming along, with the new Controller in position, to take some time -- not when the House is in session, but perhaps a day as a committee -- to think pretty seriously about where we as a committee are going. I'd like to lay that before members and say, Mr. Chairman, that I'd propose at the next meeting of the committee that we do set one day aside, at a convenient time for, hopefully, all of us, late November or December this year, before we all get going our individual ways before the next session next spring. If we wait till the session next spring, and we don't have our first meeting till after the budget comes down, then we have about six or seven weeks, then we start to get itchy feet about getting finished again . . . If we're going to do that kind of planning, I think we have to do it before the end of this year.

MR. CHAIRMAN: Thank you, Mr. Clark. It is something that I think all committee members should keep in mind and do some thinking on, on how we're going to handle our Public Accounts in future. I think the suggestion by Bob is a good one, that we have a meeting. When I was in Newfoundland, I found that most committees met not only while they were in session but between sessions, and spent much more time on Public Accounts than we in Alberta do. So I certainly think it's a good point, that we should be looking at where we're going as far as Public Accounts are concerned and what we should be doing, especially with the new role we're going to be dealing with in Public Accounts. It's something I would suggest all committee members do some work on and come up with some brain waves, or whatever, to help improve our Public Accounts Committee. There was a suggestion that we possibly have a meeting in December or possibly before we start our spring session. I would like some direction from the committee on . . . Did you want to leave the meeting at the call of the Chair, or . . .?

MR. R. CLARK: If I might interrupt, Mr. Chairman. It was my intention to simply raise the matter now, to give members of the committee a chance to think about it, and that I would raise the matter more formally next week. Frankly, what I want to do next week is simply to move a motion that the committee to a meeting at the call of the Chair before the first of the year, at which time the prime purpose of that meeting would be that we think in terms of the role of the committee as we launch into 1980.

MR. McCRAE: I had intended to move a motion today that we not meet next week, because of a number of circumstances. We are getting to the end of the session. There's a meeting next Monday, perhaps longer than that, in the capital, dealing with a certain important matter. Just because of a whole lot of things that are happening here and the long weekend, I thought it might be appropriate towards the conclusion of the session that we give our committees an opportunity to do their thing so we can expedite the work of the House itself and bring the House to a conclusion within the next couple of weeks, or whatever. So I was going to move a motion that we not meet next week. I

would hope it would have the support of all committee members. I will move that motion now, I suppose.

Just commenting on the need for a further meeting of the committee, either in late December or January, I think we on this side would be very happy to do that. I think we all need a little time to assess in our own minds where we are going, what the new relationship is, and probably some of us will want to have discussions with you on a more informal basis, Mr. Auditor General, so we get a better feel for this thing. I find it's very difficult to talk about it over a table and try to understand what it is you're asking us to give you guidance on, when we have so little experience in it.

So I think we would be fully agreeable to that type of meeting. I would suggest it be late December or early January, so we have an opportunity of addressing ourselves to it a little more fully, if that would be okay. Then I would move my motion that we not meet next week, and ask for the support of this committee. I would support your motion that we have some sort of meeting later in December or January on the other issue.

MR. R. CLARK: I take it what we're agreeing to is that the committee would have, hopefully, a one-day get-together, when we'd all have a chance to do some thinking about the role of Public Accounts and where we kind of see the committee going with the new situation we have, and that if we're prepared to do that -- I would hope by the end of the year, because things get so involved after the first of the year. People get away for a bit before session, and so on. Also from the standpoint of lead time and preparation, it might be easier -- at least it would be for us; it may not be for the rest of the people -- to do it before the end of the year. But if we could aim for that target date, and if it slops over -- no, if it laps over into January, fair ball. As long as we have that agreement, I'm quite prepared that we not proceed next week.

MR. CHAIRMAN: Is there any further discussion on the motion that we don't meet next Wednesday.

Motion carried

MR. CHAIRMAN: Mr. Rogers would like to make a further comment.

MR. ROGERS: I just want to thank the committee for allowing me time. I did want to reiterate again one very important point; that is, I wasn't suggesting that the Auditor come up with figures or evaluations, but that management be encouraged to do that by the Auditor and that, once having done it, those figures produced by management would be audited by the Auditor and would appear in additional statements which would be incorporated in the set of financial statements. I just want to make sure there is no misunderstanding on that.

Thank you very much, Mr. Chairman.

MR. R. CLARK: I hate to belabor the thing, but I just hadn't really thought out completely what I was going to propose to the committee next week. I wonder, would committee members feel it would be presumptuous on the part of Mr. McCrae and me jointly to sit down with the provincial Auditor and do some brainstorming along with Mr. Rogers before this meeting? I wouldn't want committee members to think we're doing any conniving behind anyone's back. But it might move the discussions along as we get to the next meeting. I certainly wouldn't want to jeopardize Mr. McCrae's position within his own

caucus. If this is totally unacceptable, fair ball. We can each go our own way. It would just enable us perhaps to come to the next committee meeting with some kind of recommendations.

MR. CHAIRMAN: Would this be agreeable to committee members?

SOME HON. MEMBERS: Agreed.

MR. R. CLARK: I don't detect much enthusiasm.

MR. CHAIRMAN: Just so we're clear, when we call the next meeting, it will be a week from Wednesday if we're still in session. Is it the wish of the committee that we have Recreation and Parks, the next on our list; then we have the Opportunity Company, the Alberta Development Corporation, and Environment.

MR. McCRAE: Mr. Chairman, I perhaps may not have been clear, but I moved a motion that we not meet next week because of the pending prorogation of the House itself.

MR. CHAIRMAN: I understand that, but in the event we meet a week from Wednesday will we deal with parks and recreation, or what is the wish of the committee? That's the way we had them in line: Recreation and Parks, Opportunity Company, Alberta Development Corporation, and Environment. Should we take them in order we had them? So a week from Wednesday, we'll call in the minister and witnesses for Recreation and Parks. I see we have our Minister of Recreation and Parks here, and he's agreed. So he's in line.

MRS. EMBURY: Mr. Chairman, I'd like to follow up on the comment by the hon. Leader of the Opposition about having a small group sit down and plan the agenda. That's certainly acceptable to me. I'm assuming we can certainly have input to that if we have any ideas on what we would like to present. So I'd like to urge my fellow colleagues to feel free to speak and have some input to that agenda. Is that acceptable?

MR. CHAIRMAN: This is what we would like, Mrs. Embury. We'd like the input from as many committee members as possible, to come up with our agenda for the meeting.

Now it has been requested by the committee that if we had an opportune time, I give about a three-minute overview of my trip to Newfoundland. If you want three minutes on that, I could give it at this time.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: I'll just be very brief, so I won't hold you up too long on this. I did enjoy the trip down there. Newfoundland was a tremendous host, I think Mr. Rogers will agree, for our committee members, our chairman of committees, and to the auditors general and their meetings down there. It was advantageous for me and for committee members to exchange different views, the different methods of handling Public Accounts. However, we didn't come up with any concrete changes as far as how Public Accounts should be handled is concerned. I might say that every province has a different method of handling Public Accounts. Not one province has the same method of handling Public Accounts. Every province was represented at the meeting. For example, Quebec

has 23 members, they have a committee for every 23 cabinet ministers and they have a committee for every cabinet minister. Every department is handled by a committee, which to me looked like a very cumbersome method of handling Public Accounts. They spent a lot of time handling their Public Accounts. In Saskatchewan, the chairman asks all the questions. I couldn't believe it, but that's what happens down there. I wouldn't recommend anything like that at our committee. They are all in camera. Saskatchewan is the only province that has all its meetings in camera. Everything is directed through the chairman to the committee members.

In B.C., their committee is similar to ours, but they don't have any cabinet ministers on the committee. They make a report to the Legislature. When they table the report in the Legislature, it is debated. They make recommendations to the Legislature, then the Legislature in turn accepts or rejects the recommendations. In B.C. they have a select committee that does all the investigation and takes care of all Crown corporations. The committee they have set up doesn't deal with Crown corporations, but they do have the select committee that takes care of all Crown corporations in British Columbia.

In New Brunswick, the party whip, Connie, is the chairman of Public Accounts down there. It's a good deal like our Public Accounts, closer than any other province. But they scrutinize Crown corporations as well.

Ontario has a concept that is certainly different from most Public Accounts committees in Canada. They follow their Public Accounts from the province right down to where the last dollar is spent. They'll go to the school committee out in the county or to the municipality and determine how the money is spent out there and follow it. You could question them right back to where the dollar went back right to the consumer, which I thought possibly warranted some consideration or some looking into. It's the only province that does that. When it goes out of provincial hands, no other committee follows it any further. But Ontario does; they follow it right to where the dollar is spent, down to the consumer.

We dissolve ourselves here into Committee of the Whole. Some provinces handle their Public Accounts that way. They handle it in the Committee of the Whole.

One area, which I haven't looked into -- most committees have a vice-chairman, which we don't have. It's something we're going to have to look at, so we have a vice-chairman set up for Public Accounts in the event the chairman is not available. I think that's something we're going to have to look at. Possibly at the end of our fall session we could have some suggestions on how we might appoint a vice-chairman for Public Accounts.

As I mentioned before, Mr. Clark had indicated that possibly we should have a meeting between sessions. Many of the other committees not only meet while the House is in session, they meet at different times of the year. Meetings are called by the Chair whenever they see that there are some issues that should be dealt with.

One of the areas we discussed and that was discussed by all the chairmen of committees was that there is not enough emphasis on what they call the three Es: economy, efficiency, and effectiveness of the committee and the spending of public funds. They sent out to all chairmen a questionnaire to try to get as much recommendation back as they possibly could in this regard. I don't like using the term, but most of the Public Accounts committees are used in a political way instead of in an efficient way of spending money for the provinces.

The next conference is going to be held in Manitoba. The one the year before was in Edmonton; this one in Newfoundland; and our conference next year is going to be held in Manitoba. I don't have the dates for that as yet.

We met with the auditors general. Mr. Rogers was the chairman. The Canadian Auditor General down there said that Mr. Rogers had one of the better methods and computer programs in Canada for handling our expenditures and spending money for the province. So that was a compliment by the Auditor General to our Auditor General, Mr. Rogers. (Applause).

It was very informative when we had the one meeting with the auditors general and the chairmen of the Public Accounts. To me it was far beyond my depth, Mr. Rogers, but I did some studying on it and it certainly did help me.

I would just very quickly like to go through the questionnaire that was sent out. If you could get back to me any reply, as Chairman I would be pleased to get any response to any of these questions. You can just get in touch with me personally on it. I'm just going to read them out. What are the objectives of the Public Accounts Committee? Is there a term -- please expand -- that would describe the role of the Public Accounts Committee? That is, what role should we be playing? Are there any changes that should be made as far as Public Accounts are concerned? Composition of committee -- how many members? From what parties? Are there cabinet ministers on the Public Accounts committee? How often does the committee meet? Does the committee always meet in camera or for specific purposes, and so on. Does the committee meet when the House is in session? As I said, a majority of committees meet when the House is not in session. Does the chairman receive any extra indemnity? Do members receive any extra indemnity? Staff: what staff do we have? Clerk or researcher? Or should we have any researchers for the committee? Does the Auditor General attend all meetings? Any meetings? Under what circumstances? What role does the AG and his staff play in the deliberations of the Public Accounts Committee? How independent is your Auditor of the government in his budget and staff? Does your province have any Controller General? Does he attend Public Accounts meetings? What is or are his functions? Can your PAC call Crown corporations personnel? Does your PAC have power to call witnesses under your Act? What protection, if any for members of PAC and witnesses from libel and slander actions? That is something I think we should -- I just don't know what the rule is as far as being liable in Public Accounts Committee is concerned. I think we should check into it and see if we are liable or if we are the same as when we are in the House. Is substitution allowed in committees? How is it done? In some committees they substitute their members. How does your PAC report to the Legislature? How often? What, if any, follow-up action is taken in the Public Accounts recommendations by the government, auditors, and public accounts committees?

Those are questions they would like us to reply to. Mr. Reid is the Public Accounts chairman for Canada, and he would like this back for his information. In turn he will get all the information out to the chairmen of all the committees in Canada.

That pretty well completes the quick overview of my trip to Newfoundland. I did appreciate it.

Are there any questions?

MRS. OSTERMAN: Mr. Chairman, will you be circulating a copy of the questions you have read?

MR. CHAIRMAN: Yes, I'll do that. I'll circulate a copy of the questionnaire to all committee members.

If there are no questions, a motion is in order to adjourn. Mr. Clark.

The meeting adjourned at 11:30 a.m.