

Standing Committee on Public Accounts

Wednesday, October 29, 1980

Chairman: Mr. Mandeville

10:05 a.m.

MR CHAIRMAN: We have a quorum, committee members, so we'll bring our meeting to order. I'd like to welcome Mr. Hyndman and staff this morning. Before we start, I will introduce Mr. Hyndman's help: the Controller, Mr. Al O'Brien; and Arnie Heisler, the Assistant Controller. We welcome you here.

Before we start our meeting, could I ask Mr. Clegg to swear our witnesses in.

*Mr. O'Brien and Mr. Heisler were sworn in.*

MR CHAIRMAN: Thank you, Mr. Clegg.

Now, are there any errors or omissions in our May 21 minutes, the last Public Accounts meeting we had? If none, we'll file the minutes.

Our plans this morning are to deal with the Provincial Treasurer's Department. Possibly we could have Mr. Hyndman, the minister, give us a few opening remarks in review. I think you've all had the recommendations that obtain from the Provincial Treasurer's Department on how to handle some of the recommendations from the Auditor General's report. Mr. Minister, could we call on you to give some opening remarks? Then we'll turn the meeting over to committee members to direct questions to you or your assistants.

MR HYNDMAN: Thank you very much, Mr. Chairman. I appreciate this opportunity to appear on what is the first of what I would presume to be a series of annual appearances before this committee by the Provincial Treasurer of the province. I think it is appropriate that this occur and that I, as Provincial Treasurer, appear, to respond to any questions that the committee may have with regard to the government response to the annual reports of the Auditor General.

Very briefly, I would like to underscore the importance which I and the government attach to the office of Auditor General, because it is a key element of the credibility of the budgetary and financial condition of the province of Alberta, not only in Canada but around the world. I guess I would say that we all sleep better -- I know I do -- knowing that there is an Auditor General on the job with a watching eye over \$4 billion of moneys that are found in the estimates of the government every year.

As a government and as a department, and through me and the office of the Controller, we have given careful and in-depth consideration to all the recommendations of the Auditor General. I sent to members of the committee this Monday, October 28, a report, being 17 pages, summarizing the recommendations of the Auditor General, 43 in number, and the responses of the government to those 43 recommendations, some of which are tentative responses because there is still work to do. Mr. Chairman, that is a document which I guess you have and which is filed as a document with the committee.

Rather than say anything further, Mr. Chairman, I would simply say again that I am pleased to be here. I would be pleased to elaborate particularly on any items of policy which may arise from the report of the Auditor General as it affects the government. Mr. O'Brien and Mr. Heisler are here to assist me with regard to the more intricate and detailed matters. We all hope to be able to assist the committee with as much information as possible.

MR CHAIRMAN: Thank you, Mr. Hyndman. Can we now direct questions to Mr. Hyndman, Mr. Heisler, or Mr. O'Brien. We have Mr. Rogers and his staff here this morning. We do have a new face. Maybe I could introduce Mr. Morgan, who is with Mr. Rogers this morning. Welcome to our committee, Mr. Morgan. Mr. Rogers is going to be coming back with his next report and dealing with the recommendations that are in this report. Possibly we could have our questions to the Provincial Treasurer and his officials.

MR R SPEAKER: Thank you, Mr. Chairman. I would like to start with the Recommendation No. 1, and gain greater clarification from the Provincial Treasurer. It has always been of concern to me that some of the agencies, such as the colleges, universities, and hospitals, that are largely funded with public money, are excluded from the Public Accounts. I wonder if the minister could comment on that.

MR HYNDMAN: Mr. Chairman, I think members will recall in 1977, when The Financial Administration Act was presented to the Assembly, there was quite a considerable debate in committee, particularly with the inclusion of postsecondary institutions, which, I guess it's fair to say, feel that they have a degree of detachment from the general operations of government that is somewhat unique; and hospitals as well -- which are the two main areas which are excluded. At that time, representations were made, quite strongly as I recall, by various of those entities, being hospitals and postsecondary institutions, to the effect that they felt they should be excluded from the direct review by the Auditor General. The Legislative Assembly at that time accepted and endorsed, as I recall, an amendment in committee to The Financial Administration Act, so that they would be excluded.

Very properly, the Auditor General has, in Recommendation No. 1, brought to the Legislature's attention the fact that there is a degree of involvement with respect to moneys voted by the Legislature for those institutions. A large part of the Auditor General's report, of course, includes those statements, and that is why we are actively considering now amendments to The Financial Administration Act which would ensure that those statements are deleted from the Auditor General's annual report, or make that possible, but would be required to see the light of day through the mandatory tabling by the Minister of Advanced Education and the Minister of Hospitals and Medical Care in the Assembly annually of those statements.

MR R SPEAKER: Mr. Chairman, does the minister see the tabling of those reports, say, for the fiscal year 1981/1982? Would the change be made for that year?

MR HYNDMAN: I would think that would be quite likely, that that would be the first year in which those documents would be tabled so they would, hopefully, not have to be in the Auditor General's report, subject to his views, in the next year of reporting.

MR R SPEAKER: Mr. Chairman, could the minister also comment on Crown-controlled corporations, the interpretation at this point in time? The feeling is that they are separate entities, independent of the Legislature's scrutiny through Public Accounts. Could the minister clarify the government's position?

MR HYNDMAN: I guess the position goes right back to the Act, Mr. Chairman, in the sense that The Auditor General Act as approved by this Assembly, of which this committee is a part, has stated, in Section 1(1)(b), the definition of a Crown-controlled organization. To date, I haven't received representations to change that particular section. I suppose from time to time, as we all gain more experience, there may well be modifications to or expansions or restrictions in the definitions of the ambit of the Auditor General's review. But at the moment, we simply are following what the statute says with respect to what we believe the entities are that should be reviewed and which are not Crown-controlled organizations or which are. Apart from Recommendation No. 1, there haven't been situations that have given rise to grey areas, except with regard to the notation in No. 2 with regard to Metis settlements and housing authorities, where we've solved half the problems.

MR PAHL: Mr. Chairman, my question is with respect to Recommendation 3. I'd be prepared to hold it if there are any others on 1 or 2.

That not being the case, Mr. Chairman, I read with interest that:

It is recommended, in view of a legal opinion obtained, that consideration be given to classifying as a regulated fund, the money collected and held by the partnership which manages the Western Express Lottery in Alberta.

I wonder if the Provincial Treasurer or others could confirm that there was more than one legal opinion on that view, as there inevitably are, and if there's another side of the coin with respect to the view that these are not moneys, provincial funds, if you will, subject to the purview of the Auditor General.

MR HYNDMAN: Mr. Chairman, I think it proper that the Auditor General has indicated that consideration should be given to classifying those moneys, or parts of them, as a regulated fund, because it's clearly in a grey area. It would involve, I suppose, new initiatives with regard to the Western Canada Lottery Foundation, which I believe is the entity outside of government but deals with and acts under the purview of government regulation. Rather than having it relate to varying legal opinions, I think it's basically a matter of policy. We've been receiving arguments on both sides as to whether there should be greater involvement of the Auditor General in either all or part of the lottery moneys. At first we thought that if it were to be proceeded with, we'd have to have legislative amendments. In fact, it appears that the Minister of Culture, through conditions which are put by her on the licence to the Western Canada Lottery Foundation, could effect this change, if it were desired.

We expect to reach a conclusion within a month or two. Frankly, this is an area where we'd be delighted to get some recommendations, perhaps from the committee as to what they feel with regard to the possible auditing of all or part of the lottery funds which are under the indirect purview of government.

MR CHAIRMAN: Are there any further questions of the minister or the controllers?

MR KNAAK: I have a question with respect to Recommendation 8 and the response. It concerns the capital projects division of the Alberta Heritage Savings Trust Fund. I appreciate that the Heritage Savings Trust Fund defines the fund to include capital expenditure as a deemed asset. I'm wondering, in light of the Heritage Savings Trust Fund's recommendation to review that matter, whether the minister is now reviewing the matter or whether the response to this recommendation was prior to the Heritage Savings Trust Fund recommendation, and whether the minister is still reviewing the matter with a possible amendment to the Act.

MR HYNDMAN: Mr. Chairman, Mr. Knaak is correct that in the select committee on the Heritage Savings Trust Fund a recommendation in this general area was made. When I receive those recommendations from the heritage fund -- which I haven't yet received -- we would review them, the Act, and this recommendation relates to that as well.

Of course, the Legislature of the day had passed the provisions of the Heritage Savings Trust Fund Act, which include Section 6(5)(a) and require the expenditures to be recorded as deemed assets. From the recommendations that now appear from two sources, it would appear that there is an increasing number of voices which would like to see amendments made with respect to the display, if not the way in which those assets are recorded. I suppose that the government's position would be that it would want to wait and see if there would be a mood of the members such that a majority would feel there should be a major change. However, we note very carefully that there have now been recommendations from two sources, two committees, relating to the question of deemed assets. Therefore, we would be considering it very, very carefully.

MR R SPEAKER: Recommendation No. 7 and your reaction to that recommendation. You indicate there that it gives rise to many important policy considerations which are to be examined in detail. I wonder why the minister indicates there must be policy considerations, when it seems to be an accounting procedure change that is necessary; in other words, to relate the charge of "accommodation, furniture, fixtures, and equipment" to the program area where those items are being used. I was just wondering why the minister says important policy consideration, when it seems like kind of a simple thing.

MR HYNDMAN: On first glance, I thought it was a simple thing as well, but on digging into it in more detail, I find that there are a number of wider ranging complications and implications than I had thought. So I'd like to ask Mr. O'Brien if he would perhaps expand on that, because a number of items were identified by the Controller and his office that showed there are wider ranging policy considerations than we had originally thought.

MR O'BRIEN: Mr. Chairman, I think that for starters, apart from the accounting implications, as I recall the Auditor General identified some concerns about the manner in which this would be implemented. In terms of budgetary control, I think the essential question is that the traditional way this situation in government has been handled is through the use of revolving funds. The Auditor in fact suggested that this would be the appropriate way of achieving this accounting result, to charge to annual appropriations the depreciation, rather than the original cost of the capital project.

I think the basic policy issue is how one could achieve that accounting result and maintain effective legislative and executive control over major capital commitments, because historically, in the revolving fund situation

there's simply an aggregate limit to the revolving fund, and within that limit there's no parliamentary control on an annual basis, nor is there any executive control.

So I think the budgetary control issues are first, and the Auditor, as I recall, recommended that in fact this would require the application of budgetary and administrative controls comparable to those applied normally to annual appropriations to revolving funds.

I think the second broad area of policy consideration that will have to be considered in dealing with this recommendation is really what the implications would be in terms of decision-making and organizational responsibilities. Normally, he who pays the piper calls the tune, I guess. Historically, these kinds of services have been provided by central agencies -- public works departments, government services departments -- in government, and they have basically established standards and set controls; things like how much space civil servants require, what quality of carpeting goes on the floor of a minister's office, and so on, have been dealt with by that kind of central mechanism. Now if one transfers the fiscal responsibility to the program area, as is recommended here, I think one has to consider then whether with that fiscal responsibility will go some management control. If that is the case and yet the government remains concerned to maintain some kind of governmentwide standards in these areas, what administrative procedures can be put in place to maintain that? So I think that's another whole area of consideration there.

The third area, of course, would simply be the administrative mechanics of doing all this. This would be a pretty massive change in a practical sense, in the day to day operations of government and our budgeting accounting.

MR R SPEAKER: Could I direct a question then to Mr. Rogers. In implementing this type of revolving fund, was a cost saving seen or was there just quicker reaction to a need in a department, or was it because the program costs would reflect a truer picture; such as these three items I mentioned earlier would be included in the cost of the program, whereas now it's not. Was it the third alternative that was behind your recommendation?

MR ROGERS: Mr. Chairman, in answering that question I think I would say first of all that it disposes of the problem of hidden costs in program delivery. Especially when you are looking at cost-effectiveness of programs, it's important that you know what your true costs are.

The other thing of course is that by getting the program delivery people involved in the actual costs of these services, such as office space and so on, I think there's then a greater awareness that would encourage, shall we say, economies that perhaps aren't fully realized today, when a central agency bears the full cost and they have no part in having those costs reflected in their own accounts.

MR R SPEAKER: Mr. Chairman, to the Provincial Treasurer. Are there areas in government at the present time where this type of revolving fund is being utilized and is effective, or has the Provincial Treasurer some concerns about it? Right off the top of my head, I can't myself. I can recall one area where it was used at one time and then discontinued, but I don't know of any other areas.

MR O'BRIEN: I could perhaps comment in terms of where they have been used. Historically, I think the major one was what used to be called the highway stock advance, the transportation revolving fund which has provided the mechanism for the purchase of major equipment used in highway construction and maintenance and also for the stockpiling of construction materials, asphalt,

gravel, and culverts. Then those are charged to the program as the highway is built and maintained. The equipment is charged on an hourly rental basis, including the manpower necessary to operate the equipment, and so on. That's one.

The other major one is in the Government Services revolving fund, where the fixed assets involved in computer investment are charged through to users as part of the data processing charge; the service is provided by Government Services, and a number of other services in Government Services are provided on that basis through the revolving fund. I think the major fixed asset, though, that's in there is in data processing.

The school book branch is another one, but on a more materials basis; no large fixed assets involved.

MR R SPEAKER: If we were to implement this program of a revolving fund across government, we would be looking at potentially a hundred of these funds established? Two hundred? Is there any estimation at the present time?

MR O'BRIEN: I think those are some of the questions of implementation that will need to be looked at. I didn't take that as an implication of the Auditor General's recommendation. I think perhaps he was thinking more of one. We might have one very large revolving fund which would, in an accounting sense, own all of the fixed assets of the government. Then the question of how that would be managed would arise. I suppose the first question would be whether there would need to be a revolving fund in each ministry that used fixed assets in its program delivery, or whether there would be one for government.

MR CHAIRMAN: Are there any further questions? We don't need to stay right to this report that's been submitted by the Provincial Treasurer. If there are any other areas that relate to the Provincial Treasurer . . . Mrs. Osterman.

MRS OSTERMAN: Thank you, Mr. Chairman. This may be a small item, Recommendation No. 20 on overtime payments. I wonder if maybe the Provincial Treasurer or others could comment as to whether they feel proper controls have been instituted that would check that the instructions are now being carried out on the revised terms of the agreement.

MR HYNDMAN: I have nothing to comment on that, Mr. Chairman.

MR O'BRIEN: The short answer is yes, we are convinced that better and adequate controls are in place to ensure that the existing agreements are complied with. I think there is one area which we would like to explore, which is in the administration of overtime. As you may be aware, employees are frequently eligible to have an option, an alternative, in respect of overtime. They can accept cash payments for the overtime, or they can take time in lieu. Perhaps it would improve the administration of this whole area if it were possible to obtain agreement that that election by the employee would be made within some fixed time frame. Apparently, as I understand it, an employee can simply delay making that decision, with the result that the department may find that an employee elects to take overtime pay a year after the overtime actually occurred. Obviously that has a potential for some administrative difficulty, because there may have been numerous changes in pay status during that period.

MRS EMBURY: Mr. Chairman, I'd like to ask a question of the Provincial Treasurer on Recommendation 6. In looking at the recommendation and the reaction to it, it appears to me that there is quite a discrepancy still in what was asked for and what appears to be happening. I have a couple of

concerns in this area. To me this would be a very costly process, to accept that recommendation, particularly in view of past discussions, I believe. We've learned that it is very difficult to employ qualified people who sometimes stay within the service at the level that is recommended here.

My question to the Provincial Treasurer: could you clarify this for me? Obviously there is a senior financial officer in each department. Primarily we'll looking at the larger departments, I assume. Do you feel that the system that is there now is sufficient for controls?

MR HYNDMAN: Yes, Mr. Chairman. I think the situation here is that there is, as pointed out, a very wide range of characteristics of various departments and agencies. Some are very large and complex, with hundreds of thousands of transactions. Others are smaller. Some have a greater degree of business, if you will, at certain times of the year than others. The complexity varies as between them. Therefore, our feeling is that while certainly it is important to have senior financial officers as key people in every one of these entities, you have to look at each one really individually.

While it is important and necessary, as we point out in Recommendation No. 37, that there be a common and understood accounting and financial control manual, which is being revised to include the recommended responsibilities and qualifications of senior financial officers, at the same time it may be premature at least to say that there should be a professional accounting designation in each and every single case. This government might move to that in years ahead. From time to time there may be differences of opinion as to what a professional accounting designation is. However, we want to ensure that quality advice is given.

We, therefore, feel that it has to be looked at on an individual basis, depending on the kind of entity, the kind of department, its nature and what it is doing. That must be assessed before deciding on the kind of senior financial officer qualifications needed.

MRS EMBURY: Could I ask a supplementary question, Mr. Chairman? Could the Provincial Treasurer tell me if there are some of the senior departments that already do have an accountant who might fit the description in Recommendation 36, a properly qualified accountant? Are there many departments that have such a person?

MR HYNDMAN: I'll ask Mr. O'Brien to provide some information on that.

MR O'BRIEN: Certainly the majority of the larger departments would have qualified accountants in their financial organization. I think the point that was made here was that not all of the chief financial officers, in the sense of the person who is responsible to the Deputy Minister for the financial administration in the department, currently are qualified accountants.

But certainly if the department is involved in significant financial activity in terms of the Auditor's report, there would be qualified accountants involved in the accounting field in the department, although obviously, for the reasons you've mentioned and as outlined in the Auditor's report, there are areas where the level of expertise available to the departments are not everything that one would wish to have. There are areas of weakness and areas of strength.

MRS EMBURY: One more supplementary, if I may, Mr. Chairman. I apologize; I probably should have directed this question to the Auditor General last spring. Would you mind just refreshing my memory, if it was discussed, on why

you think the Controller should approve the appointments of chief financial officers, as in Recommendation 37?

MR ROGERS: Mr. Chairman, the thrust of this recommendation was to have a third party, if you will, opinion on the qualifications of the person before appointment, having in mind that the responsibilities of a chief financial officer go far beyond his own department, in that he is a part of an overall organization, if you will, and has some responsibilities, considerable responsibilities, to the Controller under The Financial Administration Act. Of course it is the individual chief financial officer who is partially responsible for the information, all of which when gathered together forms Public Accounts, which of course is the responsibility of the Controller's office.

So there is a meshing, if you will, of what happens in the department with what happens in the Controller's office. It seemed that the Controller should be satisfied that the person appointed as a chief financial officer could do the job.

But there are other ways of approaching this. It could be a committee under The Public Service Act, with the representation of the Controller and the department on it that could make the selection. There is more than one approach to this. But the thrust was that there be a third party involved in the selection and appointment.

MRS EMBURY: Thank you very much.

MR WEISS: Thank you, Mr. Chairman. My question is to the hon. minister. In reference to item 24 on page 8, I'm concerned that where you have mentioned that the control could be improved by the maintenance of lists of approved hotels and locations, I'm concerned that as a government employee, people seek out hotels and perhaps aren't concerned about the cost. Where they're on a flat rate per diem, a person seeks out a moderately priced lodging. Are you attempting to set up such a list that would control prices as well as the type of lodging? I think it's very unfair that you would ask an employee to live in the type of accommodation that he is unaccustomed to. It should be equivalent to his home. But I'm also still thinking that, as a MLA, I seek out a lodging that costs me \$22 a night but I don't notice too many government employees staying in that same accommodation; they're down in the \$75 a night location.

I think there should be some firmer guidelines in that respect.

MR HYNDMAN: As noted in the reaction on page 9, what we see Alberta Government Services doing is preparing a guide -- emphasizing the word "guide". That should be available next year. The individual choices made by members of the public service travelling throughout the province, I suppose, is beyond the ambit of an arbitrary kind of regulation. Mr. O'Brien, you might have some more detailed knowledge in response to that question by Mr. Weiss.

MR O'BRIEN: I think what was envisaged in the Auditor General's recommendation -- perhaps he would comment -- is to ensure that departments have available, as departments, information respecting accommodation, lists of accommodation and applicable rates, as a basis for the department establishing their own procedures to ensure probity, I guess, and prudence in these expenditures in the department. I think the basic premise here is to ensure that the departments are able to carry out that responsibility and to assume that responsibility, but not to establish a central administrative control to try to ensure that that occurs.



MR CHAIRMAN: Mr. Rogers, would you like to respond to that?

MR ROGERS: Yes, Mr. Chairman. The thought of this information being available to departments was only strictly as a guide. I know in my own instance, the \$75 a night room, if you inform them that you're with the government and show identification, of course can be \$42, or thereabouts; shall we say -- much more reasonable. Over the years, as involved in the pre-audit, it was possible to see that civil servants and other perhaps were staying at hotels and not asking for the government rate but paying the full rate. It's perhaps a minor economy but perhaps not so minor considering the amount of travelling involved in the civil service. It does enable management to have a better feel for the cost of any particular visit by civil servants before that visit takes place, if they have available to them some guide information that will help them establish the total cost of a proposed trip. That's where the control aspect lies.

MR CHAIRMAN: Does that answer your question, Mr. Weiss?

MR WEISS: Yes.

MR CHAIRMAN: Mr. Kushner?

MR KUSHNER: My question has been answered.

MR R SPEAKER: Mr. Chairman, my question to Mr. O'Brien is with regard to Recommendation 43 and performance indicators. I recall, back in the years 1969 and '70, in the early stages of program budgeting, we had discussions about how to evaluate a program and how it could be done.

My first question would be: in 10 years have we made any progress in that area, relative to evaluation and program budgeting? Is it possible -- I know our discussions 10 years ago were that it's a tough job, and I understand it. So I agree that evaluation in the end results in the political system rests with the Legislative Assembly, and hopefully it stays there.

My question to Mr. O'Brien is: have we come up with some type of informal evaluation techniques, or maybe more formal evaluation techniques in program budgeting? Have you had some success in any areas? Perhaps that's an unfair question -- or have we just ignored evaluations?

MR O'BRIEN: I guess fundamentally that calls for a subjective opinion really, which I'm not sure that I'm any better qualified to give than members of the committee. I think it can be said that our efforts to establish in our program budgeting structure and approach a workable basis for examining public expenditures, both pre- and post-evaluation of expenditures, in the sense of considering budgetary allocations and understanding after the fact what happened with public expenditures. I think we have clearly made considerable progress over time in getting a workable and understandable classification of our expenditures so we know where we spend our money and we know where we're asking for it. Certainly in the course of implementing the revised program budgeting system that has been brought in, many departments have developed much more detailed accounting and budgeting information on projects and operations within their programs, at lower levels of detail than were previously available. Our financial reporting systems have been improved. I guess I feel that in that sense, that to the extent that we have a better grip on where our money is being spent and how it is being spent, there is a better basis for evaluating that expenditure.

But if the question is whether we have found ways of evaluating in the final analysis whether value was received for the expenditure of public money,

with a yes or a no answer, I think it has to be no. Inevitably it comes down to a judgment by policy-makers as to whether the results were what was intended and desirable. I guess we have been monitoring the kinds of procedures that other jurisdictions have been trying to establish. Frankly, I haven't seen it yet.

MR R SPEAKER: You indicated that there is more program detail with regard to where money is being spent in a program, and it is more detailed than it has ever been before. Do you, through your capacity, do comparisons between program X and program Y, that may have similar components, to see if the percentage spent for capital fixtures or travelling, whatever, are somewhat comparable and follow a pattern? Do you do some checks to that effect? For example, if one department has a program and is spending a million dollars on travel and the other is spending only \$10,000, but it looks like the same kind of program, do you investigate further?

MR O'BRIEN: As the Controller's office, we do not conduct that kind of -- if you're talking about a post-audit evaluation comparison of expenditures on particular activities across departments, that is not undertaken. I think that is part of the normal process of considering expenditure requests in the budgeting process in the first instance, and is considered in establishing budgetary allocations. Essentially our concern is with ensuring that the budgetary authorizations are followed in the course of a year in the actual expenditure. We do not, after the fact, attempt to form a judgment as to whether travel expenditures in one program were reasonable in comparison to others.

MR R SPEAKER: Mr. Chairman, could I ask Mr. Rogers for a little more detail with regard to performance indicators? Did the Auditor General have any specific recommendations beyond that general recommendation?

MR ROGERS: Mr. Chairman, it was because of my understanding and knowledge of the fact that the state of the art is very rudimentary in any jurisdiction, that I phrased the recommendation the way I did, that there simply be a study on ways of improving the evaluation of what had been achieved through the implementation of a program. I have every sympathy with the fact that this is a very difficult subject. It's mainly that I think we should be looking to make progress in this area. I would see carrying on in the next report, perhaps expanding somewhat on the recommendation as it appeared in last year's report.

MR R SPEAKER: To the Provincial Treasurer, then. Your reaction to it seemed to be that we've gone as far as we can go, and accept the three bodies -- the minister, the departmental officials, and the Legislature -- as the evaluators. Would the minister potentially reconsider his position and maybe look at -- I'm not sure how much input we as a committee could have to study it. Are there other avenues of study that may be used?

MR HYNDMAN: As the Auditor General has indicated, the state of the art is rudimentary. Perhaps that is the problem in the sense that unless more definitive information can be obtained, it's difficult to draw any conclusions or to decide where you're going to go from here. We certainly have been, and will continue to monitor and do a review of the experiences of, say, the federal government, of which there have been a few in this area. But until there is more to indicate that this is something which is desirable and which in fact is going to objectively measure something, and which will not in any way cut into the obligations and responsibilities of the Legislature, I think

we have to allow the process to ferment and develop as it will. Frankly, we'd like to see some practical examples in a parliamentary system where it has been tried and worked successfully. Doubtless those will come in time. But for the moment we feel that what is being done is proper within the ambit of the parameters of the Act.

MR KOWALSKI: Mr. Chairman, I'd like to revert to early in the report of the Auditor General and have a couple of comments and a question or two to the Provincial Treasurer with respect to recommendations 9 and 10, compensation payment for flood damage. In the document that the Provincial Treasurer circulated, his reaction to the recommendation is there, and I endorse his reaction completely because of the serious difficulty and the serious magnitude of reacting to the frustrating problems that particularly farmers have when their farmland has been flooded. Recently there was a unique flood, in the month of June, in a river that goes through several constituencies in northwestern Alberta, where 300 or 400 farmers were affected. If in fact there was a way that one could come back and say, fine, if you are eligible for compensation and this is the form of compensation you're going to receive, I would find it almost impossible for anyone to write a series of conditions to say that you must rehabilitate your farmland in a particular way. So I'm very pleased with the reaction of the Provincial Treasurer on that.

My question to him is: from time to time in this province, farmers do suffer from unique floods. The one in the month of June that affected the Pembina River was caused by very, very heavy rainfall on the Rocky Mountains. The water moved down from south of the Jasper area, and it affected some 300 or 400 people along the river. That tendency tends to happen from time to time. The most serious type of damage is not the actual flooding of the farmland, but it's the residual material that comes along with the water that removes the potency of the soil for the next several years.

I wonder if the Provincial Treasurer or any of his officials have ever given thought to asking an agency of the government like the Hail and Crop Insurance Corporation to investigate the possibility of coming up with a special type of insurance program that those farmers who live along those types of rivers might be able to buy, in essence to protect them from this periodic form of flooding -- a type of insurance that they would know would give them some kind of security with respect to the agricultural utilization of the land in the event of one of these floods. As they sit right now, if the flood comes once every six or seven or eight years, they simply don't know two or three months after the fact if in fact they will have a livelihood for the remainder of the agricultural season.

To the Provincial Treasurer, my basic question is: has thought been given, perhaps by himself or any of his officials, to seeing whether or not an agency such as the Hail and Crop Insurance Corporation might be able to invent an insurance policy that would protect our producers in the event of that kind of disaster?

MR HYNDMAN: Mr. Chairman, I think the idea is worth exploring. I'm not sure whether it should be on the initiative of my department or whether it involves the Auditor General, in the sense that it seems to me basically to be a matter of policy as to the extent to which there will be compensation paid by the government for the direct and indirect effects of a "disaster", and secondly, a matter of policy as to whether there should be an insurance scheme set up to cover that, perhaps a broader scheme than existing schemes. I think it's worth exploring, but it's mainly a policy matter, I would think, to be initiated by the ministers of Agriculture and perhaps Environment.

Our concern here, and that of the Auditor General, properly is the degree and extent and quality of the documentation to evidence a claim, the policy

decisions having been set. Of course if there were insurance it would be a matter for the insuring entity, to assess whether the evidence is adequate or not. If there were not insurance, then presumably we would be involved. But it seems to me: worthy of being further explored, but probably by a couple of other departments.

MR CHAIRMAN: We still have half an hour that we can utilize of the committee's meeting. Are there any further questions you want to direct to the minister or his staff? I'm sure if we had the federal finance minister here, Mr. Hyndman, there would be a lot more questions that would be directed to you.

MR HYNDMAN: Mr. Chairman, I would have a lot of questions to ask him.

MR R SPEAKER: Mr. Chairman, in Recommendation 35, the underlying feeling there is that there could be a better working relationship between the federal Auditor and the provincial Auditor. I was wondering if the minister plans some changes there, to improve that specific situation, particularly related to the Alberta renters' assistance credit and the royalty tax rebate.

MR HYNDMAN: Mr. Chairman, I guess in any federal state, this is going to always be a problem, especially in a federal state where there are a number of shared cost programs which have emanated from or been originated by the federal government and which are operating in the province, and in cases such as ours, where, as Mr. Speaker points out, there are provincial programs that operate through the federal government. It seems to me that, here again, the whole art of sharing of information appropriately as between the two levels of government, the central government and the provinces, is still developing.

The preferred way, I would think, would be for the Auditors as both levels to try to work out some agreeable procedure without too much formalization and statutes and regulations, which would enable each to review appropriate documents of either all programs or selected programs. There may be some disadvantages in having too many definite conditions and laws or fixed agreements. The extent to which this is done now, I think, varies. What we would hope to see would be the greatest amount of this cross-auditing occurring without formalizing it. If at some stage it's necessary to make formal submissions as between ministers, then we would look at those.

MR R SPEAKER: You office would co-operate in bringing this type of thing about as much as possible?

MR HYNDMAN: To the extent to which it would be nothing asked for by the federal Auditor General which was in conflict with our provincial approaches. One can understand that if there were information which the federal Auditor General wanted which related to matters of provincial policy which were strictly provincial and, in our view, could not objectively be of any value to the federal government, there might be hesitation. But we think those cases would probably be few and far between and that in a general, co-operative way, hopefully most situations could be solved in that fashion.

MR CHAIRMAN: Any further questions to the minister? Looks like you have pretty well covered questions to our minister. Any further comments you would like to make, Mr. Hyndman?

MR HYNDMAN: No, Mr. Chairman. I look forward to the committee's recommendations.

MR CHAIRMAN: If there are no further questions, on behalf of the committee, Mr. Minister, we would like to thank you and your staff for appearing before us here this morning. Feel free to stay or be excused from the meeting. If you so wish to leave, you can.

We have half an hour left. Is there any new business that the committee would like to bring up at this point in time? There was one item of business in our last minutes; that was determining the method of dealing with the Auditor General and Public Accounts. I've talked to Mr. Clegg. He has indicated to me he's going to come back with a recommendation to us as to whether we should change our standing order on dealing -- the way the standing order reads at the present time, we deal with Public Accounts. So Mr. Clegg is going to come back with a recommendation to us before our next session of Public Accounts.

MR McCRAE: Mr. Chairman, do you mean by that next week or in the spring?

MR CHAIRMAN: It will be next spring. There was some concern: should every year on Public Accounts be a term or should it be one year? There has also been some suggestion there. Should we select the Standing Committee on Public Accounts on a yearly basis or on a term basis? That's something committee members could give some consideration to, as to whether we should set up our committee each year.

There is just one other item of business, if there is no other further business. Are there any suggestions from the committee on what department we should deal with at our next committee meeting? We do have -- and I've talked over with Mr. McCrae -- Social Services and Community Health in our minutes. But if there are any other suggestions of departments that we should have before our committee, we're open to do this.

MR McCRAE: Mr. Chairman, could I just comment on the next week area that we might look at, Social Services and Community Health. I've discussed it with Mr. Bogle and he has another commitment for next Wednesday and would prefer to come the following week or some other mutually agreeable time, if he could, if that would be agreeable to the committee.

Also I'd like to urge members to be more specific, if we could, in the particular program area that we'd like to review, particularly in Social Services and Community Health, which is a large program area. It's probably -- I could say an unfair imposition to expect the minister to come in and be able to fully respond in terms of dollars and cents on his total department. I'm really urging that we try to be more specific if we could, in terms of the particular vote or subprogram that we'd like to examine, recognizing that there will be questions going beyond that -- at least the primary emphasis might be narrowed down a little. If we could ask whoever it was -- I think it was Mr. Speaker -- that recommended that one if he could be somewhat more definitive.

Could I also suggest, Mr. Chairman, since Social Services are otherwise committed for next week, that we move to another one -- say, Department of Environment, which I believe is second on the choice list, if that's okay.

MR R SPEAKER: Mr. Chairman, I would agree that Environment would be acceptable next week if the minister is available; that's in response to delaying Mr. Bogle for a week.

The second question is with regard to being specific. I would take on this commitment: that if there are areas where we will be asking questions that will require statistical kinds of information -- figures, that type of thing -- I will take on the commitment to present those questions to Mr. Bogle two or three days ahead of time, so he knows areas in which I want specific kinds

of information. General questions with regard to policy I think the minister is prepared to respond to. But if I want dollars and cents information about something, I'll alert the minister ahead of time.

MR CHAIRMAN: We have a suggestion that we have the Department of Environment for our next meeting, next Wednesday. Is that agreeable to the committee?

HON MEMBERS: Agreed.

MR CHAIRMAN: If there is no further business, I'll accept a motion for adjournment.

MRS OSTERMAN: I'll so move.

*The meeting adjourned at 11:05 a.m.*