

[Chairman: Mr. Pashak]

[10 a.m.]

MR. CHAIRMAN: I would like to call the meeting of Public Accounts to order.

The first thing I'd like to do is have the agenda distributed, and I would entertain a motion to adopt the agenda as distributed.

MR. HERON: So moved.

MR. CHAIRMAN: So moved. Agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Question? Okay.

MR. McEACHERN: If we approve this agenda as it is, when or where are we going to discuss the order of appearances of people before this committee? We passed the motion last time that we would accept all 25 departments on the list, but we did not accept the order other than just temporarily while we had another chance to look at it. I see nothing on the agenda to deal with that problem.

MR. CHAIRMAN: Well, I think it was quite clear at the last meeting, hon. member, that we did agree to an order. There was a suggestion made by one of the members that if you cared to move another ministry ahead, you could do that by making a motion.

MR. McEACHERN: Well, I would point out that there are five very important ministries that spend a lot of government money, much more than some of the ones that are on the first 14.

MR. CHAIRMAN: You're out of order. We're not debating the issue; we're looking at the agenda, and we're trying to get a motion. The motion on the floor is to approve the agenda as distributed.

MR. HERON: I just want to, perhaps on a point of order, draw the hon. member's attention to page 2.88 of our minutes wherein it says: "Moved by Mr. Downey that the following departments, in the following order, be examined by the Committee . . ." And that was carried.

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Well, we can deal with the issue when it comes to the minutes, is my ruling. I'm just asking that this agenda be adopted as distributed. Okay?

MR. MUSGROVE: I'll so move.

MR. CHAIRMAN: Mr. Musgrove has moved that the agenda be adopted as distributed. Are the members agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Agreed.

The second item of business on the agenda is the approval of the minutes of April 13, 1988, of the committee meeting.

MR. HERON: So moved.

MR. CHAIRMAN: Moved by Mr. Heron. Any discussion on the minutes as distributed?

MR. McEACHERN: Well, in the discussion about the order of departments coming before this committee, the Member for Edmonton-Meadowlark and myself did not accept the order and tried to separate that from the motion to have those 25 listed. We all know there's 25, and to just list 25 doesn't really make a lot of sense. Some of the members insisted that the order be implied in that. I would just point out that there are, in fact, at least five major departments that are not on the first 14, and if we're assuming that this committee is only going to sit during the remaining weeks, we are not going to get . . .

MR. CHAIRMAN: Hon. member, we're dealing with the minutes of the previous meeting. If you're suggesting that they're inaccurate or in error in some way . . .

MR. McEACHERN: I'm suggesting that at the end of the discussion on that, although you insisted on railroading that through, as did some of the members of the committee, nonetheless, you did say at the end of it . . .

MR. CHAIRMAN: I'd like to draw to the hon. member's attention that I have all the prerogatives, as Chair of this committee, that the Speaker of the Assembly has. If you're going to make the statement that I'm railroading something through, I'm going to put you on notice.

MR. McEACHERN: But we did try to make the point that they should be able to discuss the order, and you insisted we could do that afterwards. And what it amounted to afterwards was the statement by yourself that if somebody wanted to bring one of the departments forward, we would be allowed to do that. I would now like to move that several of them be brought forward, and if we follow the statement of the Member for Stony Plain, I will not be allowed to do that.

MR. CHAIRMAN: You're out of order. That has nothing to do with the minutes.

Okay, on the minutes.

MS LAING: Mr. Chairman, perhaps we could deal with that issue under Other Business, number 4 on the agenda?

MR. CHAIRMAN: Certainly. The member has the right to raise any issue.

MR. McEACHERN: Well, I wanted to put it on the agenda, and you told me we had to go through this order as it is and approve the agenda.

MR. CHAIRMAN: We could put it under Other Business.

MR. McEACHERN: We should have done that before we accepted the order of the agenda.

MR. CHAIRMAN: I'll call for Other Business, and at that point you can raise the issue.

All right. On the adoption of the minutes of the meeting of Wednesday, April 13, are we agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Now, today we have with us the Auditor General of the province of Alberta, Mr. Donald Salmon, and he has with him his executive director, Mr. Michael Morgan, who is a key person in preparing the Auditor General's report. So with that I would open the meeting for questions of the Auditor General. I'll try to recognize people as they indicate.

Mr. Heron, would you like to begin?

MR. HERON: Certainly. Thank you, Mr. Chairman. Did you want us to start right off with straight questions, or would you like to make a presentation or . . .

MR. CHAIRMAN: Yes, it's rather traditional to allow the Auditor General to make a statement about his audit, and so I will.

MR. SALMON: Thanks, Mr. Chairman. I'll just take a few minutes, if I may, and just comment on the report itself. It just may set the stage for -- I know by the list that there are many questions, and I'll just comment on a few things.

The Auditor General's report, as you're aware, comes under section 19 of the Auditor General Act and was released on March 7. I wanted to, maybe, for the record just explain that again, as we did last year. The chairman of the Standing Committee on Legislative Offices, Fred Stewart, provided a news release that day. It's in a sense unusual to release the report outside of the Legislative Assembly, so we go through a process that was decided upon by legal counsel. That's the process where he would issue a release; there were certain press, radio, television, questions that I answered, but there was no formal news conference held.

This was similar to last year, and the reason why we like to release the report when we do is because it was not only printed and available but also the Public Accounts had been released the previous Wednesday, on March 2, by the Provincial Treasurer. Therefore, there would be no reason to hold the Auditor General's report. It is not logical to release ours before that time because we have information in there on the financial statements of the province, and therefore it wouldn't be right for the Auditor General to release that information. But Mr. Stewart cleared with the government and the opposition parties to release the report outside of the session, and therefore that's the process we have done the last two years. It seems to be a fairly reasonable way of giving everyone a chance to see the report prior to the session.

The period, of course, is the '86-87 year. The report has been designed to cover in section 1 an overall assessment of my office with regard to being satisfied in all material respects with respect to the accounting for revenues and expenditures of the province and, of course, listing within there the findings and recommendations which would indicate a need for improvement in the financial administration in some areas.

Section 2 is the broader section covering all of the aspects of the recommendations that we've made to the Assembly. We've made 48 recommendations this year. Thirty of those recommendations pertain to systems improvements within various systems of the government departments as well as the Crown agencies, and also there are some recommendations with respect to non-compliance with legislation and some accounting policy changes that are needed.

In completing the audits throughout the year, we've had many exit conferences and many management letters, but I would like to report that I am pleased with the positive re-

sponses generally received by management concerning findings and recommendations and, often, the prompt action taken to correct and improve internal control and some of the system's weaknesses that we were able to identify.

With respect to the noncompliance issues which we've reported, we have discussed those carefully with management, they have been reviewed very carefully with our legal counsel, and all of the wording was carefully checked before we finalized them. I have considered why some of the recommendations included were included in previous reports, but some of those are difficult to resolve and others have carried on for many years because of lack of action.

My staff, of course, receive good co-operation from management and staff throughout all of the audits. In the balance of the report, which just covers the aspect of section 19 in which we report the work of the office, I have described the reporting criteria, a listing of the reservations of opinion on various financial statements throughout that year, and comments on public accounts as well as some of the statistics relating to the consolidated statements and included this year some commentary on the public accounts that will be a bit of an explanation of some of the regular questions that keep being asked each year.

Section 4, of course, covers the role of the Auditor General and my organization as an office and what we're doing there.

I believe that's a general review of the report itself. It might be of interest to note that five departmental sections in the report have four or more recommendations within each. For instance, there are four recommendations to the Treasury Department. Three of those are repeats of previous years: an old standby report on the unrecorded pension liabilities, tax expenditures, and deemed assets; and also another recommendation this year, a new one on a suggested improvement in a new computer expenditure system of the government.

In the Department of Advanced Education we had six recommendations, and those are mostly pertaining to the department, in three of those cases, and in the other cases there are specific colleges and institutions covered.

In the Department of Energy we had four recommendations. Three of them were within the department, pertaining to gas injection systems, oil and gas production, and also external reporting of volumes of gas. And we had a noncompliance issue with respect to AOSTRA.

There were eight recommendations within the Hospitals and Medical Care department, and all of those pertained to systems improvement.

We had seven recommendations within the Department of Social Services; also, all of those were in connection with various systems that we examined.

There are recommendations for 13 other departmental sections, ranging from one to three recommendations of various types within them.

This is just a brief overview, Mr. Chairman, and I would be happy to address any particular questions on any of the recommendations or other matters within the report.

MR. CHAIRMAN: Thank you very much, Auditor General.

Mr. Heron, did you want to begin the questioning?

MR. HERON: Thank you very much, Mr. Chairman. I would like to focus on two of the principles of accounting -- that is, materiality and consistency -- and look at recommendation 10 on page 29, where it suggests that the Attorney General improve its procedures to improve the accuracy of recording the

revenues. Have you got it there?

This recommendation is based upon the fact that about \$2 million in revenue is classified as miscellaneous. Is a \$2 million miscellaneous account really that significant in terms of the department's total revenue? The note stands out when you look at \$2 million, but as a term of a percentage of the total budget, of course, it's very, very small. This brings into question the accounting concept of materiality.

MR. SALMON: Mr. Chairman, to discuss materiality is one in which many debates can take place, because you get into professional judgment as to what is material and what isn't. With respect to the report, we must make a decision in each case, looking at the individual departments and the findings on those departments as we review them, as well as on the various provincial agencies. This particular one may not be material in the sense of the overall department, but in a classification of several million dollars it can be fairly distortive over a period of years if the matter of deciding what kind of revenue this is and where it's accounted for -- it could be of concern in their budgeting process.

Also, there seem to be some other weaknesses with respect to accounting for the flow of moneys and the supporting of the moneys that were coming in. It wasn't a case of loss of dollars; I recognize that. Therefore, it was more of a systems improvement area. It was decided that it was material enough to include, because of the nature of the organization -- dealing in many courthouses and so forth -- and it's looked upon in that sense rather than the \$2 million. We could have left out the \$2 million, but it does give a perspective as to what you're talking about.

MR. HERON: Thank you. Mr. Chairman, I draw an analogy then, to, say, a restaurant. Somewhat smaller and oversimplified, but to properly look at this problem, I think we could draw the analogy that if you had revenues coming in and you classified them as meals and chocolate bars and cigarettes -- and there are only so many categories you want -- then you put miscellaneous over there. Are you saying that the department's accounting procedures are inadequate, or do they follow very closely the parallel that I've drawn? Is it more a matter of equipment, for example, such as cash registers which are not of sufficient technological sophistication to accommodate enough revenue categories, as you find in many small businesses? Could this kind of a parallel be drawn, that in fact the dollars are there; they're properly accounted for -- it's just the labeling of the dollars?

MR. SALMON: I would say, Mr. Chairman, that's a reasonable analogy.

MR. HERON: What kind of measures can be undertaken to ensure that a large sum is never again inadequately classified, though?

MR. SALMON: I think they could improve their system to break that down, whether it's an improvement in the cash registers or just some accounting for the kind of revenue they're getting and classifying it in a different manner. I believe they could have done some analysis as well to report it a little bit better at the year-end.

MR. CHAIRMAN: Okay.

Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. My questions relate to pages 20 and 21 of the report, with regard specifically to Medicine Hat College and Olds College. I note in both those cases that the colleges' June 1987 audit was not complete at the time of this report, March 7, 1988. I'm wondering if there are any specific reasons for this.

MR. SALMON: Mr. Chairman, we have made it a point over the past several years of trying to include the colleges which have year-ends in June in the year previous if they have come together, from an audit point of view, prior to the inclusion of the report to the printer. In these particular cases we didn't have them done.

There is no special concern. Both of the colleges are done by agents of the Auditor General. There was some delay in completing the work; therefore, the timing was just a little off. They've both been now cleared. We do not have to include them in this particular audit year, but it makes a lot of sense. Otherwise, it's over a year and a half before you get any indication of what went on; therefore, we try to include them; therefore, those comments. But there's nothing that has come out. They're all cleared now.

MR. DOWNEY: Just for clarification, Mr. Chairman, you say both these audits are completed as of now?

MR. SALMON: Yes.

MR. DOWNEY: Thank you.

A supplementary then, Mr. Chairman, particularly with regard to 2.4.23, Olds College. I note what could be viewed as maybe some rather serious deficiencies with regard to recording sales and cash receipts, maybe primarily of farm produce. I note that the college is not preparing monthly bank reconciliations. I'd appreciate your opinion on how serious those deficiencies are.

MR. SALMON: Mr. Chairman, at the time they were significant enough to include in a management letter to the college. We have found some improvement in this past audit, on which we were not able to comment in here. We'll follow that through further as we do additional work at the college. There's certainly an acknowledgment by the college of their concern, and I don't believe we'll see a repeat of it.

MR. DOWNEY: Thank you, Mr. Chairman.

MR. BRASSARD: Supplementary to that, Mr. Chairman.

MR. CHAIRMAN: I'll let Mr. Brassard pick up Mr. Downey's supplementary.

MR. BRASSARD: Was there any indication, Mr. Salmon, of wrongdoing or of any criminal type of activity?

MR. SALMON: No, not in this case. We have had some in the past in several of the colleges but not in this particular audit, no.

MR. BRASSARD: . . . specifically as it relates to Olds College in my constituency.

MR. SALMON: ...consistence problems that they had let slide.

MR. CHAIRMAN: Mr. Fischer.

MR. FISCHER: Thank you, Mr. Chairman. My question is on the university section on page 16. It states that an audit was completed for the University of Lethbridge, but your report does not comment on the audit. Are we to assume by the lack of comment that there are no problems of financial control in an organization?

MR. SALMON: Yes, Mr. Chairman. In order to include an indication of the work of the office, we have listed in various sections those audits where we have completed the audits but there is considered to be nothing of significance to report within the Auditor General's report.

MR. FISCHER: A supplementary. The Dupré task force report noted that there were some interesting problems of organization at the University of Lethbridge. In particular the university had failed to complete negotiations with Advanced Education for funding of the fine arts program, which they were entitled to and eventually received. Could you comment on this situation?

MR. SALMON: Are you referring to something that's not in the report?

MR. FISCHER: The Dupre task force report had noted that the ...

MR. SALMON: We had chosen not to comment on Mr. Dupre's report. We were aware of the report, and we knew some of the things in it. The timing of that versus the completion of the report were such that we did not want to comment. There are some references in here to some of the things we were doing that are similar, but there has been no comment on his report.

MR. FISCHER: Okay, thank you.

MR. MUSGROVE: Mr. Chairman, on page 6 of Mr. Salmon's report he recommends that

Provincially-owned universities, colleges, technical institutes and hospitals be included in the consolidated financial statements of the province ...

Now, we recognize that there's been a couple of problems in Medicine Hat and Olds, but could you outline to the committee some of the advantages of the approach? In other words, is there an advantage for all universities to do this?

MR. SALMON: Mr. Chairman, this was an item we had in last year. We included it last year for the first time for a particular reason. As you are aware, when you're reviewing public accounts, which you will be in detail as you have that opportunity in later meetings, there is at the beginning of the public accounts a set of financial statements called the consolidated financial statements, which includes the General Revenue Fund and 80-something other organizations in a combined financial statement of those entities, giving a bottom line of a particular figure. I don't want to quote it offhand for fear that I'll quote the wrong one. That financial statement does not include the colleges and universities.

There have been some studies made in the standards setting body of the public-sector accounting and auditing committee of the Canadian Institute of Chartered Accountants. The subject is called the "entity question," as to what should be in a government financial statement, and the question is designed to determine what entities should be included in the overall financial statement of a province, or the government of Canada for that matter. They have come to the conclusion that there should be some consideration to including all organizations which are controlled and under the direction of the government itself.

We have felt for some time that because these are not included, the bottom line of the consolidated financial statements would change if they were included. The results would be a little bit different, maybe not significant but certainly sufficient to know that they are all under the control of the government. We do not feel that there would have to be any further exercise of management by the government or by Treasury. It would be strictly a matter of an accounting process to include them.

There may be further debates that will take place as the public-sector accounting and auditing committee make their final recommendations on what should be done, but at that stage we will have further discussions with Treasury. At this time we've left it in just because we feel it's important, because that issue is still in abeyance as to where it will go.

MR. MUSGROVE: Does this mean that because of private accounting firms there was some problem with the system of accounting that makes them not equal in their audit?

MR. SALMON: No; this is a case of where, because the public sector does not have standards for public accounting within financial statements, there should be some guidelines in which you could measure one province against another or one municipality against another because there are not specific standards presently set. The Canadian Institute of Chartered Accountants is trying to develop some which would be acceptable to the governments across Canada as well, and there are various volunteer individuals involved in the development of those standards.

We feel that this is just an anomaly here, where these 18 institutions are -- they are tabled in the Legislature separately for an accountability process, but they're not included in the consolidated financial statements of the province.

MR. MUSGROVE: Mr. Chairman, do the other provinces and the Canadian government include those in their audits?

MR. SALMON: There is a difference between various provinces as to what is accountable within their financial statements. British Columbia, Quebec, Alberta, and Canada to some extent do have consolidated financial statements. None of the other provinces at the present time has such statements, but most provinces are considering them.

MRS. McCLELLAN: My question is on pages 9 and 10, in that you recommended that the Department of Advanced Education in conjunction with the academic community "clearly define responsibilities for the co-ordination of postsecondary education within the Province." At present you identified the situation as one in which the department monitors education needs and priorities through various informal procedures. I guess my question is this: is there any evidence that the informal proce-

dures currently being used are deficient in their monitoring capabilities?

MR. SALMON: This is a case of looking at the system and determining whether there would be a benefit in considering whether they were properly handling it. There have been some discussions with the department. They are quite satisfied that the processes they are presently using are satisfactory to them at this particular time and do not want to increase any monitoring processes that they may not be doing at the present time.

It's been included here because we have included it for two years. We haven't raised this to the level of an italicized recommendation, but it is there for purposes of recognizing that discussion was ongoing in this last audit. We do not feel, as we indicated in the last sentence, the need to include it again, and probably will drop it and monitor it in a much lower key method in our next audit of the department.

MRS. McCLELLAN: Just a supplemental, then. In your feeling is there evidence that this has caused education needs of our students to be unfulfilled because of this type of system?

MR. SALMON: We didn't go so far as to determine that kind of process. We were looking more at the system and saying: "Hey, you know, you're not doing this. Maybe it would benefit you if you did." They have chosen not to do that, and we'll leave it at that.

MR. CHAIRMAN: Rev. Roberts.

REV. ROBERTS: Thank you, Mr. Chairman. Just reading the *Globe and Mail* and I'm glad that our Auditor General hasn't received the same grilling that the federal Auditor General has. You don't have any expensive videos that you're producing, do you?

MR. SALMON: I can assure you that I don't.

REV. ROBERTS: My question is, perhaps, of a more general, philosophical nature, maybe found under the terms of the Act. But I've often wondered . . . I just would like some comment to get on the record the Auditor General's responses to some of what I've perceived to be a difficulty of having to investigate the wrongdoings and then making recommendations that are critical of the government that in fact has such power, and the whole difficulty of biting, in a sense, the hand that feeds you.

I'm wondering, given your recommendations over the lotteries, the Heritage Savings Trust Fund, and other recommendations where there has been, as you say, no compliance, whether you and your office are getting in a sense more frustrated by your role or feeling more courageous and more aggressive, that you have to get even more bold in terms of your recommendations and how you bring them forth to the public.

MR. SALMON: That's a philosophical question.

MR. CHAIRMAN: It is a philosophical question, and it's not . . .

MR. SALMON: I can answer that in a general sense. I would answer that, I think, on the basis that I feel within myself that I understand the mandate I have under the Auditor General Act. I don't see any perceived change if it takes some time for the gov-

ernment to act upon any point. I feel the need, though, if it is a noncompliance, to continue to report it and therefore make it public. I believe that in some cases there have been other reasons why some things have been delayed. I'm privy sometimes to some of the background problems that they experience in trying to come up with answers to how to resolve some issues, but I don't see any change in my role. I comprehend how far I can go, and I recognize the fine line that I have in the sense of criticizing as well as doing the job of ensuring that I am covering the aspects of the audits I am required to do.

MR. CHAIRMAN: Further supplementaries?

REV. ROBERTS: Yeah, just a couple of others. One, again as sort of a newer MLA: are there ways in which you meet with your colleagues in other provinces, other auditors general, and find ways of either developing a more aggressive approach or find more effective ways of bringing the findings to the attention of the public or get better action from government?

MR. SALMON: We meet yearly in what we call a Conference of Legislative Auditors, which is in conjunction with the conference of public accounts committees of Canada. We have a separate conference and then meet socially, where there are opportunities for exchange of ideas between Public Accounts as well as the legislative auditors' offices. I was aware of Mr. Dye's video presentations several years ago and personally haven't liked what he's been doing -- that's true; personally, I haven't -- because he has extensively done some things that are proposedly to present his audit findings in a video presentation. That's what he's been criticized for, because of the high cost of those videos.

But there have been other things that we've been able to exchange. We have made presentations ourselves on some of the areas of approach that we've made and some of the computer audit processes that we've developed internally. We have had those same things shared in various other ways from other provinces and, of course, from the federal government. Each of us must, though, examine those differences and those ways in which we approach our audits, based on our mandates, based on the size of our offices, also based on the legislation by which we work. Even though we have an arrangement of an association there, each one of us does have a somewhat different mandate.

MR. CHAIRMAN: I think these questions are in order, by the way, because they do touch on the mandate and role of the Auditor General. I think the information you've just provided is very useful to all members of the committee.

Further supplementary?

REV. ROBERTS: One last supplementary of a very technical nature, and again perhaps more out of my ignorance than anything else. It seems to me that in public accounts and in your report it's always recommending things that have already taken place a year or two in the past. I'm wondering about how to deal with alleged wrongdoings in various government departments that are currently taking place and how you're alerted to those. For instance, some people in the department of hospitals are talking to me about the way in which dermatologists have been able to rip off the Alberta health care insurance plan, that they hope the Auditor General is getting to that. I say, "Well, write him." Or they say, "Well, why don't you write him?" So I'm just not sure. Can we, in fact, bring forth allegations or con-

cerns that we hear of to alert you to begin an investigation where you might not currently be undertaking one?

MR. SALMON: Mr. Chairman, that is a very good question, in the sense that we do have planning sessions and extensive meetings throughout the audits that are taking place with management all of the time, with our exit conferences and prior to the commencement of any audits. Occasionally we have received letters -- and those letters have been taken into account as we planned -- and would look at things in relationship to whatever they might be. We would never comment on those publicly, though, until we come to this point. Of course, at this stage, like you say, they are some year behind. But a lot of that work has been done within, say -- most of the work that's included in this report would have been done up to around October last year. So it's fairly current. We try to update it. Although it's still within that previous year, we will update it in the flavour as we understand it at the time of the completion of the report. Therefore, we try to bring this up as current as we can.

REV. ROBERTS: And to entertain . . .

MR. SALMON: Uh huh -- and entertain anything that we are aware of from any direction.

MR. CHAIRMAN: Mr. Ady, then, followed by Mr. Alger.

MR. ADY: Thank you, Mr. Chairman. My question has to do with recommendation 1 on page 5 of your report. Has the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants yet made any recommendations on how government can include pension costs and obligations in their annual accounting process? There seems to be an annual question . . .

MR. SALMON: There is nothing finalized at this stage. There is some work being done in the pension area, but it is still at the exposure draft stage within the workings of the committee, so there's nothing public yet.

MR. ADY: So nothing has been concluded at this point?

MR. SALMON: We've been hearing this for so many years, we just don't want to drop it. It's just one of those ongoing things.

MR. ADY: Do you have any indication of when your recommendations might become available or implemented?

MR. SALMON: Those are hard to predict because many factors are taken into account to finalize such things, and sometimes they run into situations that delay the complete action. There are still ongoing discussions taking place.

MR. ADY: Thank you.

MR. CHAIRMAN: Mr. Alger, followed by Mr. Payne.

MR. ALGER: Thank you, Mr. Chairman. Getting back to Advanced Education, Mr. Auditor General, you've stated on page 11:

A continuing area of concern has been a lack of consistency in the way that the colleges and technical institutes account for and report their financial activities. Some have a history of employing, at times, unacceptable accounting policies in pre-

paring their annual financial statements.

Mr. Auditor General, are you advocating a uniform accounting policy to be employed by all the colleges and technical institutes?

MR. SALMON: No, Mr. Chairman; there must be the flexibility that management would want to have within their financial statements. However, there are some basic accounting principles that have been laid out for many years and include what we would call generally accepted accounting principles and so forth, that should be handled on a consistent basis between each college or university. These are the ones where we've run into problems occasionally and have had to qualify the reports because they have been inconsistent with normal practice. There is no consistent policy laid down by the department, and they do not choose to give such guidelines. There are some working committees between the colleges themselves, and we have chosen to continue the monitoring on an individual basis, encouraging them if anyone gets out of line with respect to the normal accounting processes.

MR. ALGER: In the same report, Mr. Chairman, the Auditor states that

Some of the . . . accounting policies used by the colleges, while technically acceptable, are not ideal.

I find that rather odd. If this is the case, are you suggesting the change in order to facilitate the auditing duties performed by your department at the various institutions, or is there another reason?

MR. SALMON: No, that reason is for that very fact that we can live with some things that are technically right but maybe not properly presented to the detail that we would like. We may be able to give a clean opinion, because the information is included in those financial statements. When you're dealing with some 18 organizations, all independently operated by various boards, you're always going to have some differences. We are willing to live with some of those, but we encourage them and have made fairly good progress dealing with the universities as a group and in dealing with colleges as a group and in dealing with the technical institutions as a group. They really are somewhat different.

MR. ALGER: Thanks, Mr. Chairman.

MR. CHAIRMAN: Mr. Payne.

MR. PAYNE: Thank you, Mr. Chairman. My question and a couple of supplementaries have to do with the recommendation 11 on page 30. I note that the Auditor General recommends that the Career Development and Employment department establish more accurate methods of reporting year-end accounts payable. Also, he notes that the nature of the department's programs often "makes the determination of accurate year-end accounts payable an onerous process." I'm curious, Mr. Chairman. Why would this department's programs result in such difficulties in accounting?

MR. SALMON: I think one of the things, Mr. Chairman, is the problem of many outstanding projects and so forth coming at the year-end and whether or not they should be included in payables. It's the nature of their system; it's not easy for them to come up with a figure. We have had this for a number of years

now: we tend to run into this situation and it's been carried for several years now. But we've had some positive reaction, I believe, in replies to this particular audit, and expectations are that we won't see this one again, because they made some changes in their systems which should make it a little easier than it has been in the past.

MR. PAYNE: Well, Mr. Chairman, in his reply to my main question the Auditor General made reference to many outstanding projects at year-end. Well, that would be true of many government departments. So I guess I'm prompted to ask: are there other departments with programs which are difficult to maintain accurate financial controls over? Is it a widespread problem?

MR. SALMON: Most of the year-end problem -- and I'm just looking at a letter -- has to do with the training programs that are budgeted for, then for some reason they get delayed, and then of course they've maybe been included or not included and it flops the year-end, and then there's a problem. A lot of the departments don't have that situation because they're dealing in a changing atmosphere in many ways because of the nature of the funding for these programs.

MR. PAYNE: Mr. Chairman, am I entitled to another sup?

The Auditor General recommended that this department establish more accurate methods of reporting year-end accounts payable. I wonder, did the Auditor General, in making this recommendation, take into account the economic implications of such a change with, you know, due consideration for the potential cost to the department in terms of manpower and hours spent?

MR. SALMON: Yes, that is taken into account, and I believe on the basis of our last discussions with them and the correspondence we've exchanged, they can do that without a lot of extra manpower or cost. There is another method in which they are going to approach it this next year.

MR. PAYNE: Later on, sir, I want to get back in with a final sup.

MR. CHAIRMAN: Okay.

Mr. Brassard?

MR. BRASSARD: Thank you, Mr. Chairman. My concern is dealing with the Students Finance Board. I've had a number of students approach me for loans, and I've had quite a bit to do with this board, but I note on page 12 that you observe that the board does not have adequate computer system backup or documentation or contingency plans. Just how serious is this? It's on page 12, just near the top of the page there, you see?

... does not have adequate computer systems documentation ... contingency plans and back-up procedures for data processing.

Is this a serious concern?

MR. SALMON: Mr. Chairman, if you look at the report, that comment is probably in several areas. It's not serious as long as the facilities are operating; moreover, the problem would be because of the volume and the nature of the information that's presently on a computer system. If they did not have some type of backup facilities, if there was some failure within the system itself or the computer that they're operating under, they would

have difficulty getting to the information that they may be needing on a fairly urgent basis. This is really sort of a checkpoint or a way in which you can be assured of continued operation with failure of your present computer. That's not an unusual thing to do. It's a case of making an arrangement. It's not an expensive thing to do; it's just an arrangement of other facilities you could go to or where you would have backup tapes to go to if the present situation failed.

MR. BRASSARD: Well, may I ask you if this is affecting the capability of the board to assist the students in any way?

MR. SALMON: It isn't. It's a case of if something did happen, they could be in trouble. That was all. It's an insurance measure rather than a failure to be able to operate at the present time.

MR. BRASSARD: Final supplementary. Does it in any way affect the fiscal control of the program?

MR. SALMON: Not really, no. It's just a case of in any computer system, if you don't have an opportunity to turn somewhere else, you can be into some delay problems.

MR. CHAIRMAN: Mr. Taylor, we welcome you to the committee.

MR. TAYLOR: Thank you very much. I'm sorry I missed the first one and I'm late on this. I hope my questions are not too green.

I'd like to go back, starting at the front of the book. I've only got to page 5, so you can be assured I'll have a few more questions after that. But starting just with the question of pensions, I have a little difficulty understanding, as you've mentioned, the unrecorded liabilities of about \$6.63 billion, I think you mention there. Now, how is that liability arrived at? Is that net worthing the dollar at 6 or 12 percent, or just how do you know what you owe, what your liabilities are on pensions down the road? Is there a general sort of a worldwide graph that's accepted: if you have 1,000 to 1,500 employees, you're going to be subject to so much? Just how do you arrive at it, or is it one of those things where you presume everybody lives to be 90, gets maximum pension, and you net worth a dollar at 6 percent or something? I just wonder: what's the procedure used to arrive at \$6.63 billion?

MR. SALMON: The figures that are used within this particular section pertain to independent actuarial valuations of the various pension plans. We've taken those figures directly from their findings, based on their assumptions and so forth of the length of life, et cetera.

MR. TAYLOR: You averaged two or three plans, did you?

MR. SALMON: They do each plan separately, and they've added them up. We know what the figure is for the six government plans and for the teachers' retirement plan, which is also under the control of the government.

MR. TAYLOR: Then my next supplemental would be -- I would presume, so I don't waste a supplemental, that that would be the same answer arrived at by any Auditor General across the country. But comes to next, you mention the general practice, and reading your comments and the Treasurer's comments

leaves me a little bit in doubt. It's a little like question period in the House; you can exchange questions and answers and nobody would be any the wiser. And I'm having a little bit of a problem following your recommendation and the Treasurer's answer in that respect also. Is there any province, even one province in Canada, that follows the method you formerly recommended?

MR. SALMON: Yes; the government of Canada is fairly close. Quebec is not recording it; they're doing what Alberta is doing. The Auditor General four years ago put a reservation on his financial statements and hasn't been able to get rid of it because they're still doing the same thing. So it's getting close to a recommendation to be included, but most governments are not including it.

MR. CHAIRMAN: With the permission of the hon. member I'd interrupt and just introduce to the students in the gallery the fact that this is a meeting of the Public Accounts Committee of the province of Alberta, and we are reviewing the Auditor General's report for the year ended March 31, 1987. We're reviewing past expenditures and trying to determine whether departments spent money in accordance with measures that were passed and approved by the Assembly itself.

So, Mr. Taylor.

MR. TAYLOR: Thank you; I guess my second supplemental, is it?

MR. CHAIRMAN: Your final supplemental.

MR. TAYLOR: The next question touched on one of your answers earlier, but also in respect to pensions and your apparent acceptance of a triennial . . . What the hell's the word, now?

MR. SALMON: Actuarial.

MR. TAYLOR: Actuarial valuation. Is that really a commitment? I have dealt with the Treasurer only two years now, and to get a commitment out of him is a little more difficult than I think you've presumed. His statement saying that it's going to be our policy to do triennial: is that the same as a commitment? Are you satisfied with that being a commitment to the Alberta government now, or has this just been the policy of the Treasurer? In other words, what I'm arguing is that I don't like to see this dropped unless we have something a little bit more concrete in the books towards it being a commitment. A commitment from this government and a statement of policy by a minister, I have sadly found, are two different things.

MR. SALMON: Well, Mr. Chairman, the last time was a three-year period, and the management of Treasury has indicated that will be the continued process. So we have seen one done three years apart, and they're saying that they don't want to do anything in between to get the interim valuations. This will continue. We'll be watching it.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. To the Auditor. I notice on page 97 of your audited statement that the deficit is some \$4 billion for the year 1986-87. However, looking at the public accounts documents, I can't sort of find the numbers -- nor looking through here, might I add -- that confirm

where that comes from. For instance, if you were to look at 1.7 of the basic public accounts book, you'll see that you refer to several sections of government finances that you have audited in this document, the first one being the General Revenue Fund in section 2, the revolving fund in section 3, and so on.

Now, I find that the General Revenue Fund deficit is shown here at \$2.6 billion. So I guess I wonder, where do we account for the other \$1.4 billion? Is it in fact made up of those other five categories? The reason I ask is because when you go through this document fairly carefully, while you deal with each part of the revolving fund and each part of the regulated funds and so on, you do not do a total number and then add them all together to get the \$4 billion. Is that what one should do? How, then? Would you please explain why the deficit is \$4 billion instead of -- well, the General Revenue Fund says \$2.6 billion?

MR. SALMON: Mr. Chairman, on the basis that you're talking about the General Revenue Fund, that's a separate statement with \$2.6 billion. The consolidated financial statement, which is 1.5 in the public accounts, is the \$4 billion net expenditure. One has to take into account the accounting policies which describe how consolidation takes place, which is on note 1(b), method of consolidation.

The simplest way to understand it is the fact that when you've got Crown corporations which have transactions that offset each other, they're eliminated in consolidation. If you've got a receivable in heritage and a payable in housing, that's offset and disappears on consolidation. So it's net. So this \$4 billion is composed of eliminating all of those. Also, fixed assets are not included, and that comes out. So that's how you get the \$4 billion. It's netting out the changes; you can't just add them all up.

MR. McEACHERN: I would expect that each section would be netted out, as was the General Revenue Fund. You found the \$2.6 billion deficit in the General Revenue Fund. In the revolving fund did they make money or lose money in the regulated funds in total? I mean, in some way you've got to arrive at \$4 billion. Which sections lost money, the provincial corporations or the provincial committees or the commercial enterprises? I mean, I know there was . . .

MR. SALMON: You have to look at each individual set of statements and the relationship to that, now.

MR. McEACHERN: Why isn't there a series . . .

MR. SALMON: We don't have a breakdown of how all of those intercompany or inter-Crown corporation transactions have taken place. That's in our working papers. There probably is something that could be produced that would give the totals and what's taken out, but it's not actually in the statements.

MR. McEACHERN: We talk about a \$3.3 billion deficit or a \$3.5 billion deficit in this fiscal year, yet, really, the consolidated statement is \$4 billion. I have a hard time relating the \$4 billion to the parts, if you like. I cannot find the parts that add up to \$4 billion.

MR. SALMON: That's because of all of the intertransactions between government departments, Crown corporations, provincial revolving funds, and so forth. Anything interrelated is taken out, and therefore it's a netting down, which is an ac-

counting process.

MS LAING: I'm looking at pages 45, 46, and 47, in particular the Wild Rose Foundation, which seems to have broken many of its regulations or circumvented them. I'm wondering what kinds of moneys you're looking at as having in some sense been spent or distributed in ways that were not intended, in ways that go against the regulations.

MR. SALMON: With the Wild Rose Foundation? In that particular one this is the second year that we had it. The reason it was carried was because the operations were the same. The noncompliance issues continued into the second audit, into the '86-87 year, where grants were paid to individuals and they had under the regulations only the right to pay to organizations and so forth. The Wild Rose Foundation amendment came into being in June 1987, which was after the year-end and after the audit. We've brought that flavour in to explain what had occurred there. The reason we carried it to the Auditor General's report was because under the change the foundation is still restricted to be paying grants to organizations, where in two previous years they had paid to individuals.

Also, there is difficulty in determining, because they're not supposed to pay grants to organizations, where those organizations would have come under the objectives of other organizations. They're supposed to eliminate those, and they'd had difficulty in the past. We had just raised the issue that care needs to be taken in their procedures to ensure that they still fit the problem of identifying an organization that was funded by western Canada, because they've had so many problems in the previous two years. It was really an identification to the system now rather than to the actual legislation problem.

MS LAING: Okay; so do you see them as in some sense cleaning up their act? According to this report here, it indicates that they're still giving out to individuals when they should be restricting grants to organizations. Have they changed their practice, inasmuch as some of those practices still aren't allowed under the regulations?

MR. SALMON: In '85-86 and '86-87 they were operating under the original Act. In June '87 the new Act came into being. This is the current audit, which we haven't done.

MS LAING: [Inaudible] the other department that I see with many problems is the Department of Federal and Intergovernmental Affairs. Again, it would seem that funds have been spent without authorization, that there hasn't been proper documentation. Again, I'm wondering if that's the amount of money that's involved there and if anything is changing in that department.

MR. SALMON: These were the accounting processes between the foreign offices and the department itself and also the commitment by the foreign offices to doing work for other departments and the problems of accounting between those departments. We have had lengthy discussions with them on processes, and there are indications, although we'll be looking at it in our next audit and won't know exactly whether they've resolved the issues that occurred in the '87-87 year. That will have to be looked at in our current year.

MR. CHAIRMAN: So it's Mr. Ady.

MR. ADY: Thank you. My question has to do with recommendation 2 on page 8. Do all the colleges and universities have definitions of full-time equivalent which are totally unrelated, or are a majority of the institutions using a similar definition?

MR. SALMON: I'm not sure whether they are absolutely consistent. Different situations were found as we did the examination, coming inconsistent in the way that they were turning out. Whether or not they should all be starting the same way, I believe is so. The department is using this information not as significantly as they were before, but because they're still requiring it, we felt that they should be consistent in the way that they're getting it reported to themselves, and they're not doing so.

MR. ADY: Yes. Well, have you had any indication from the institutions for the reasons for employing different policies in establishing full-time equivalent?

MR. SALMON: No. This has been done from the departmental level rather than from the individual colleges and so forth that are reporting the information. We have dealt strictly with the department. As we go into the other areas, we'll be examining that as well.

MR. CHAIRMAN: Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. My question relates to recommendation 12 on page 31. There was an apparent conflict in areas of responsibility between Community and Occupational Health and Social Services which resulted in unclaimed federal funds. Could you advise the committee if the departments have resolved this situation and if the funds that were unclaimed have now been claimed and/or paid?

MR. SALMON: My last contact with the department, Mr. Chairman, was several months ago, and at that time it was indicated that they had appointed a co-ordinator to resolve this issue and that it would be handled promptly. I'm not sure whether it's actually been finalized.

MR. DOWNEY: Did you discover any similar conflicts in any other departments in claiming federal sharing of funding?

MR. SALMON: No, Mr. Chairman. This was raised because of the division of the department.

MR. CHAIRMAN: Mr. Payne.

MR. PAYNE: Thank you, Mr. Chairman. I'd like to return one more time to the question of Career Development and Employment and difficulties they've had in reporting their accounts payable. I'm wondering if the Auditor General, either in the current or in previous years in which accounts payable were observed by him to have been reported inaccurately, in fact had made any procedural or accounting recommendations to the minister or his department, and if so, what were those recommendations?

MR. SALMON: Mr. Chairman, within my management letter, which I don't like to read here, we have included some suggestions as to things they could do, and in their reply from the department they have acknowledged those and have indicated that the matter has been properly resolved for the '87-88 year.

MR. PAYNE: Your expectation, then, Mr. Chairman, is that one year from now, when we're examining the '87-88 report, this recommendation will not recur.

MR. SALMON: That's the indication.

MR. PAYNE: Good to hear that.

MR. BRASSARD: I have a question, Mr. Chairman, and it deals with the Alberta Sport Council, on page 63. Actually, it's recommendation 33, where you recommend

that the review procedure used by the Alberta Sport Council to monitor the activities of sports associations be extended, within reasonable limits of cost, to include examining the associations' expenditures to obtain assurance that the funding provided is used for the purposes intended.

Now, that's a long-winded statement, but it seems to show up in other areas. For instance, it's also on the Recreation, Parks and Wildlife Foundation as well — a similar statement. Could you just synopsise that and tell me what you're actually getting at?

MR. SALMON: Yes, both of those had been indicated in previous years. The problem with that is that these are conditional grants. It's the kind of work that's being done by the Sport Council or by the foundation to ensure that the moneys they have given to these organizations have been expended for that which they intended. Although they are doing some examination of reports and so forth from the organizations, they are lacking in examining them in accordance with the intent. They recognize that there is something else they should be doing. We are not asking them to do something that would be a costly thing. It's a case of in the normal process of examining the reports, they could include this without extending themselves into other procedures. I believe there will be some results in this next year.

MR. BRASSARD: I ask you then: is there any indication of wrongdoing? Is this what you're suggesting, or is it just a matter of accountability?

MR. SALMON: It's a case of they've set up the standards by which they wanted to examine these, and they're not following what they laid out originally in their plan.

MR. BRASSARD: Then it's a procedural thing. Thank you very much.

MR. CHAIRMAN: Mr. Alger.

MR. ALGER: Mr. Chairman, thank you for letting me in again. To the Auditor General: in section 2.4.8 on page 15 and recommendation 7 on page 24 of your report, you state that certain institutes and research centres could benefit if "the level of segregation of incompatible functions" was increased. I couldn't help but think that's an awfully fine statement. Could you please explain what is meant by "segregation of incompatible functions" and provide an example sort of in relation to these institutes?

MR. SALMON: The most difficult example that would come to my mind would be in the nature of a bank reconciliation, where someone who writes the cheques also picks the cheques up at the bank, reconciles the bank, and has total control, where one could easily do something that would be wrong with respect to

the funds of the organization. If you have incompatible functions that are not segregated so that the person who reconciles the bank account has nothing to do with the issue of the cheques, then you've got some control. That's the simplest way I can tell you.

MR. ALGER: Yeah, I'm in a similar situation myself. My wife has total control.

Mr. Chairman, is the Auditor General of the opinion that an increase in the segregation of incompatible functions is possible without hiring additional staff?

MR. SALMON: Mr. Chairman, one of the things an auditor has to do is to ensure that he points out where their weaknesses are. In some of these small organizations I acknowledge there's difficulty because of the nature of the size of the staff in the organization. However, in those cases often senior management can do something in the way of examining or reviewing periodically that can offset that. We acknowledge that that can be done, and we know that in some cases it is being done. An auditor still likes to point out the problems so they're not forgetting them. In these cases we just summarize them and just say, "You know, there are those problems, and we acknowledge your difficulty in overcoming them."

MR. ALGER: Thanks, Mr. Chairman.

MR. CHAIRMAN: Mr. Taylor.

MR. TAYLOR: Yes. If I may touch on guarantees, I'm reading a report, and possibly I missed it somewhere. As you are probably aware, I believe the government has over a billion dollars out now, maybe more, in business guarantees, everything from Pocklington to Cargill to small business. Have you in your process of recording liabilities that are occasionally missed by optimistic Treasury reports — have I missed it somewhere in the report? If it's not in the report, have you got a handle on what our liabilities are to the business guarantees we've given out?

MR. SALMON: Yeah. Mr. Chairman, if you're talking about the guarantees, you're in the public accounts. There is a schedule of the guarantees that have been audited in connection with doing the consolidated financial statements as well as the General Revenue Fund, and they're listed in schedules to those financial statements. There is no comment in the actual Auditor General's report on guarantees because in conjunction with those audits we have satisfied ourselves with the recording of the guarantees we were aware of in our audit processes and in our control over those processes to ensure they're all included. If there are particular ones, of course, it would have to... They're all listed.

MR. TAYLOR: All guarantees of the government are listed in the public accounts.

Now, in your supplemental and in your listing -- and I suspect your word when you say "listing." Does that mean that you have not looked into how good the guarantees are? In other words, are they backed by personal guarantees? Are they guarantees that run in conjunction with other loans, or are they guarantees that are last? As you know, there are hundreds of guarantees, from an Oklahoma handshake through to a Philadelphia lawyer's 20-page outlook. Have you checked how good the guarantees are?

MR. SALMON: We're looking at the legality of the guarantee and whether or not it really does exist and whether or not all the processes that are essential to ensure it is a proper guarantee are there. In the ones we're testing, of course, we're examining on a test basis; we're not examining every one. There are many. In that listing we've satisfied ourselves to the listing.

MR. CHAIRMAN: Final supplementary.

MR. TAYLOR: Final supplementary. Do you find that guarantees that have been secured and offered are consistent? In other words, is it the same contract, or is each guarantee different?

MR. SALMON: Each guarantee is peculiar unto itself in a sense. And, of course, some are implemented and then it's a different process. There's a cost then involved. On a guarantee itself it's the pending cost. The liability is there potentially if it's not met by the other party.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. I want to go back to this question of the overall consolidated statement because I'm still not satisfied that as Treasury critic I somehow have the numbers I need to figure out exactly what's going on here. As I said, on page 97 you talk about a \$4 billion deficit. I would point out that that comes from an expenditure of just over \$13 billion and revenues of just around \$9 billion, yet the budget for 1986-87 indicates general revenue expenditures of merely \$10.6 billion. Now, that means there's some \$2.4 billion that is disbursed out of the public treasury in a number of other ways. While you've got five or six sections in the public accounts that have an incredible number of figures and details about a lot of different government Crown corporations, committees, revolving funds, et cetera, et cetera, nonetheless there is no way I can find in these documents to figure out where the \$13 billion comes from. I don't understand why that's the case. You said that some of the other provinces don't do a consolidated statement. If we're going to do one, surely it should at least be explained in such a manner that one can figure out where it comes from.

MR. CHAIRMAN: What's your question, hon. member?

MR. SALMON: That's a long question. It may pay to read pages 108, 109, and 110 in the report, which give some explanation without dollars. But, Mr. Chairman, if you would like, we could provide a reconciliation between those two if that would be acceptable.

MR. McEACHERN: That would be very helpful.

MR. SALMON: We could bring that next week if you'd like.

MR. McEACHERN: Thank you.

The other thing that concerns me is that there are some closely held government entities — I suppose I'll use that word for the moment — that do not appear as part of the consolidated statement or as part of the general accounts. I'm thinking of the \$118 million debt in Treasury, which you said yourself is not in any way represented or acknowledged in these documents other than just a statement that it sort of belongs.

MR. CHAIRMAN: Will you get to the question now.

MR. McEACHERN: Well, I wanted to ask him about how many of those kinds of institutions we have where government is involved in controlling things like Treasury Branches, things like North West Trust and its Softco partner, 354713 Alberta Ltd.

MR. CHAIRMAN: Could you just inform the rest of the committee what pages you're reading from and where you're . . .

MR. McEACHERN: Basically, my question is: what and how many of these kinds of institutions like Treasury Branches and North West Trust and Softco do we have?

MR. CHAIRMAN: Hon. member, which section of the report are you dealing with?

MR. McEACHERN: It mentions North West Trust and Softco on page 90 of the statement here and on another page — I don't remember the number offhand, but I'm just remembering off the top of my head — that the Treasury Branches have a debt of \$118 million and that somehow that's not incorporated into our financial statements. I guess I'm sort of asking the Auditor General to explain why . . .

MR. CHAIRMAN: Okay. I have a sense of what your question is. I'll just recognize the Auditor General.

MR. SALMON: The Treasury Branches is a financial statement that's included in the public accounts in the back section. The Treasury Branches is included as part of the consolidated financial statements, and a \$118 million loss would have been included in the consolidation but not in the General Revenue Fund, because it's a separate organization from the General Revenue Fund.

Now, when you talk about the other organizations such as North West Trust or this numbered company, those organizations are listed here because they are classified as Crown-controlled organizations, less than 100 percent owned by the province of Alberta. The Auditor General is not auditor of those organizations. I have access to information and financial statements by a section of my Act, and we examined some financial statements that are done by other auditors in relationship to that in order to tie in the liabilities or guarantees or whatever it was that existed within the consolidated and so forth. Those were examined by my staff, and the relationship to that. But we do not audit anything to do with the Crown-controlled unless we are appointed specifically as the auditor.

MR. CHAIRMAN: Final supplemental. If you want some time to deal with the matter of other business that you raised, let's hope the supplemental is somewhat succinct.

MR. McEACHERN: Well, are there other government-controlled entities which are not part of these financial statements that perhaps, in your opinion, should be?

MR. SALMON: Well, the only ones that are that I think should be are the universities, colleges, and so forth that we talked about in that earlier point. That's in the first part of the report. If there are some side subcompanies and so forth, they would be included within other financial statements rather than separately.

They will be included in some way. For instance, AGT has subsidiary companies, but those subsidiary companies are not shown anywhere because they're consolidated into the AGT statements. We're ensuring that those are all included.

MR. McEACHERN: So North West Trust is unique.

MR. SALMON: Yes.

MR. CHAIRMAN: Well, I'd like to thank the Auditor General for the clarity of his answers in response to questions from the members. He will be with us again next week, and you'll have a further week in which to prepare questions for him.

Under other business, a member earlier had indicated that he'd like to re-examine the order in which we've scheduled guests to appear before us. I should point out that we've already sent out invitations to the first five people on the list that was approved at the last meeting. We have a confirmation that the Hon. David Russell will be with us on May 11 and that the Hon. Peter Elzinga will be with us on May 25. We have yet to hear from the Hon. Larry Shaben, who is scheduled for May 4, the Hon. Ken Kowalski, who is scheduled for May 18, and the Hon. Jim Horsman for June 1. So with that information, I would entertain discussion or suggestions.

The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, Mr. Chairman. I don't really mind the exact order of the 14 if some minister obviously can't meet a particular date and has to be shifted around. I understand that ministers are very busy. But I'm concerned about the departments, so I want to make some specific suggested changes. We have some really major departments in our list of nine on the next page that are not likely going to make it before the committee if we just go with the first 14 as listed. So I want to make these specific suggested changes.

I want Social Services . . .

MR. CHAIRMAN: Would you put it in the form of a motion. You move that . . .

MR. McEACHERN: I move that Social Services replace the Attorney General and Federal and Intergovernmental Affairs, and Hospitals and Medical Care should replace Recreation and Parks.

MR. CHAIRMAN: Just a minute. Social Services . . .

MR. McEACHERN: Replace Attorney General and Federal and Intergovernmental Affairs.

MR. CHAIRMAN: By replace, do you mean switch with?

MR. McEACHERN: Yes.

MR. CHAIRMAN: Okay.

MR. McEACHERN: Just switch the order.

Secondly, Hospitals and Medical Care to replace Recreation and Parks; third, Public Works, Supply and Services to replace Solicitor General; fourth, Education to replace Forestry, Lands and Wildlife; and fifth, Municipal Affairs to replace Culture and Multiculturalism.

Mr. Chairman, I've put these forward because I feel these

particular departments are either major expenditures of government funds compared to the others or in some way need investigation on a more detailed basis than perhaps the others, which we may not get to. I would like to do all 25, obviously.

MR. CHAIRMAN: Thank you very much.
Mr. Moore.

MR. R. MOORE: Thanks, Mr. Chairman. The member brings forward several departments, and I think that in his estimation they are important, and they all are important. I think everybody that spends money or any department is important. However, last week we had a meeting on organization. Everybody was notified by your office well in advance that it would be an organizational meeting. Now, an organizational meeting, in my estimation, is one where you organize for this session. I think that's all understood. It was clearly understood. We came here and debated it. One member brought forward this list that we have before us. Some other members wanted an amendment to it, as we remember, just to review what happened. Those amendments were taken into consideration and passed, and we agreed on this. Now, the process has proceeded, and I want to thank your office, because I'm hearing very good reports from the ministers that they have been informed when they're coming up and are arranging their schedules so they can come. They appreciated this forward notification. All ministers are in receipt of this rotation, so they know where they're at.

Now, if the hon. member will remember, the ministers are in caucus that day; there are cabinet caucus meetings on Wednesday. We agreed as a committee to hold our meetings on Wednesday with the understanding that we had to accommodate ministers who were in cabinet. Now, these ministers have had this notice, they've appreciated it, they're making their arrangements so they can appear, and hopefully this will work out. At this late date, I think it's too late to do it. I think the member would do well to take into advisement to come to the next organizational meeting a little more organized and have his thoughts there rather than come after the fact.

MR. CHAIRMAN: Very good. Speaking against the motion, Ms Laing.

MS LAING: I'm speaking for the motion. I see that the proposed change does not occur until the fifth week. Nothing that is done usually by human beings is written in stone, and certainly at this point in time we should be able to change the order if people have had time to reflect on that order and feel some very important departments will not breach this committee, which has been the practice in the last two years, that important departments do not come before this committee. To suggest that we can't change things five, six, 10 weeks hence because it was set last week I think is really not a very valid reason for turning down the suggestion that this order be changed. I agree with the Member for Edmonton-Kingsway; these are really important departments that need to be evaluated.

MR. CHAIRMAN: Mr. Heron.

MR. HERON: Well, thanks, Mr. Chairman. I'm just reviewing the *Hansard* from last week and note a pretty good debate on this very topic. I also am looking at the amendment which did pass and the motion which was carried, which dealt with this very specifically. It had considerable flexibility in it to accom-

modate the views of all members of this committee. For that reason, I feel it would be disruptive to the committee to continually bring forth amendments. We were very specific. As you said, "Business as usual" as it was conducted in the past. That allows us to make the ministers subject to recall. It's been clear. But to sit down every week — and this could happen every week — it would be extremely disruptive to go back and say: "Let's bring this minister up. Let's do this. Let's do that." We came to an organizational meeting prepared to deal with the issues. We did that. Now, if someone also attended this meeting who wasn't prepared, I think that's the risk you run. So I therefore cannot support this motion, Mr. Chairman.

MR. CHAIRMAN: I'd like to just make a brief comment. I'm not sure, in fact, whether the motion is in order. I don't know how completely we dealt with it at the previous meeting, so I'm going to take that whole question under advisement for the future. But I did want to make all members of the committee feel they were at least welcome in terms of getting their ideas before the committee itself.

With that, are you ready for the question?

HON. MEMBERS: Question.

MR. CHAIRMAN: Those in favour of the motion as presented by the Member for Edmonton-Kingsway? Those opposed? The motion is defeated.

The date of the next meeting, then. We have the Auditor General scheduled for one week hence, on Wednesday. Would someone care to make a motion to that effect?

MR. R. MOORE: So move.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: The next item of business would be a motion to adjourn. Mr. Moore?

[The committee adjourned at 11:26 a.m.]

