

Standing Committee on Public Accounts

Wednesday, November 4, 1981

Chairman: Mr. Mandeville

10:10 a.m.

MR CHAIRMAN: Good morning, everyone. We'll bring our meeting to order.

We have distributed the minutes of Wednesday, October 21. Are there any errors or omissions? You also have the October 28 minutes. Are there any errors or omissions in those? If there are no errors or omissions, can we have a motion to file? Mr. Gogo.

Mr. O'Brien just now distributed page 12 out of the report of the Public Accounts Committee of the Legislature reading the recommendation of the report of the Auditor General, March 31. If you will look on the bottom of page 12, you will see that the portion that was left on the document you got, was the comments. It's right at the very bottom of the page. Mr. O'Brien has given you that. If you can change that page in your report, you'll have your report up to date.

I have contacted the Provincial Treasurer this morning and indicated to him if we did complete Municipal Affairs they would be on stand-by and that they'd be ready to come in and meet with us this morning.

So now if we can turn the meeting back to Mr. Moore if he has any comments to make this morning before we start.

MR MOORE: Thanks, Mr. Chairman, just a couple. I've distributed some material. At least I hope all members have it. One is a document entitled Rural Industrial Land Use -- Some Policy Guidelines For The 1980s. That is the document I referred to a week ago today that provides policy guidelines to planning boards throughout the province in determining the development of industrial parks and use of land for industrial purposes in rural areas.

The second document is one that begins with a memorandum dated November 4 to the Chairman and members of this committee, and has attached to it three pieces of paper, the first being an outline of the mill rates which are presently levied to various municipalities or classes of municipalities in order that they may make a contribution to the Alberta Planning Fund. That's for three years: '79-80, '80-81, and '81-82. The second one is the total amount of requisitions that have been levied in those three fiscal years, and finally, the last page, where it says, Provincial/Municipal Contribution To Alberta Planning Fund, one will find the dollar amounts that have been provided to the Alberta Planning Fund from municipal sources for each of the three years in question, and from the province. In the second column there's an indication of the percentage of contribution. For example, in 1979-80 municipalities contributed 28.4 per cent to the Planning Fund, while the province contributed 71.6. In '81-82 that has moved to a municipal contribution of 35.6 per cent, and a provincial contribution of 64.4. At one time, this Planning Fund was close to the basis of 60:40, with the province contributing 60 per cent and the municipalities 40 per cent. It had gradually begun to shift so that the province was paying a greater and greater percentage. It was my concern that if that shift was too great, then the demands for additional funds from planning commissions would not relate to

municipal priorities. And so, as can be seen, I've started to alter that shift so that now it's back to 65:35. I hope that it would stay that way.

I mention this, Mr. Chairman, because of last Wednesday. In explaining the balance between provincial and municipal contributions to the fund I initially said it was 80:20, and then to make a long story short, I corrected that by making another error. The facts of the matter are as contained in this sheet, and they've varied over three years. Perhaps that may be the reason, Mr. Chairman, why I was in error in my comments about percentages last week. So, if members would ignore those comments and take this written documentation as the percentages which now exist, they would then have the correct advice.

MR CHAIRMAN: We'll take that under consideration, Mr. Minister.

Mr. Gogo had a question carried over from last week. Do you still remember your question, Mr. Gogo?

MR GOGO: Mr. Chairman, it . . .

MRS CRIPPS: Can I ask a question on this particular item that Marv presented first?

MR GOGO: Sure.

MR CHAIRMAN: Possibly we could take Shirley Cripps. She has a question on Mr. Moore's comments.

MRS CRIPPS: Mr. Minister, on the assessment that you've shown here, the small municipalities are paying 10, 12 times the assessment of the larger municipalities. Do you think that may present a financial burden on those areas?

MR MOORE: I'm not sure if I understand the question. You say the smaller municipalities have a higher assessment?

MRS CRIPPS: If their mill rate is, say, over 100,000 is 0.05, and the mill rate of 1,000 to 3,000 is 0.69, that's 10 or 11 times the assessment of a small area.

MR MOORE: Members will note that in the year 1981-82, municipalities with over 100,000 population are paying 0.058 in terms of a mill rate, and so are the cities of Lethbridge and St. Albert, which are listed down below. The reason for that is simply this: those municipalities are their own subdivision approving authorities, and the largest expense of a regional planning commission is in the area of subdivision approving authorities. So in actual fact, municipalities of over 100,000 population and the cities of Lethbridge and St. Albert are paying more, by some considerable amount, into the Planning Fund than they take out, in that the regional planning commission does not have staff in place to provide subdivision approving authority for those municipalities. That's the reason they're lower. In fact, if we went on the actual basis of dollars expended, they should be even lower than that, but we didn't want to provide for a system where there's a lot of encouragement for municipalities to opt out of the subdivision approval that's provided to them by various planning commissions and by my department.

One will also see that the county of Parkland has been reduced substantially from other counties in 1981-82, to 0.230 in terms of its mill rate from what

would have been 0.345 in '80-81. They've been reduced in terms of their contribution for the same reason. We granted the county of Parkland its own subdivision approving authority, effective in April of this year.

MR CHAIRMAN: Does that cover your question?

MRS CRIPPS: It's still a bargain, he says.

MR CHAIRMAN: Mr. Gogo.

MR GOGO: Thank you, Mr. Chairman. Mr. Minister, this question is with regard to grants in lieu of taxes. I think it's an extremely positive policy for municipalities to have the government of Alberta pay grants in lieu of taxes in that a municipal government cannot assess provincial government buildings. We're now seeing more and more of the provincial government presence in our municipalities with regard to buildings, so I think it's an excellent program. My understanding, however, is that -- and this could be an appropriate question to the Treasurer, although it comes from Municipal Affairs -- the time of payments of those grants and those taxes. I understand that Lethbridge, and there was a resolution in AUMA, that taxes due and payable, the city must advance funds to school boards and other expenses early in July, and yet it's probably running into September-October when they receive those grants in lieu of taxes. I wonder if you're aware if that matter has been addressed, and if it has been addressed in some way whereby, where they're paid, those grants to the municipalities can be speeded up.

MR MOORE: Mr. Chairman, I'm aware of the concern that's been expressed, and I do believe there have been some improvements in that regard. But the question really should be put to the Minister of Housing and Public Works and/or the Provincial Treasurer, as those are the two ministers responsible, the Minister of Housing and Public Works being the holder of the province's property in those municipalities. It is not the responsibility of my office.

MR CHAIRMAN: Are there any further questions to the Minister of Municipal Affairs?

If there are no further questions, and it appears that there are not, Mr. Minister, on behalf of the committee I want to thank you for your input this morning. You can stay if you please, or you can suit yourself; you can leave.

Committee members, the Provincial Treasurer is going to come to our meeting this morning. If we can just send a message to the minister's office he'll be in shortly.

We're going to have some time, and instead of adjourning while we waiting for the Provincial Treasurer, first of all I would like to get permission from the committee. Mr. Rogers has been invited to attend an international symposium held in Ontario, and it's going to be the week of the 18th, when there will be a meeting. Just in the possibility that we're still here on November 18, we'd like to get permission from the committee to let Mr. Rogers attend this meeting. I'm sure that Mr. Henkelman will take Mr. Rogers' place here at the committee meeting. Is the committee agreed?

HON MEMBERS: Agreed.

MR CHAIRMAN: We did have one question that wasn't replied to, I think it was two weeks ago, from Mr. Stromberg, and possibly we could get Mr. Rogers to reply to that question at this time.

MR ROGERS: The question was the items that were missing. They were several dictating units. Some of them have since been found, and that was the only item in question. I think there were five dictating units missing when the inventory was checked and counted. One is still missing, but the others have come to light.

MR CHAIRMAN: Does that cover your question, Mr. Stromberg?

MR STROMBERG: Yes.

AN HON MEMBER: You can keep that one. [laughter]

MR CHAIRMAN: Are there any further questions to Mr. Rogers or Mr. O'Brien?

If there are no questions, I wonder if I could make a recommendation to our committee. We do have this report and recommendations, and I would like to have the feeling of the committee as to whether when we prorogue at the fall session, we don't really have a committee, but I think that there would be a possibility that we could set up, say, a small committee so that we could deal with these recommendations and make some recommendations to the Legislature or to the next Public Accounts Committee.

Did you have a question, Mr. Kowalski?

MR KOWALSKI: Thank you very much, Mr. Chairman. Just a question for information with respect to this document. Was it circulated to members of the committee. When was it circulated and in what form? Because I do not recall obtaining a copy of it, and it may very well be the case that I was absent from the committee meeting when it was circulated. This is really the first I have seen of it this morning, thanks to the efforts of my colleague to my left.

MR CHAIRMAN: How many members of the committee got a copy of this?

MR BATIUK: This came directly to our offices.

MR CHAIRMAN: Yes.

MR WEISS: I, too, have not [inaudible]

MR CHAIRMAN: We'll try to get copies to any of those who don't have a copy at the present time.

MR ROGERS: Mr. Chairman, we do have additional copies. A copy was delivered in each of the boxes of all members, but we do have additional copies. I'd be happy to make them available.

MR CHAIRMAN: If anyone needs a copy, Mr. Rogers indicates that he has additional copies of the recommendations.

MR McCRAE: Is that right [inaudible]

MR CHAIRMAN: I've made a recommendation that when the fall session prorogues, we don't have our Standing Committee on Public Accounts. It's dissolved at that point in time. My recommendation that we set up a small committee or a subcommittee of the committee to review these recommendations in here and then possibly make some recommendations to the Legislature on some changes we feel that we should make. I was thinking of a committee. At the present time we have a committee that is set up that includes Mr. Rogers, the chairman, the Leader of the Official Opposition, Stu McCrae, and Mr. Notley, but that's not saying we need the same committee. I would like some recommendations from the committee here as to what type of committee we should set up and what the number should be.

Mr. Magee, did you have . . . ?

MR MAGEE: Last week, when we were discussing the same subject, a recommendation came forward, and I don't know what form it would take before proroguing the Legislative Assembly to establish something different from what we've had, but the suggestion was that the chairman and vice-chairman automatically move forward in the same capacity they had through the four or five years, whatever the term of the government might be, on a continuing basis, and that each year 50 per cent of the members would automatically be in the following year. In other words, 50 per cent of the membership would be dropped and 50 per cent would carry on. If this were presented to the Legislature so it could pass approval under this recommendation, then you would automatically have a committee that could meet out of session, that could review items such as this report that you've talked about and act upon some of its recommendations. In other words, it would in effect be a continuing type of operation, and only 50 per cent of the total body of the members would be dropped at the end or proroguing of the session. These people would then carry on into the next session, with 50 per cent more people added after the next session commences in order to provide continuity down through the years.

MR CHAIRMAN: Yes, I appreciate that this could happen, but my suggestion is in the interim, until we have the opportunity to do this type of thing. We don't have to, but it's a suggestion that we set up a committee in the interim to make some recommendations to whoever is in charge.

MR McCRAE: Mr. Chairman, I've been wrestling for a couple of weeks now with how we should deal with this report, if at all -- and I think we should. I'm surprised that all members don't have copies of it. I think that what we probably need to do is take a little time on it and rather than have five of us sit and try to wrestle with the recommendations and try to reach a consensus which, I suspect, would be unlikely, having regard to the composition of the committee, although it is possible, too. I think all members will be interested in going through the recommendations, and I suspect we should just put it on the agenda for either the committee later on this fall, if we're sitting that long, or in the spring. There's no compelling urgency to deal with it, or anything, and yet we should deal with it because there are some very good recommendations.

From the discussions I think there will be a lot of diverse recommendations, some of them with a great deal of interest. I think the recommendation of the Member for Red Deer is a good one, or at least a very interesting one. I think all members are going to think about it a bit. So I am suggesting we should not set up a small subcommittee as you suggested, but rather have a

full discussion of all members, because each member, having been on this committee for at least two years, will have some observations and some thoughts which would be difficult for any one of the subcommittee you have suggested to be aware of. I think every member should express his own point of view.

What I'm suggesting, Mr. Chairman, if we sit that long we could take a day -- it could be November 18 or later, Wednesday morning, if we're here that long. Most of us on this side have no idea how long we will be here, but perhaps you could give us some guidance in that; perhaps you couldn't. [laughter] If you can, we and the media would all like to know.

In any event, I think we should have a full discussion of it here and if some recommendations flow from those discussions, fine. If they don't, it may even carry over into the spring for a new committee to look at. We're not under any compelling degree of rush to look at the recommendations. They are not a formal agenda item. I think we need to look at them because there's a lot of good in them. Also a lot of the recommendations are already being complied with in a leadership role by this Public Accounts Committee of Alberta. So I think we need to digest them and assess them, and maybe even go through them one by one to see, are we doing that now, what are the pros the cons of doing what is recommended, or doing what Ontario is doing. It may be good; it may not be good, but I think each committee member would like some time on it.

MR CHAIRMAN: We have that recommendation from Mr. McCrae, and I see we have our Provincial Treasurer with us now, so possibly, as Chairman, I can accept that recommendation at this point in time and deal with it at a later time so that we're not holding up the Provincial Treasurer this morning.

We want to thank you very much, Mr. Hyndman, for appearing before our committee. Would you like some opening remarks, Mr. Minister, before we start our question period?

MR HYNDMAN: Thank you, Mr. Chairman. My remarks are very brief. They would simply be to refer again to the response by the government, dated October 1981, to the recommendations of the Auditor General which, I understand, were filed with this committee on October 27 or 28. The responses deal with each of the 55 recommendations made in the second annual report of the Auditor General. Each of those recommendations we deemed to be very important with respect to each, and in relation to each of the responses we have carefully and thoroughly reviewed in detail what has been recommended.

I would be happy to answer any questions with respect to policy matters relating to any of the 55.

MR CHAIRMAN: We don't want to let the Provincial Treasurer off that easily, committee members. We have to get some questions for him.

MR R SPEAKER: Mr. Chairman, to the Provincial Treasurer, and it's related to a matter we've been pursuing in another forum related to the Auditor General's function. I was wondering if the Provincial Treasurer could just comment on the use of the matter of the management documents that relate to departments of government as a whole. How many of those management letters does the Provincial Treasurer receive relative to matters within departments of government?

MR HYNDMAN: I don't know, Mr. Chairman. As I said, I am here with respect to the duties and obligations of the Treasurer under The Auditor General Act, and am happy to answer any questions with regard to the annual report. There are obviously are, as provided in the Act, advices given throughout the year by the Auditor General. The crucial document, though, is his annual report, which we all have.

MR R SPEAKER: Mr. Chairman, in The Auditor General Act, it says the "Auditor General may, at the request of a department", provincial Crown agency, and so on, "provide advice relating to the organization, systems and proposed course of action of the department". Has the Provincial Treasurer made requests to the Auditor General in terms of how the organization, how control procedures could be put in place, how organizations could be changed in government? Has any request gone from the Provincial Treasurer to the Auditor General for that kind of advice?

MR HYNDMAN: Not in a specific way, Mr. Chairman, because I don't think it's necessary, in the sense that my understanding of The Auditor General Act is that he, by the Act, has already all those powers. In fact, he must have all those powers of intensive review and the ability to go into the operations of each and every department in order to carry out his job. I certainly rely on the initiative which I know is being taken by the Auditor General pursuant to carrying out his duties under Section 19, and others, and therefore welcome the continuing advice to other ministers that he has during the year and in the annual report.

MR R SPEAKER: Mr. Chairman, I appreciate what the Provincial Treasurer is saying but the reason I raised this "at the request of the department" is that I believe there is a distinct difference in terms of the -- and maybe the Auditor General would like to comment on this. My understanding is that it is the Auditor General's responsibility to make observations and to report on the operation as seen. But in terms of saying, this is how you fix it up or here are the changes you make, that becomes a function of the government, your ministry or other ministries of government. That isn't the function of the Auditor General. But in cases where the Auditor General is requested to give opinions on such things, then the Auditor General would do it.

I'm just asking whether Section 29 of the Act has been put into effect or has been utilized by the Provincial Treasurer or any other minister. At that point, the Auditor General is requested to become involved in sort of the administrative procedures and make suggestions of alternatives that could or could not be accepted by a department.

My question is: has that happened? Has that section of the Act been made operative by a request by the Provincial Treasurer or other ministers?

MR HYNDMAN: I believe from time to time, Mr. Chairman, particularly when there are proposed courses of action of the department -- that phrase is mentioned in Section 29 -- various departments of the government have been in touch with the Auditor General and said, now here is a proposed course of action we have; we want to ensure that there will be proper and adequate controls; what would you recommend with respect to the way in which this particular organization we're proposing is set up so it will be set up in such a way as to ensure the competent and prudent administration of public moneys? So that happens from time to time through various departments.

MR R SPEAKER: Mr. Chairman, to the Provincial Treasurer with regard to the audit working papers in Section 27 of the Act. I would appreciate if the Provincial Treasurer would define in his mind what is meant by the "audit working papers".

MR HYNDMAN: In my view, those would include all the documents, papers, preparatory and other papers, letters, of any and all kinds, either in or issuing from or used by anyone in the office of the Auditor General in the preparation of his advice and/or his annual report.

MR R SPEAKER: Mr. Chairman, one of the areas of the discussions with regard to management letters, management procedure documents which are a summary of the audit working papers and in turn are directed from the Auditor General to the Provincial Treasurer, or it could be to other ministers as I understand it. I wonder what classification the Provincial Treasurer puts on those types of documents.

MR HYNDMAN: Those are audit working papers.

MR R SPEAKER: Mr. Chairman, I wonder if the Provincial Treasurer could cite any source or authority that supports that point of view.

MR HYNDMAN: I think the plain English meaning of the statute, Mr. Chairman, is that audit working papers include such documents. I think they would have to just understandably and reasonably, in the sense that the section refers to audit working papers. Surely it's simply by logical reasoning that documents that are sent by the Auditor General, usually to the deputies of the departments with copies to the ministers, are parts of audit working papers.

MR R SPEAKER: Does the Provincial Treasurer feel that upon receipt of either a copy or the management letter, that document at that point is an audit working paper? Or is that document at that time a suggested plan of action -- maybe this would be a better definition: an outline of findings within the management procedures of the Provincial Treasurer's responsibilities, and some suggested ramifications if those procedures are not adhered to?

MR HYNDMAN: Mr. Chairman, it would seem to me only logical that documents of that kind, audit advice letters, are initially audit working papers, and that status doesn't change. They remain audit working papers.

MR GOGO: Mr. Chairman, in Volume II of the Public Accounts '79-80, on the Treasurer's page 23.6, I want to raise a question or two with regard to pensions. I'm working from that document on that page. First of all, Mr. Chairman, I recall a year or two ago the government of Alberta transferred a substantial amount -- I hate to show my ignorance, whether it was \$1 billion or \$2 billion -- into contingency liabilities for pension funding so the government of Alberta would be in a position to meet its future pension obligations. What I'm curious about, Mr. Treasurer, unlike perhaps some other parts of Canada, there is no provision for indexing of people on either public service pensions or other pensions in the province of Alberta. I understand each year, the government of Alberta, through order in council, passes an order increasing by specific amounts those who are on pension from the government of Alberta, to compensate for increased costs of living. I understand that varies.



There are really two questions. Could the Treasurer indicate the basis on which they determine that? For example, I understand the cost of living index or CPI is around 11, or something, and I believe the last increase was about 8 or 8.5. Could the Treasurer indicate if any consideration is being given to reviewing that? I don't even know what makes up their criteria for that increase. But I assure the Treasurer it's appreciated by recipients of those pensions. It's a very significant factor to those people. The first question would be: is consideration being given to changing the criteria, whatever the criteria are, for the equivalent of indexing or raising the pensions?

The second one refers to page 23.6, that 6.05, where there was a retiring gratuity. It's something I hadn't heard of before, where \$6,000 was paid out in the form of a retiring gratuity. I wonder if the Treasurer could explain that.

MR HYNDMAN: I'll ask Mr. O'Brien to answer the second question, Mr. Chairman. On the first question, the hon. member is correct. The pension fund of \$1.1 billion was set up, effective this fiscal year. As well, there is a provision in legislation which provides that by order in council from time to time, Executive Council may provide increased moneys to those receiving public service pensions to assist in mitigating the extra costs they have by reason of inflation. The statute does not require any automatic indexing. Every year, in the last calendar months of the year, usually for announcement early in the subsequent calendar year, a decision is taken as to, firstly, whether there should be any extra amounts added to those pensions, and secondly, how much that should be.

The consumer price index in Canada is one of the criteria which is considered, but it is not the only one. We all, I think, understand that that index is an average. It does not necessarily apply with respect to all goods and services in Alberta. Some things in this province are less expensive, some are more expensive. Perhaps in this province, there is a lesser tendency to eat out in restaurants than there is in other provinces, where the average would therefore be skewed. As well, we have to remember that the CPI relates to an artificial basket of goods that people could buy in a food store. That basket of goods has not only changed but also people change their preferences with respect to various products they buy depending on what their income is. Therefore, it is simply a very rough and ready measurement, and there are others which have to be considered.

As well, we have to consider, in making a decision on the amount of adjustment each year, the total overall nature of all government programs in this province which relate to assistance to those who are over 65, of which there are a dozen or more. We have to remember as well that when considering an adjustment for those receiving public service pensions, that is one group, but the vast majority of older folks in this province do not receive any pension of that kind at all.

MR GOGO: Mr. Chairman, as I understand it, and it has concerned me for some time, I feel that it's equitable and fair treatment by the government to compensate those people who have retired on public service pensions, which I assume would include people like ATA and so on. I've often wondered, for those who are not covered by pension plans of any kind, it is indeed their dollars because they are shareholders of the province of Alberta. It is indeed their dollars that are going forward to provide those increases in pensions. Has consideration been given to increasing the contribution as a percentage of people's salaries in this government as government employees

toward that very thing? I think it is almost axiomatic now whereby the planners are saying we're always going to be faced with some degree of inflation; therefore, we're always going to be faced with the problem of people's pensions not being adequate. If that's a fact, I would almost think consideration should be given to increasing by the same percentage amount the amount of contribution people put into those. I'm thinking now of that great number who don't participate in pensions of any kind, yet they are obligated year after year to meet the liabilities of the cabinet decisions to increase those very pensions for the recipients. I wonder if consideration has been given to increasing the contribution to the pension funds prior to retirement.

MR HYNDMAN: Of course, the hon. member is right that that would not have any effect with respect to those receiving pensions. But in future, there is no question that when there is continuing inflation, and bearing in mind the fact that pensions have to be based on a sound actuarial basis, there could well have to be in future, as is now being discussed with the Canada pension plan, increases, both employee and employer, in order to provide the deferred income that is deemed to be socially desirable. Bearing in mind the reality of actuarially and properly funding pensions, and the fact that both the employee and employer have to take that responsibility, certainly we cannot rule out that there would have to be increases in future years with respect to any and all pensions in this province.

MR GOGO: Just one final one, Mr. Chairman. Recognizing that the billion-odd we're spending each year in the health delivery program, with the primary purpose of extending lives, we've seen the life expectancies rise somewhat significantly. Along with that, because pensions are term certain and life payable, people from the public service receive their pension for as long as they live. The fact that life expectancies are increasing, I would think there would be some good arguments to put in place that the percentage contribution should be reviewed on the basis that, actuarially, the future liabilities of the government are realistic. They're going to go up and they're going to be there. So I would think that's another factor for consideration in considering the amount of the pension contribution as a percentage of income.

MR HYNDMAN: That idea is worth exploring, Mr. Chairman. On the detailed question, I ask Mr. O'Brien to comment on the \$12,000 gratuity.

MR O'BRIEN: Thank you. Mr. Chairman, I'll confirm that item and report the \$6,000 item to the member. My recollection is that that is an historic amount that was authorized by the Lieutenant Governor in Council under one of the pension Acts, to provide a pension outside the terms of the normal public service pension, and it's a continuing item in the accounts that goes back some years. Perhaps we can research the precise background and provide the member with that information.

MR GOGO: I'm not that concerned about it if it's an exception. If it's a change of principle, that would be my concern. If it's an isolated incident where the government felt it should receive special treatment, I wouldn't want to put them through the expense of digging that out.

MR O'BRIEN: Fine. It's an historic item that was approved some years ago for, I believe, a very small number of individuals.

MR STEVENS: I wonder if I might ask the Provincial Treasurer and his officials if he would look at his recommendation No. 32, page 17, dealing with travelling expenses. It is the Auditor General's recommendations on page 33 of his report. I appreciate the Auditor General's reports, and we all do, which say that measures need to be introduced, and so on. But I notice also that our concern as members is that employees are neither asked to subsidize the cost of government or invited to indulge themselves. My question is this: many employees have expressed concern that the system requires that it takes several weeks for them to receive reimbursement after an expense has been incurred. Alternatively, the concern is expressed by members of the public that the procedures become so involved that it takes more and more public service to manage the system. Can you advise from both those points of view? What satisfaction do you see happening? In other words, are the employees' needs to be reimbursed balanced with the government's need to ensure expenses are carefully managed? I think there's a fine line there. I don't know whether it's two weeks or six weeks. But I have this feeling that there is some concern there.

MR HYNDMAN: I guess, Mr. Chairman, it's a balance. There is a responsibility on government as a trustee for public funds to ensure they are adequately accounted for. The Auditor General of course has a major responsibility in reporting on systems which would do that. By the same token, bearing in mind that perhaps the amounts here on an individual basis are quite small, no one wants an army of new public servants who are required to go through and double and triple check items of very small amounts. I think it should be remembered that the procedures do allow for an advance to public servants, which I think simplifies a great deal of the time and effort required. Certainly the system is predicated on the basis that all public servants using the system are properly and honestly doing so.

So the objective is the balance between a reasonable degree of accounting of public expenditure and public moneys, yet not tying up the whole system in red tape.

MR STEVENS: Are the advances referred to in a section of the report that we might refer ourselves to? Are they listed as a total sum?

MR O'BRIEN: The advances are reported in the financial statements, but those would include advances of all natures, including petty cash funds, impressed accounts for departments, as well as travel advances to public employees. But that information would be available.

MR MAGEE: Mr. Chairman, I wonder if the Provincial Treasurer could address himself to the tabulation of recommendations that were contained in the Auditor General's report, specifically item No. 7, 8, and 9. I want to explore it from this point of view. While this made reference to the Wapiti facility at Grande Prairie and its use by the Salvation Army under the auspices of the Department of Social Services and Community Health, there were some comments of reply to those recommendations by the Provincial Treasurer's Department in which it went on beyond the Wapiti situation. The department stated it was undertaking a review of all Crown space to ensure that lease agreements are in place for all non-government occupants. It went on further to say that departments of Government Services and Housing were improving procedures for co-ordinating building services and lease space, which is the most usual form of common services. Then, further, it went on with

recommendation comments in 11 whereby the administration of the system has been transferred to Alberta Government Services, who is reviewing the feasibility of making it available to all government departments and agencies. At present the contract registry system is not available to users other than Housing and Public Works.

This all begs a question in my mind as to the progress being taken as a result of those recommendations and the comments that have been passed on. It brings to mind a somewhat isolated space or problem; for instance, a day care centre at Michener Centre. There are vacant buildings which a day care centre has been utilizing, paying good rent, and were notified they had to vacate the facilities at the end of this year. Through representation on the part of the Member for Red Deer and the day care centre, we were able to get a one-year extension, but a very firm statement that they must vacate that facility come December 31, 1982. I wonder what sort of control is really being established to utilize government spaces that may not be being used for other purposes, that could be utilized by other departments to a greater degree -- if this is an indicator of how some things are going. I'm just wondering how the process is progressing and what results, if any, are coming forward so that some of our spaces could be rented -- maybe not in the very large centres of communities such as Edmonton and Calgary where everything is totally utilized, but maybe in some of the other areas around the province that we could utilize that space to the benefit of users who might not want to build and invest in a facility in these high interest rate times.

MR HYNDMAN: Mr. Chairman, I think the general approach of the government is to only have, either in terms of ownership or by lease, sufficient space to carry on the activities of government, and if they are surplus at some time, then to either let the lease lapse or sell the property. In other words, the general approach is not to simply go out and acquire space that might be used some time in the future. So, if there is surplus space at some time, the general policy would be to let it go. However, the member is right in the sense that from time to time, because the operations of government and the services which are delivered are very large and very vast, there are surplus spaces usually temporarily available.

Certainly, as has been pointed out, in Red Deer and other areas, availability of that space is made available from time to time to private entities. But I think it would always have to be on a short-term basis, because if the space is not going to be needed, it should not be left within the government inventory. It may well be that the Minister of Government Services could offer further comment on that. What we're getting down to is that if that is done, there has to be an accounting from that private entity who gets the temporary lease of the property, just the same way the Salvation Army was involved in Wapiti Lodge. I think there is nothing wrong with doing that. Recommendations 7, 8, and 9 quite properly flag and point out that there has to be some reasonable and rational accounting, even in areas where you're dealing with provision of services through very able and solid volunteer groups, such as the Salvation Army.

MR CHAIRMAN: Does that cover your question, Mr. Magee?

MR MAGEE: Mr. Chairman, I take it that following the comments following the recommendations of the Auditor General's report, there will be a complete assessment, and as time goes on no doubt we will know what facilities will be available for use for leasing and so on. I assume that will eventually come

to pass and that communities will be aware of what is available to them for leasing purposes.

MR HYNDMAN: I think that would be a side effect of the review. The fact of the situation at Wapiti points out the value of having lessons learned from one single incident that can be applied across the system. If MLAs locally in their particular ridings have enquiries with respect to the possible use of apparently surplus government space, I'm sure the Minister of Government Services or the Minister of Housing and Public Works would be happy to look at it.

MR MAGEE: Thank you, Mr. Chairman.

MR KUSHNER: Mr. Chairman, my question basically stems from the questioning brought out by Mr. Gogo. Being a member of the select committee on worker's health and safety compensation, I wonder if the Provincial Treasurer could advise whether or not sufficient moneys have been allocated for the pensions required by the Workers' Compensation Board. How would they be evaluated and assessed?

MR HYNDMAN: I think I'll ask Mr. O'Brien to elaborate on that. As members know, the contributions with respect to workers' compensation are from the private sector as well as the government. The moneys received into that pot from those two sources are invested, the objective being to pay out the various benefits under workers' compensation. In the past, there has been legislation which has injected extra moneys not based on the employer contribution, into the workers' compensation fund to help some situations of historical anomalies where pensions were exceedingly low.

On the investment aspect of the fund, I would ask Mr. O'Brien to comment.

MR O'BRIEN: The financial statements of the Workers' Compensation Board are found in Section 7, page 7.9, of Volume I of the Public Accounts. The notes to the financial statements deal with the treatment of liabilities. By relation to the pension fund, basically I think the Workers' Compensation Board does have a fully funded reserve to meet its estimated future liabilities. The extent of those reserves is shown in the financial statements. The notes to the financial statements, note 7, show that the pension fund was considered to be \$3,108,000 less than the present value of the liabilities for pensions. So, it's funded except to that extent.

MRS CRIPPS: What happens to the interest from that fund, the on deposit?

MR O'BRIEN: The workers' compensation fund interest is paid back into the fund, earned by the fund.

MRS CRIPPS: Into the fund that's held in trust, you mean?

MR O'BRIEN: Right. Into the Workers' Compensation Board reserve fund, yes.

MRS CRIPPS: I understand that that was a trust fund.

MR HYNDMAN: It is a trust fund, in the sense that it is held in trust for those present and future recipients of workers' compensation benefits. But it is a separate, identifiable account.

MRS CRIPPS: And the interest goes back into the separate, identifiable account?

MR HYNDMAN: Right. The interest does not go into general revenue.

MR WEISS: Mr. Chairman, I realize that last year we discussed in great depth and detail concerns about travel expenses in relation to government employees. I still have some concern with regard to the government stated policy on reimbursal subsistence and travel expenses. I share the concern, as I'm sure other members do, that there is not that excessive travelling expenses, especially in relation to hotel expense. We as MLAs know we look for the bargains in the area, in the \$21, \$25 a day hotel rooms . . . (interjection). Yes there are, sir. We're staying in them. Yet we see people still coming and travelling and spending \$85, \$90 a night to attend a day meeting, where they are really using that hotel for a short period during the evening. I appreciate there are some guidelines or a stated policy whereby they submit receipts and there is a hotel booklet printed of hotels that offer government discounts and rates. But is there no control? What is happening within the departments that somebody says, gee, you go to a meeting and can stay in a \$150 hotel room. Certainly, we're subject to questioning by the public at large, and I don't blame them. I would like to emphasize the fact that -- if a meeting were to take place in this building by a department or government official attending from another area, that department or government official should in all probability stay in a hotel that is close to this location, rather than in the downtown hotel sector where they're \$85, \$90 a night rooms. I think we have to look at this expenditure, and I would like to know if there are any guidelines or policy that clarifies that.

MR HYNDMAN: Mr. Chairman, I think we're getting a little beyond either my responsibilities or those of the Auditor General, in the sense that this is a policy matter, where there may be differences of opinion. It's not up to the Controller of the Department of Treasury to quarrel with or question what the policy is with respect to what public servants acquire what accommodation. Our major obligation is to ensure that if a public servant was in hotel X, the amount he or she claims was the amount of the charge for the room. There may well be room for debate or discussion of that, but it's not within the purview of the Auditor General or the Department of Treasury to change those regulations.

MR WEISS: Then I'm concerned that you say it's not within the department, yet the policy is still administered and set by your department. Perhaps the Auditor General would wish to make those as firm recommendations, that some of these controls could be implemented.

MR HYNDMAN: The policy is not made by the Department of Treasury or the Controller. That should be important to know. If it can be varied, it would have to come from the public service administration, I believe, as a recommendation. Perhaps the Auditor General wishes to comment.

MR ROGERS: Mr. Chairman, I think this is very much a matter of individual departments and the supervision people receive. For instance, the potential cost of a trip is determined and approved ahead of time. At that time, one of the factors is the accommodation. Controlling of this is through management in the departments. Of course, Treasury's function as the controller is to

pay legitimate expenditures or make legitimate payments where services have been received. I think this is a matter of directive from the personnel administration office if a different policy were to be decided upon. My job certainly is to see that the policies and the systems that administer the policies are as efficient as they can be.

MR KOWALSKI: Mr. Chairman, I was not going to raise this until I heard the comments of my colleague from Lac La Biche-McMurray. If we are straying away from the basic question at hand, please so indicate, Mr. Chairman, and I'll withdraw what I have to say. I'm very concerned, and I raised this point earlier in the spring when we discussed this report and some of these questions and recommendations. I'm very concerned about a centralist tendency in cases with respect to controls that are being directed from one office of government to other departments of government. I strongly believe that senior managers of the various departments, agencies, and commissions of government are very responsible people and in that light must be treated as responsible people. When it comes to decision-making which would include the allocation and identification of which hotel an individual would stay in, certainly that's a prerogative of the department and the senior deputy minister, the deputy minister, or the assistant deputy minister. I think we'd be very remiss if it was our view that there had to be one identification only of particular hotels and it had to be cleared with a central body located in any agency or department of our government -- it may be Treasury, it may be the Auditor General's office, and the like. We have responsible senior officials in all departments, and surely, as responsible senior administrators, they must have the ability to make decisions in these areas for the benefit of and the policies followed in that department, and really for the morale of the senior people and other officials in that department. There has to be an increasing amount of decentralization of authority rather than an increasing amount of centralizing of authority.

MR HYNDMAN: I confirm that that is where the decision-making now lies. It lies within each individual department to set the guidelines as to the nature and quality of accommodation that the people in the department will acquire. It's a question of policy as to whether or not that should remain the same or be further centralized or be further decentralized.

MRS CRIPPS: I would like to say that notwithstanding what Mr. Kowalski has said, it is a concern of the citizen out there, and since it is in the Auditor General's report, it's worth mentioning. It is a concern of the citizen out there that government personnel stay in the most expensive hotel in town rather than the medium ones, which are relatively as nice, with the exception of the whirlpool. In recent weeks, I have had complaints about just that situation.

MR R SPEAKER: Mr. Chairman, I'd like to relate to the Public Accounts, 1979-80, and I guess that's the object of our study, in terms of page 1.4. It talks about the assets and investments available to be made by the Provincial Treasurer under, I understand, The Financial Administration Act. I would like to minister to comment on whether the formal plan for the investment of such funds that can be used in terms of a performance measurement tool and a formal organizational structure for approval, implementation, and reporting of such areas as investments, in terms of marketable securities, long-term investments

. . . Could the Provincial Treasurer comment on what type of procedures are in place at present to make the investment, and to ensure good accountability?

MR HYNDMAN: Mr. Chairman, there are plans and procedures which are available. All of them have been reviewed by the Auditor General. He has commented upon them or not commented upon them as per the annual report. So various systems are in effect, and they are constantly and have been reviewed by the Auditor General. If they are not in the annual report, he is satisfied with them I would presume.

MR R SPEAKER: Mr. Chairman, as of February 20, 1981, in terms of the Alberta Heritage Savings Trust Fund, that formal plan for the investment of such funds to be used in terms of a performance measurement tool and formal organizational structure for approval, implementation, and reporting, was not in place satisfactorily. Would the same comment, from the Provincial Treasurer's knowledge, apply to the General Revenue Fund, in terms of where there are also millions of dollars being invested by the same means? There are investments here in the billions of dollars.

MR HYNDMAN: The hon. member is incorrect in suggesting the time line. The review he is relating is done by the Auditor General essentially with respect to the systems in 1979. As the Auditor General has stated, there were always plans in effect. There always have been, ever since the beginning of the heritage fund. They were made more formal subsequent to the recommendation by the Auditor General. That is the way the situation is as of now and after 1979.

MR R SPEAKER: Mr. Chairman, my question was relative to the general revenue expenditures of the province, not the Heritage Savings Trust Fund. I'm aware of the situation there. My question was: did the same situation exist with regard to investments -- and there are moneys left over. There is cash available. There are short- and long-term investments that occur. Were the same changes made with regard to the investment of moneys in the General Revenue Fund of the province of Alberta?

MR HYNDMAN: I gather they were not necessary.

MR R SPEAKER: Mr. Chairman, could the Treasurer indicate why they were not necessary in that instance but necessary in terms of the Heritage Savings Trust Fund investments?

MR HYNDMAN: I don't know the detail, but of course, as the Auditor General has pointed out, the Heritage Savings Trust Fund up to 1979, when he made some comments, was not involved in an ever-increasing and faster moving range and nature of making of investments. It was because, (a), of the fact that a lot more activity appeared to be coming down the road in terms of heritage fund investments in 1979, and also because of the erratic volatility of the market at that time, when it was felt that plans which had been in existence for a number of years should be made more formal. The plans had always been there. That situation is quite different from the General Revenue Fund, where the investment picture had been quite different. Therefore, in my understanding, there was not a similar situation in the General Revenue Fund so there was not the same kind of advice with respect to making plans more formal.



MR R SPEAKER: Mr. Chairman, are traders involved in making investments in terms of the surplus dollars from the General Revenue Fund, as they are involved in investments under the Heritage Savings Trust Fund?

MR HYNDMAN: Yes. They wouldn't be anywhere near similar in terms of the number of decisions made.

MR R SPEAKER: Mr. Chairman, could the minister indicate then whether when the traders in that situation under the General Revenue Fund were in a position to explain the rationale for purchases and sale transactions long after any events or investments they made, and were they able to provide that information to the senior investment committee or the senior personnel of the Provincial Treasurer?

MR HYNDMAN: I don't know the detail of that, Mr. Chairman, but the point is that all matters with respect to the trading and the reviews of the General Revenue Fund, in my opinion, have been completely satisfactory, because I have not seen any recommendations with respect to them in the annual report of the Auditor General. From time to time, there may have been areas of audit advice, and of course if those areas of audit advice are subsequently followed up in a positive way to the satisfaction of the Auditor General, they are not reported in the annual report.

MR R SPEAKER: Mr. Chairman, could the minister assure us that traders made daily notes and retained them as memory aids for investment activities to assist in the preparation of management control information for senior personnel of the department or senior investment management? I ask the question because that was the concern under the Heritage Savings Trust Fund investments. Was the minister assured that that type of activity was taking place?

MR HYNDMAN: Mr. Chairman, again, the fact of the Auditor General's satisfaction with those procedures is what is adequate, in my view. We rely on the Auditor General to draw a conclusion as to whether or not they're adequate. In my view, that has been implicitly indicated.

MR R SPEAKER: Mr. Chairman, my final question is relative to the General Revenue Fund and the investment procedures. Could the Provincial Treasurer indicate whether a management letter or document following the use of audit working papers was directed to the Provincial Treasurer relative to a matter such as the one I've just raised?

MR HYNDMAN: No, I do not recall getting one of that kind.

MR CHAIRMAN: Any further questions to the Provincial Treasurer? If there are no further questions, on behalf of the committee, Mr. Minister, I want to thank you for bringing information to us this morning.

There won't be a meeting on November 11 as a result of it being a holiday. In the event that we haven't prorogued by the following Wednesday, we've got Education and Housing. Is there any change the committee wants on this? Mrs. Cripps, I'll talk to the Minister of Environment and see what chance we have.

MR GOGO: Will we be discussing who we want here on November 14? Is that appropriate? Maybe the committee feels we aren't going to be here.

MR CHAIRMAN: We have two departments we have requests for, Education and Housing. I would think that would be a fair list, unless someone else wants to add another department. That's kind of pessimistic.

MRS EMBURY: Mr. Chairman, you mentioned the two departments we're going to look at. I suggest that, in view of the fact that some of the people apparently have not seen that report, it could be distributed. Then following those two departments, we could book a day to study that report. If we have some indication of the date and whatnot, hopefully all individual members will have thoroughly gone through it so we could have a productive discussion of the report.

MR CHAIRMAN: I appreciate those comments, Mrs. Embury. Anyone who doesn't have this Canadian Comprehensive Auditing Foundation report, hold their hands up. Shelley will check you off and get back to the Auditor General. He'll see a copy is sent to you. I can see the press has a lot more concern about it than members. Shelley will see you get a copy of this report so you can study it, and we'll deal with it at the appropriate time. Can we have a motion to adjourn? Mr. Kushner. All in favor?

HON MEMBERS: Agreed.

*The meeting adjourned at 11:23 a.m.*