

[Chairman: Mr. Pashak]

[10 a.m.]

MR. CHAIRMAN: Well, according to my watch it's 10 o'clock. I'd like to call the meeting of the Public Accounts Committee to order. The first item of business would be to review the minutes. Is there a motion to adopt the minutes as distributed? Moved by Mr. Ady. Any discussion on the minutes? Any corrections or amendments? Those in favour, then, of adopting the minutes as distributed? So moved by Mr. Brassard. Agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Is there any business arising out of the minutes that anyone wanted to raise?

The next item of business then. We have with us for our third meeting of our committee the Auditor General and Mr. Morgan, who helped Mr. Salmon prepare the Auditor General's report.

With that I'd begin a list of people that might... Okay. I didn't catch anybody over there. Did anybody indicate that they wanted to... All right; I'll begin with Mr. Mitchell then.

MR. MITCHELL: Thank you, Mr. Chairman. Mr. Salmon, I would like to pursue the question of loan guarantees further than it was pursued last week. Could you please tell us whether there is some co-ordinated approval process? Or do these things originate from a variety of departments, each of which makes an independent decision?

MR. SALMON: Well, Mr. Chairman, the guarantees are all co-ordinated through a department within Treasury, and they are all kept there and accounted for. We're able to do an audit of that particular area come the end of the year, and the listing is included in a schedule in public accounts where the individual items are listed. We're able to satisfy ourselves as to the authority and the support they have for those guarantees.

MR. MITCHELL: Do Alberta Opportunity Company loan guarantees go through that same process?

MR. SALMON: If there are particular organizations that have their own guarantees, we would be doing those examinations at the time we're doing the audits of those particular entities, because we're the auditors of the Opportunity Company and ADC and so forth.

MR. MITCHELL: So there could be other guarantees that do not go through the Treasury Department that therefore are not listed in one central place. I guess what I'm saying is: is there one central account that gives, in an easy accessible place, the total of loan guarantees outstanding by this government?

MR. SALMON: I believe, Mr. Chairman, probably the best spot for the total would be in the consolidated financial statements, which, of course, would list those guarantees that are not interrelated with any organizations of the government itself, such as Treasury Branches or the General Revenue Fund or something like that. They're all listed in the notes as well or in a schedule in the consolidated financial statements. [interjection] That's the best, yeah. They would be all there. [interjection]

MR. CHAIRMAN: Yes, I think that was just a clarification question.

MR. MITCHELL: Okay. Well, I was going to go on to another feature of this issue. Can I?

Do you have any knowledge of an experiential rating of loan guarantees that ultimately fail? That is to say, if we have a billion dollars out in loan guarantees, do you have some ratio or formula that would indicate what percentage of those loan guarantees we as a government can expect to have to fund?

MR. SALMON: I don't know, Mr. Chairman, whether that particular statistic, you might say, is available. I'm sure the figures of guarantees versus the guarantees that are implemented that the government has had to come forward and make payment on are always included within the financial statements. The actual percentage: I don't know whether that's ever been done. I'm not knowledgeable of that. Treasury may know, on some statistical basis, the amount of guarantees. In a percentage basis over the number of years, I'm not sure.

MS LAING: I'd like to ask some questions in regard to recommendation 14 on page 37. It appears from the preamble that, in fact, different types of gas are being sold or injected into the system and that they have different levels of royalty on them. My understanding is that you're stating that the Department of Energy does not have appropriate or adequate procedures to obtain the information on the gas that is being injected into and recovered from wells, so that they may not be, in fact, getting the royalties to which the government is entitled. What kind of procedures would you be thinking of? I guess, first, what is the extent of the problem? Have you any suggestion of the amount of moneys that we would not be receiving? I'm assuming that the government would not be being overpaid.

MR. SALMON: This particular area, Mr. Chairman, as you recognize from the preamble to the recommendation, is talking about gas produced that's injected back down into the system. The accuracy of the reporting by gas producers on this is not always easy for the department to monitor and be sure of whether or not they're getting the proper reports back. There was a comment we had from the department that indicated that they agreed with our preamble and the recommendation and that they have actually reviewed and changed their procedures somewhat to ensure there's a little bit more surety as to the tightness of the reconciliation between gas going down and gas coming back up that has been injected, for the royalty aspect. I have this letter just given to me, and that's what they've indicated. They have made those changes. We will be examining the changes they have made in this current audit that we're presently involved in. I don't know any amounts of dollars, though, because it would be strictly projection.

MS LAING: I'll just pass then. Thank you.

MR. ADY: My question pertains to a statement made on page 37 of the Auditor General's report where he remarks that deregulation of the natural gas market has made the calculation of natural gas royalties extremely difficult. Notwithstanding that the Minister of Energy's recent actions to establish an average market price may simplify the verification procedures, do you feel there is a need to increase the number of selective checks performed by the Department of Energy's audit unit,

their field audit unit?

MR. SALMON: I believe, Mr. Chairman, that on the basis that they had set this particular average price, it will make it a lot easier for them to monitor this. Possibly -- although this is what we're looking at again at the present time, as to what's actually happening on the current audit -- we would be wanting to be sure that there wasn't any loss of control over this particular aspect because of the deregulation. I believe that's what the minister was trying to do by setting the average price. When we were doing the work, that hadn't been done, and then this came into being. It looks like it possibly will provide that additional assurance they're looking for.

MR. ADY: Supplementary. You also remarked that since deregulation, desk audits performed by the Department of Energy's validation units do not provide adequate assurances that selling prices are reported accurately. Is this because the desk audits are in some way deficient? If so, have you recommended to the Department of Energy ways in which they could be strengthened?

MR. SALMON: There may be a possibility, Mr. Chairman, to do some additional type testing, because a desk audit is one in which you write letters and get correspondence back from the industry, and it's not always a reliable method of examination. Possibly there could be some other ways in which they could actually do some verification with one of their other units that actually goes out. The correlation there with their field audit division may have to be looked at.

MR. ADY: Final supplementary. In your opinion, is there a need for the Department of Energy to implement any additional procedures to ensure adequate verification of the selling prices on which royalties are paid?

MR. SALMON: I believe that after we look at what they're doing in the current year -- and the indication is that they are making a number of changes on the basis of our recommendations and the detailed discussions we've had with our exit conferences and our management letters, which are much longer and more detailed than what we can put in the annual report -- we would then be able to examine whether or not we feel those checks and balances are in place. We have excellent co-operation with the Energy department with respect to understanding what our concerns are, and they do take our comments seriously and look like they will be able to resolve many things this year.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. Again some questions on energy, oil and gas section. On page 38, recommendation 15, you say, "It is recommended that the method for selecting facilities for inspection and for evaluating errors detected be reviewed." It's all very well to review it, but you must have some suggestions in mind for how those changes should be made, and I believe you do deal with that to some extent above, where you make the recommendation. Could you elaborate a little bit about what changes you see needing to be made there?

MR. SALMON: Mr. Chairman, this is a recommendation that we had carried in previous years. There's been extensive work

between the Energy Resources Conservation Board and the department to try to establish some level of assurance as to the work that was being done in the field by staff of the board and to satisfy the department. That's been our concern with respect to production data that's affected in the royalty calculation, and there are concerns as to the way they're actually testing and inspecting by the individual inspectors. This has been reviewed in detail with them, and it's basically a concern with the method they're using in their sampling techniques and ensuring that there is a representative sample rather than just a judgmental sample. You can't really project whether or not there's problems when you just do a selective basis without any proper statistical base for it. There's some assurance that that's what they will be doing in the current year, and this is what this recommendation is. It's just to improve the basis on which they're doing their sampling.

MR. McEACHERN: Thank you. I thought I heard you say something about improving the method to satisfy the department. It seems to me that you should be saying to the department that they should be satisfying you, because you're the one that's checking on them.

Anyway, to go on to the next question. The ERCB is having some trouble, I gather, with estimating its prorated production, and you list a number of different problems; for instance, "The ERCB is not checking the calculations of prorated production and proration factors." Another expression you've used on page 39: "Significant errors were discovered." I'm picking out some comments: "Delays are experienced in gaining assurance that the Department has received all the royalty to which it is entitled." You talk about "a method of identifying missing VAS reports from operators." So there are a lot of serious problems there, I gather.

According to the legislation, the minister has the right to impose some fairly heavy penalties for companies that are involved in those kinds of problems, and you make a recommendation, 16. But I guess what I wanted to ask was: to your knowledge, has the minister fined anybody or taken any companies to court over violations in this area?

MR. SALMON: Mr. Chairman, I'm not aware of any particular ones. We had suggested that the department recommend that the minister impose penalties if they could consider a point where it would be a help to them to ensure that these areas are being properly handled.

As far as the prorations are concerned, they have assured us when the basis of . . . We've been examining some of the things they're doing in the area of their development of a new system, which I think will resolve a lot of their problems in that area. But I don't know of any particular penalties that they have imposed. It's there; we knew that. That's why we suggested that they consider it if it would help them.

MR. CHAIRMAN: Final supplementary, Mr. McEachern.

MR. McEACHERN: Yes. You mention something about three very irregular claims that were made under the Alberta petroleum incentive program and also use the expression that attempts you have made to obtain additional information have so far been unsuccessful. This report was written for a date a year ago, and I'm wondering if you have any update on that. I gather that some money came in and you thought it might be connected to one of those claims, but you had no real way of

being assured of that and you were trying to find that out. Have you been able to find out anything since this report was put together?

MR. SALMON: MR. Chairman, this is in the hands of the RCMP, and I know of no progress at this stage, no.

MR. CHAIRMAN: Mr. Jonson.

MR. JONSON: Yes, Mr. Chairman. Regarding the Department of Social Services -- and that section is on pages 67 to 69 -- and recommendations 39 and 40, Mr. Salmon, in your report you cite that 43 percent of client files

lacked evidence that a social worker had obtained or examined the documentation . . . to establish the identity of clients.

The computer is referred to as containing 400 duplicated social service numbers. And you state that the department is not verifying the ongoing accuracy of this file. Could you elaborate on this situation and perhaps put a dollar figure on the cost of these problems?

MR. SALMON: I'm sorry; I couldn't put a dollar figure on the cost. In doing the audit, as you probably realize, these kinds of things are found as the testing is done and as the computer processes are reviewed and as the documents are examined. Based on the test examinations, these are the percentages. And also an indication of the social insurance numbers: that was another indication of a number that had turned up on the tests. Also, on the other part there were a number of codes improper and so forth.

I think what we're faced with here are some deficiencies in the programs and in the clients' files themselves. There certainly is a need for them to try to tighten up on some of the procedures they have developed, and the client files were one in which we felt there were some definite weaknesses that we felt we would make a recommendation for them to tighten up, along with a lot of other things.

This social services area: as you can tell, there is a sort of series of recommendations that come into the same area of this AISH and social allowance program.

MR. JONSON: Supplementary then. Am I correct, Mr. Chairman, in gathering that the problem is one of administrative procedures, as opposed to, say, a manpower shortage or some organizational structure within the department?

MR. SALMON: From our point of view, Mr. Chairman, it's administrative procedures. Whether that would require additional manpower -- certainly we would want to take into effect any cost-effective requirements. But when there are weaknesses and indications of the processes that have these kinds of errors in them, we have concerns with the system itself. And if the system could be improved, as suggested, certainly a lot of these items would be eliminated.

MR. JONSON: Perhaps just one other question, which may or may not have an answer at this time. This is the sort of thing that, in my view, could build into a bigger problem if it's not addressed. It could build into a bigger problem very quickly. Have you had any response from the department or any indication that this has been or is being corrected?

MR. SALMON: Mr. Chairman, we've definitely had responses

in our management letters, which are much more detailed, as I've indicated. They reply in management letters to each one of our items and have indicated that with some improvements they are making -- at least they are suggesting that these things will be improved. Certainly in this current audit we will be looking at each one of them individually and assuring ourselves that these matters have been attended to.

MR. CHAIRMAN: Mr. Brassard.

MR. BRASSARD: Thank you, Mr. Chairman. My question is regarding recommendation 32, and it's located on page 61 of your report, Mr. Salmon. It concerns the Department of Public Works, Supply and Services. You recommend that the department "establish procedures for determining the appropriateness of the construction projects that it funds." Now, currently it seems that the department, while being accountable for the money spent, does not attempt to determine the appropriateness of these expenditures.

First, are you aware of any situations where unnecessary construction projects were undertaken?

MR. SALMON: Mr. Chairman, there seems to be just a matter of correlation between the capital projects requested by departments -- the fact that the dollars are in Public Works, Supply and Services -- and there is nothing on the basis of an audit examination that would indicate that people are satisfied with the procedures they're going through to construct these projects. The departmental management is indicating to us that they do not take appropriateness into consideration when they do the job. They just accept the plans and do the construction, and we feel there needs to be either some co-ordination or some indication that someone, and particularly them if they have the dollars to spend, is satisfied with the project they're tackling.

Now, that's really what we're getting at. Maybe it's hard to get here. We have a little bit more in our letter, but it's hard to get hold of in the sense that we're just saying that maybe there is something missing. We're saying that we really would like someone to examine whether or not they have tied in that program or whether or not it's right, whether we should proceed with this construction.

MR. BRASSARD: I guess the difficulty I'm having with it concerns this word "appropriateness." I see that as the responsibility of the department initiating the repair, as opposed to the one carrying the repair out. So I guess I would like to know what type of mechanism you are suggesting be implemented so that they are in a position to evaluate appropriateness. I really have trouble with that word, because it seems to be outside their mandate.

MR. SALMON:

Under the Planning and Implementation of Construction Projects Program (Vote 4), [they are] responsible for meeting the Government's needs by means of capital construction.

Probably what is needed is something from the departments requesting the reasons for the construction rather than just the fact that this is what you're to do. I believe this is where they were short: in something to be able to identify that there was some plausible reason for the construction. I think it's more in the planning and in the phase of determining exactly what it is they're after. I would suggest that this is a little bit nebulous, because it's not a very specific thing here. If we might just . . .

UNIDENTIFIED SPEAKER: That was the basis for their arguments.

MR. SALMON: Yes. If the department continues to be accountable for the funding, it would seem appropriate that the department should control their scope and nature. In other words, there is the opportunity to make changes and so forth, and because the department handles the money -- in all of the government -- it's not an easy method for them to take this unto themselves. There needs to be a tightness in developing the scope of the projects and so forth. It wasn't evidenced in there when we were doing the audit.

MR. BRASSARD: My final supplementary, then, Mr. Chairman, is . . . I guess my interpretation of what I perceive Public Works to be is more of a contractor and the department initiating whatever it is they want built being the originator of the contract. So I would see this creating a conflict between the two departments: the department that wants to get it done and the one that actually performs the work. I wonder if you could tell me: what is the practice in other provinces along these lines? Have you any idea?

MR. SALMON: Mr. Chairman, I couldn't tell you the practice in other provinces. I believe the member of the committee has triggered in my mind the consideration to determine whether or not there is something that the other departments could do to satisfy this department about the dollars, and we'll follow that up if that would be . . .

MR. BRASSARD: I'd appreciate that. Thank you.

MR. CHAIRMAN: Mr. Fischer.

MR. FISCHER: Thank you, Mr. Chairman. My question was mentioned last week, and it's to do with Federal and Intergovernmental Affairs and the tightening of the regulation of foreign offices. Recommendation 20 said that we were going to do that. Are we doing that now, and how is it working out?

MR. SALMON: Mr. Chairman, I guess we haven't commenced the audit for '87-88 in Federal and Intergovernmental Affairs, but the management letter from the department indicated that the matters that we had reported would be taken under consideration, and they would be able to -- I think they indicated that some of the reconciliations were taking place where they hadn't been before. We haven't examined that, though, so we're not sure exactly how well that satisfies our concerns. However, they have indicated that they are working on them.

MR. FISCHER: Is that going to be a big inconvenience to the people in those foreign offices, especially on decisions that have to be made fairly quickly?

MR. SALMON: I don't believe, Mr. Chairman, that we're talking about a great amount of extra work. I think it's a case of the procedures that are followed are normal internal control and reconciliation items on a regular basis. I think the flow of information hasn't been such that they could do these reconciliations with the department. Here's their comment, if you'd like to hear this:

It is acknowledged that the information received from the . . . offices varies in format, content and accuracy. The

policies and procedures relating to the use and control of the accountable advances assigned to each . . . have been outlined in . . . [the guidelines] prepared for each office. These guidelines outline the procedures relating to the payments . . . We will ensure that the guidelines are updated and expanded to include formats for bank accounts and accountable advance reconciliations as well as more detail of financial responsibility.

So possibly their guidelines in the foreign offices were just a little bit short, and if they update them, then the people in those offices will know the kind of information the department needs to complete their reconciliations.

MR. FISCHER: Thank you.

MR. CHAIRMAN: Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. The Member for Edmonton-Kingsway touched on the concerns that I had. He got tied up on the police end of it there a bit, so I'd like to ask little questions from page 41 with regard again to the Alberta petroleum incentives program.

There were, I guess, three irregular claims, two of which were paid. Have you examined the revised control procedures now in use by the department, and are you satisfied that they will be adequate to monitor that program?

MR. SALMON: Mr. Chairman, the department went back and examined all of the claims they had paid in the past to ensure that there were not any that were missed that would appear to be irregular. We're satisfied that these were the only three that were there. Of course, the program has terminated as of December '87, so there's no longer a need for a recommendation or a need of change in procedures.

MR. DOWNEY: One supplementary, Mr. Chairman. Is it your opinion, then, that the \$1.6 million in irregular claims was the sum total of it?

MR. SALMON: Mr. Chairman, that's true. That's the only part that we were aware of the connection with. The recovery has not been established; it was an anonymous amount of money that was received.

MR. DOWNEY: Final supplementary then. Is that the expected total of the recovery, or can you comment on that?

MR. SALMON: They're not even knowledgeable about who paid it, so there's been no connection.

MR. CHAIRMAN: Mrs. McClellan.

MRS. McCLELLAN: I'll pass for now, thanks.

MR. CHAIRMAN: Mr. Heron.

MR. HERON: Thank you, Mr. Chairman. One quick question, which bootlegs on to the question asked by the Member for Edmonton-Meadowlark; that is, assessing the risk of the loan guarantees or grants. Usually when you're entering a business relationship such as the two just mentioned, one checks the three Cs: the creditworthiness of the people involved; the capacity, which really involves the financial viability and the future viability; and the character of the individuals involved. It re-

cently came to my attention that through an international police check the character of one of the people who had applied to the government was terrible, to say the least. Fortunately for the government of Alberta, while the plans would border on being a master fraud, the business decision was aborted before any money was advanced.

My question to you as Auditor General: have arrangements been set up with, say, the police known as CPIC to thoroughly check into the character and creditworthiness of the individuals becoming involved with the government?

MR. SALMON: Mr. Chairman, I can't answer that question. I really am not sure. I know there is some work sometimes in checking with the police, but I'm not sure whether it's a common thing on all guarantees or not. That may be a question for Treasury. I'm sure they would know. But I'm not sure.

MR. HERON: Well, as my supplementary, I certainly agree that it's part of the original decision-making process as opposed to probably the accounting process. But the idea could probably originate from the Auditor General's remarks when he encounters this, because I felt there was the option there for people who are attracted to Alberta because of its immense potential to defraud the system, that we should tighten up our controls and checks on those people coming in and wishing to enter into business, particularly with the government.

MR. SALMON: Mr. Chairman, I would certainly agree with the comment of the member. I think that for my own satisfaction I'm going to find out whether or not that is one of the things we're looking at when we're looking at the guarantees and see whether that's part of the evidence.

MR. HERON: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Mitchell.

MR. MITCHELL: Thank you, Mr. Chairman. I'd like to continue my line of questioning on loan guarantees. Mr. Salmon, is there any list of criteria against which each loan guarantee is checked? For example, does the Treasury consider that personal guarantees of the individuals involved must be secured, and would that be on a list they would check off — yes, no, we have personal guarantees?

MR. SALMON: Mr. Chairman, the question is whether or not there's a particular checklist. I'm not sure whether there's a particular checklist or not. I know there are specific things that must be covered in each guarantee. If there's a particular checklist, I'm not aware of a specific one.

MR. MITCHELL: What particular things must be covered in the process of approving each guarantee?

MR. SALMON: Don't forget, Mr. Chairman, the audit of the guarantees is not designed to examine beforehand. This is designed to examine the actual legislative authority, the proper agreements between the two organizations, the nature of the guarantee, the security there. All those things are looked at from a paper point of view and from an authority point of view from our staff. It's after the fact rather than prior. I think there may be a possibility of obtaining from Treasury the actual processes or the documentation anyone would go through if they

would like to have a guarantee. Actually, there may be some paper documents that are available. We're actually looking at files on a test basis and determining whether or not that kind of thing is included in those files.

[Mr. R. Moore in the Chair]

MR. MITCHELL: In assessing the authority under which a loan guarantee is exercised, though, it would seem to me that the manner in which that authority is exercised is important, and the manner in which the authority is exercised would be suspect if there weren't some official, specific, written procedure for the approval of that amount of money. Are you aware of whether there is a written policy document in Treasury, in the organization within Treasury which you have indicated approves all loan guarantees? Do you check to see that that policy is followed accurately, consistently in every single way? And if there are exceptions — for instance, when the Treasurer says wherever possible we get personal guarantees — is there an exception report that is part of an official procedure within Treasury that would justify an exception wherever it isn't possible to get a personal guarantee?

MR. SALMON: Mr. Chairman, I think one has to remember that as an auditor, our staff with the office, we're satisfied with those guarantees listed. If we are not satisfied, we have raised the issue in extensive discussions and detail in management letters and have had the matter discussed thoroughly before it's ever been included in the listing. Now, we have had discussions. I have been involved in discussions on the presentation of the guarantee list, and we are satisfied with that list from an audit point of view.

MR. DEPUTY CHAIRMAN: Is that your third?

MR. MITCHELL: Yes.

MR. DEPUTY CHAIRMAN: Mr. Pashak, please.

MR. PASHAK: Mr. Chairman, recently there's been some concern expressed about some companies setting up spin-off companies or acquiring other companies that are at least 10 percent publicly held in order for the parent company to pyramid tax credits available to them through the Alberta royalty tax credit program. I'd like to know if that was an issue you touched on at all in the '86-87 audit or where I might find any comment or references to this.

MR. SALMON: Mr. Chairman, that is an issue we've been looking at in the current year. The media called me on that question as well, and I didn't answer the question because I am not in a position to answer that at this time. I've read the articles in the paper. I think it's an issue that comes into our audit of the corporate tax, and it's a current issue rather than in this particular audit.

MR. PASHAK: Thank you.

MR. DEPUTY CHAIRMAN: Any other supplementary?

MR. PASHAK: No.

MR. DEPUTY CHAIRMAN: Yes, the hon. Dianne Mirosh. I

was trying to think of the constituency, but I couldn't remember.

MRS. MIROSH: Oh, Calgary-Glenmore. How could you forget my constituency? It's the most viable constituency in the city of Calgary and the province of Alberta.

On page 39 of your report you mention the Energy Resources Conservation Board's procedure for checking prorated production as being inadequate, and you submitted a letter to the chairman of the ERCB regarding this procedure and detecting these unusual trends in prorating factors. Has there been any change in their procedure, or is there any indication there will be some change in the future?

[Mr. Pashak in the Chair]

MR. SALMON: Mr. Chairman, this was answered just briefly before. There is a new system being developed that should take care of most of the concerns.

MRS. MIROSH: I think my supplementary has been answered too. Thank you.

MR. CHAIRMAN: Ms Laing.

MS LAING: I would like to address a couple of issues. One is on the recommendations in regard to nursing homes. It would appear -- and I would ask for verification -- that the government really doesn't have a good sense of the quality of service it is paying for, that there is great variation and that in fact the Health Facilities Review Committee in doing its monitoring is doing it in such a way that it's not really finding out what is going on.

MR. CHAIRMAN: Could I ask you to repeat the question?

MS LAING: The whole thing?

MR. CHAIRMAN: No, just the question. I think that . . .

MS LAING: The question is: from your recommendation, it would appear that the Health Facilities Review Committee in doing its monitoring is doing it in such a way that it's not discovering what is going on. Would that be an accurate assessment, and would you see, then, a need to either change the policies or the activities of the committee?

MR. SALMON: Yeah. We were looking for the . . . It's the fact that the levels of service are very different. We would feel there could be better co-ordination between the review committee and what the department is expecting. We were suggesting some procedural improvements within their monitoring activities. The other recommendation which follows that, of course, was the definition of personal services, which seemed to be inconsistent as well, and suggested they could tighten that up as well to ensure that there was the same treatment in all the nursing homes.

MS LAING: Do we get two or three supplementaries?

MR. CHAIRMAN: Two.

MS LAING: Two. Okay. I'll move on to social services then, recommendation 38 on page 66. I'm wondering if in recom-

mending the ensurance of monitoring of services provided under the child welfare system to be "performed by people who are independent of those who are providing the services" -- are you recommending in that recommendation that the powers of the Children's Guardian be expanded into . . . I think you say he's responsible for about 20 percent of children. Would you see that kind of monitoring meaning that he has his power to be expanded to include more cases?

MR. SALMON: No, Mr. Chairman, we're not suggesting to increase the number of cases. The recommendations are pertaining to the child welfare information system and the information available to those who are involved in the work of casework, where if they had information available to them, their ability to assess and to do the work they are expected to do would be much easier. We're suggesting that there is a process missing there. We're not really saying that they should increase the numbers. It's a correlation aspect that needs to be looked at seriously and the system itself.

I can give you probably another flavor here. It says:

We agree that the Children's Guardian's mandate includes monitoring on behalf of the children within the system. In addition, the responsibility for monitoring compliance . . . has been reassigned to [another part of the department], so that [it] is independent of program delivery.

There's a problem there to ensure that there's some control.

A senior management group currently is studying all aspects of monitoring to avoid duplication, to be cost-effective and to assure program standards and objectives are met.

That was the comment we had after we had raised the issue.

MS LAING: Okay. The second concern I have arising out of the delivery of service to social service recipients is not only the dissemination of information but the sufficiency of numbers of workers when there is inadequate information in files. I guess my concern, then, is: does that come out of a system that is not established properly and correctly, or does it mean that there are not enough workers with enough training to gather the information and have the time to put the information into the system?

MR. SALMON: I believe that if there's going to be an efficient operation, there is certain information that could be available in that computer system that would assist. I acknowledge the problem of getting the information in requires manpower, but the efficiency of the whole thing has to be taken into account and determine what's the best process. Or are you going to just fumble along with the problem and not have the access to the information that's needed to make the decisions? And that's really -- the department acknowledges that. It's a very cumbersome and big system, and there are efforts being made to make some changes that will help them do such a monitoring that would help them make their decisions with respect to each individual case.

MR. CHAIRMAN: When Mrs. Mirosh was recognized, she only asked one question. Would the committee agree that she be allowed to ask one or two supplementaries on Ms Laing's main question?

MR. HERON: No. Why should we break the rules?

MR. CHAIRMAN: Well, if you agree, you can always break the rules. Are you saying no, Mr. Heron?

MR. HERON: No.

MR. CHAIRMAN: All right.  
Mr. McEachern.

MR. McEACHERN: Thank you, Mr. Chairman. On page 1 of your report you state that

Many of these are shortcomings and irregularities such as systems weaknesses, control deficiencies, non-compliance with legislation, and unsatisfactory accounting and reporting practices.

You list some of the problems the government is having keeping track of our dollars.

This report, therefore, must be viewed as a report by exception and cannot form the basis for a balanced evaluation of the Province's financial administration.

I must say, Mr. Auditor, that that's an incredibly heavy indictment.

However, when one reads on, one finds out what I think is something of a contrary statement. At the very bottom of the page it says:

Based on the work of my Office, I am satisfied that, in all material respects, the Government has continued to account for the Province's revenues and expenditures in a generally satisfactory manner.

Well, the two statements are so totally contradictory, I wonder if you could help to reconcile them for us. Is it perhaps because some of the things are not accounted for in these books?

MR. SALMON: Mr. Chairman, I would say that I disagree with the member that it's contradictory. The reason for the statement is that we do not have everything included in the report. If you're going to say that this is all there is, then maybe you could call it a balanced report. But it's not everything. We'd have to table the management letters, and that wouldn't be possible.

MR. McEACHERN: I see. That's what I was wondering: if that was the reconciling point, that in fact the books do not cover such things as the Treasury Branch deficit. They don't deal with the loan guarantees. They don't deal with North West Trust and Softco. The expenditures for postsecondary educational institutions are dealt with but not included.

I would wonder if the Auditor General, instead of making specific recommendations about these things, would perhaps put together for the government a suggestion of how they might account for the finances of this province in a comprehensive and accurate way so that we would have a balanced analysis of the total finances of this province.

MR. SALMON: Mr. Chairman, the report is designed on the basis of section 19 of the Auditor General Act. I feel that the balance comes by the processes included in the Act where we deal directly with the departments on a management letter basis. Then on that basis the Auditor General has the right to select those items that he considers significant enough to report. The report would be very large if we gave all the positives as well as all the negatives and included everything. We're trying to take the significant items included here to give a basis on which we can express some indication — and there are some positive indications in here — of improvement and also of the serious nature of some of the recommendations. So it's difficult to do what the member is asking, Mr. Chairman, and still fulfill the mandate we're asked to do under section 19.

MR. McEACHERN: Well, I would just comment that it seems like you're prepared to concentrate on the trees rather than the forest.

MR. CHAIRMAN: Your comments, hon. member, are inappropriate. We're here to ask questions of the Auditor General. It's reasonable to present the context from which your question will ensue, but let's try to keep to that, if we may.

MR. McEACHERN: Okay.

MR. SALMON: Mr. Chairman, let me just make another comment, and that is that based on the work of my office — and that would be not just the items in this report but all the work we have done in this year of audit — I am satisfied in all material respects, and I guess that's all the little exceptions you can't take into account, that there is reasonableness in the presentation of their accounts.

MR. CHAIRMAN: Thank you.

MR. McEACHERN: Well, okay. I would agree that part by part it may be reasonable, but overall we need to look at the whole picture. That is all I was asking you to do, and to make some recommendations to the government how they could better do that on behalf of the people of Alberta.

My third question would be about loan guarantees to businesses. We've had a series of questions on them up to now, both in the House and here, that imply that when you're making a loan guarantee to somebody, you can somehow see to it that they put up assets that sort of guarantee your guarantee. To me the concept seems rather silly. What corporation that needs a loan guarantee from a government to get a loan from a bank, let's say, just to keep it fairly simple, would have extra assets available to the government . . .

AN HON. MEMBER: Another speech coming on.

MR. McEACHERN: No, it's just a little bit difficult to explain. I mean, they wouldn't need the loan guarantee if they had the assets available for the bank, so what sense does it make to talk about the Alberta government having guarantees that its guarantee won't necessarily be used or that they'll get something back if they do?

MR. CHAIRMAN: Well, if the Auditor General [inaudible] understand it.

MR. SALMON: Not really. It's a philosophical question about guarantees. I have made no comments in the Auditor General's report about guarantees. I have audited the guarantee schedule, which is schedule 1.1.1 in the consolidated financial statements. There is also a list in the General Revenue Fund, and there are other guarantees indicated in other financial statements. I have examined them on the basis of the authorities that are there and on an accounting basis, but as far as what the policy of the government is, I do not comment on policy and I believe that should be a question raised in . . .

MR. CHAIRMAN: I agree with the Auditor General. For the benefit of the hon. Member for Edmonton-Kingsway, the purpose of this committee is not to review government policy again, and that's what you're really asking about. The Auditor

General's purpose is to make sure that . . .

MR. McEACHERN: I thought it was for a technical accounting point.

MR. CHAIRMAN: No, it was not. But anyway, fair enough. Mr. Moore.

MR. R. MOORE: Thanks, Mr. Chairman. To the Auditor General. In recommendation 47 on page 87 regarding the Alberta heritage trust fund and the whole question of deemed assets, you once again recommended that the deemed assets under the fund not be included on the balance sheet of the fund. Now, last year our Provincial Treasurer did make some changes. He puts the deemed assets in a separate total. Is that a solution acceptable to you?

MR. SALMON: No, Mr. Chairman, that's not. That's why I left the reservation on the financial statements. My preference — and I believe I have sufficient support, and this is again from an auditor's point of view, not from a layman's point of view — is that I feel there needs to be an indication to those who read the financial statements of the heritage fund that the deemed assets are not part of the overall fund. The inclusion on the balance sheet as a separate total helps some, but it still provides the opportunity for those who do not understand to add those two together and to include the full value of the fund. That's been my argument for a number of years. I had indicated that to remove those from the balance sheet and leave everything else in the financial statements exactly as they are would satisfy my concern.

MR. R. MOORE: Well, supplementary, Mr. Chairman, on that very point. Do you feel deemed assets listed on the separate section are accurate?

MR. SALMON: Yes.

MR. R. MOORE: It certainly portrays the deemed assets as they are. So they're out there very clearly for anyone reading that financial statement to see. There they are. So there should be no misunderstanding on that particular page.

On recommendation 48 on page 89 you recommended changes to the handling of the lottery revenues. Now, the government has brought forward Bill 10, the Interprovincial Lottery Amendment Act, 1988. Does this address your concern in there, or are you aware of the Act?

MR. SALMON: Mr. Chairman, I haven't seen the new Bill. I didn't realize it had been . . . And I have not had the opportunity to review it before either. There had been several phone calls that I'd received from those who were preparing it. They asked for my permission to consult with my legal council in relationship to this, and I allowed that, but I have not actually seen the Bill. In this recommendation I am not saying one way or the other, therefore I'm not questioning the basis on which the government is proceeding to solve the problem. I said if they don't change it, it should be public money; if they do change it, then it should have to be a separate Act. I'll examine it when I have the opportunity to see it.

MR. R. MOORE: Well, it's good, Mr. Chairman, just to comment that they are consulting with the Auditor General, so in all

likelihood that has been cleared up.

MRS. McCLELLAN: My question touches a bit on one that has been raised on social allowance and in the area of about page 67 on. It's on modifying procedures. I guess I have a concern on the access of information from federal government or employment and taxation information on the individual's privacy or how that affects our present privacy laws that are in effect. Can we do that?

MR. SALMON: Mr. Chairman, is there something specific?

MRS. McCLELLAN: Yes, a specific recommendation on obtaining the client information from other sources. I think the discussion is on the bottom of page 69 and the recommendation is on 70: accessing information from federal programs such as Canada pension plan benefits, et cetera.

MR. SALMON: We weren't recommending, Mr. Chairman, that this be sought after other information. Some of this information is already within the department. What we're looking for is the co-ordination of that information that's already available or used in other areas of assistance, to be used in the social allowance and the AISH program as well. It's really information they already have. The systems aren't designed to get that easily, and if they would do that, then they would not be affected or crossing each other as to the information that's available. There could be the opportunity to co-ordinate that information so it's consistent in their application of assistance.

MRS. McCLELLAN: That, in supplement, goes on into the child welfare information system and use of computer systems. I'd just like your comment on the steps that are taken to safeguard privacy using computer data systems.

MR. CHAIRMAN: Is that a question? That's really . . .

MR. SALMON: No, I think there's a policy within the department that I couldn't actually quote. I think there's a policy as to what information can or can't be taken.

MRS. McCLELLAN: Thank you.

MR. CHAIRMAN: Mr. Heron.

MR. HERON: I'll pass, Mr. Chairman. My question's been asked.

MR. CHAIRMAN: Mr. Mitchell.

MR. MITCHELL: Thank you, Mr. Chairman. Back to loan guarantees.

Mr. Salmon, you mentioned that you do pursue exceptions or those loan guarantees about which you have concerns with the government. Can you give us a list of those loan guarantees about which you've had concerns, and how those concerns were met?

MR. SALMON: No, Mr. Chairman. That's included within the working papers, and we are satisfied in those. Sometimes the case may be information that we didn't have at the time and we were requesting information that's produced later. We are satisfied with the listing; it's all working paper information.

MR. MITCHELL: Have you ever . . . I hate to waste this; I'll go back to another one. On schedule 1.1.1 — I believe that's where you directed us to to find a consolidation or at least a summary of loan guarantees. Could you tell me where on that list, if it would appear anywhere, a loan guarantee such as the ones given to Mr. Pocklington would be recorded, or to Champion Forest Products?

MR. SALMON: Mr. Chairman, recalling my information that I know from *Hansard* and whatever, I would suggest that that's probably Treasury Branches, and it would be included there. It's current stuff, so it's not here, but it will be included if that's a guarantee that's legitimate and it's there. It will be included in the next year's statements.

MR. MITCHELL: If it's included with Treasury Branches, for example, would it be consolidated? It would not be consolidated as part of the consolidated financial statement or balance sheet of the government, would it? So those are major liabilities.

MR. SALMON: Treasury Branches are a commercial organization consolidated on an equity basis into this statement. That's right.

MR. MITCHELL: So that's right, then, that it is consolidated.

MR. SALMON: That's right; on equity.

MR. MITCHELL: How is it recorded, then, as a liability?

MR. SALMON: It would be on the profit or loss part only of Treasury Branches.

MR. MITCHELL: So the chance of losing 50 percent of that loan guarantee amount that this government — is not really recorded anywhere on the books . . .

MR. SALMON: Yes, that would be recorded and accounted for within Treasury Branch statements themselves.

MR. CHAIRMAN: You've had more than two supps.

MS LAING: Yes. In regard to the Department of Social Services, page 67, the third paragraph from the bottom:

Of the client files examined, 43% lacked evidence that a social worker had obtained or examined the documentation needed to establish the identity of clients and/or their dependents.

To what factors does the Auditor General attribute this lack?

MR. SALMON: Some of the problems in the lack of information are that there's no indication that the examination by the social worker had actually taken place. I mean, we're looking for evidence of the check, and we're looking for evidence of actual review by the social worker. These are procedural examinations, and identification that those procedures have actually taken place; we're really looking for that in this case. It's not a dollar per se; it's a procedural process. We're looking for identification of proof of examination.

MS LAING: Okay; what I guess I'm trying to get at is: in fact, are the reviews of the procedures not carried out because they are not in place or because there are not people to carry them

out?

MR. SALMON: Mr. Chairman, this is back to the aspect of numbers of people and so forth, and I really can't answer the question. I can't identify them in that manner, you know.

MS LAING: Okay. So in fact you . . . I guess I better not use up my last supplementary here.

I'd like to also look at the Wild Rose Foundation. It seems to be . . .

AN HON. MEMBER: Which page is that?

MS LAING: Oh, sorry; page 45.

Would the Auditor General be able to tell me whom he believes is in charge and is making the decisions as to the funding and grants that are given out by that foundation? I guess if we're going to get at what is going wrong here, when we see things that have gone wrong, we have to have a sense of somebody who's evaluated the program. What is his sense of what has gone wrong?

MR. CHAIRMAN: I think the question may be a legitimate question, but I think the question should be put to the minister who is responsible for the Wild Rose Foundation. [interjection] Well, I'll let the Auditor General use his discretion, but I think the question is out of order. I think that we're here . . .

MR. SALMON: Well, if I could make one comment, that is that the actual grants and approval of those grants are done by the board of the foundation. They're approved by the board of the foundation. Board members have the opportunity to review those that they're paying.

MR. CHAIRMAN: Mr. McEachern.

MR. McEACHERN: Yes, thank you, Mr. Chairman. I was wondering why — you know, I'm new to this committee, I guess, and perhaps there's been an explanation given before. But in the supplementary information to your public accounts you list a lot of the expenditures of the government by company that was paid the various amounts of money, and you say which department paid that money. That's all very well, but there are about 300 or 400 pages there, I think. They're not numbered in a way one can count them or can subtract and get the number. Would it not be possible to have those listed by department rather than all the departments lumped together? It shouldn't be too hard with the computer, but it makes it almost impossible for us. For instance, Economic Development and Trade is coming next week, and we can't really leaf through all those and total them up and write up a separate sheet. Each one of us has to do that when it could have been done once.

MR. SALMON: Mr. Chairman, it could be done by department. I mean, like you say, it is a computer process. This volume of supplementary information is prepared by the Treasury Department. We examine the processes that they use to develop that supplemental volume. We do not include the supplemental volume as under our opinion of the public accounts itself because of the great detail that it contains. We look at the system itself. It would be a case of the committee convincing Treasury that they should make a change in the presentation of the volume. They'll be aware of what's said today, but it's certainly their

decision as to how they want to present that volume. It is a huge computer process, and it takes a lot of time to pull them all together.

MR. McEACHERN: It does make it . . .

AN HON. MEMBER: Is that one or two questions?

MR. McEACHERN: Only one question.

I guess I would ask for a comment, then, on how one is meant to reconcile that with, you know, the expenditures planned. The categories here are very broad, and it just makes it almost impossible to reconcile how those expenditures add up to these ones, which would be helpful.

MR. SALMON: In volume 3 is a list of all of the expenditures in the year, but they are also summarized by company, so there may be a number of payments for a particular company or individual as well. I mean, it would be voluminous, you know.

MR. McEACHERN: My third question then. You'll notice that a company, for instance, will receive money from several different departments, and I think when it's something like advertising, that's pretty easy to see how that would work out. Does it become an accounting problem to keep track of what's going on with the project when it is funded across several different departments? Is that a problem when you're doing public accounts?

MR. SALMON: No. I'm not sure of the question though.

MR. McEACHERN: I'm wondering if it's harder to audit what is going on in a project than to keep track of it, if it is being funded through several different departments.

MR. SALMON: Don't forget the expenditure system of the government is one system, and that's one big system. All expenditures are flowing through that one system, so it's not that difficult. If it were several systems, it would be hard.

Now, the other thing about volume 3 is that you just take, for instance, our office. We employ a number of agencies to assist us in our audits, and we have those dollars within our budget. If you were to put it by department, then you couldn't see, you know, whereas now if you identify a particular firm or business, you have listed underneath it all of the departments affected by that. I mean, I recognize there's two ways of doing it; maybe you need them both. You really need this way as well, because you're looking for a name. That's what you want to see, and then what did they get from the whole government versus going to the department, when you'd have 25 different spots. So that's another problem.

MR. CHAIRMAN: A further supp?  
Mr. Mitchell, then.

MR. MITCHELL: Can I get four now? Take Alex's. [interjection] Oh, yeah; sorry.  
On the Treasury Branch loan guarantee to Mr. Pocklington.

MR. HERON: On a point of order, Mr. Chairman. That's not in this report.

MR. MITCHELL: Well, I'm using it as an illustration because

it's topical and illustrative.

MR. ADY: We've just had an illustration of Pocklington's [inaudible] this year. Let's get on with the accounts.

MR. MITCHELL: Mr. Moore just asked a question about a Bill that was . . .

MR. CHAIRMAN: Order. We're not debating this. I'm just going to say that in the interests of the business of this committee, you've raised the name of an individual already. I think we know what your . . .

MR. MITCHELL: With respect to schedule 1.11, then, and its relationship to Treasury Branch loan guarantees, considering a typical loan guarantee that would have been implemented in 1986-87, the year under review, you have said that that loan guarantee would be noted in the notes to the financial statement, I presume, of Treasury Branch. Would any money be set aside against that loan guarantee, recognizing that it is a contingency liability, or is it simply noted?

MR. SALMON: Mr. Chairman, from an accounting point of view a guarantee has no liability set up. The only time the liability is set up is if there is an implementation.

MR. MITCHELL: The \$6.6 billion unfunded pension liability and the \$2.5 billion of deemed assets in the Heritage Savings Trust Fund: are they recorded as liabilities in the first case, assets in the second case for the government and consolidated as such into the consolidated balance sheet of the government, which is schedule - whatever?

MR. SALMON: No; the unrecorded liability of pension funds is not recorded. The pension fund is recorded to the value of the assets in the pension fund itself. The liability is recorded to that value. The unrecorded value is not anywhere. It's only in the note, and also the deemed assets are only recorded on the heritage balance sheet. They're not carried anywhere.

MR. MITCHELL: Is it fair to say, then, that if we were to assess properly the debt of this government, we should include the \$6.6 billion unrecorded pension liability, thereby increasing the debt by that amount, and include some provision . . . [interjection]

MR. CHAIRMAN: Is there a point of order or a point of information?

Hearing none, would you continue, Mr. Mitchell, please?

MR. MITCHELL: The \$6.6 billion unrecorded pension liability - can I start again, having been interrupted?

MR. DOWNEY: On a point of order.

MR. CHAIRMAN: There is a point of order, and I recognize Mr. Downey.

MR. DOWNEY: Mr. Chairman, unfunded liabilities are at best an estimate and probably really not within the jurisdiction of the Auditor General except, of course, to comment on them. The best that can be done in estimating an unfunded liability is an estimate.

MR. CHAIRMAN: That's not a point of order.

MR. McEACHERN: What the Auditor . . .

MR. CHAIRMAN: Would you be quiet till you're recognized?

MR. DOWNEY: What I'm saying, Mr. Chairman, is that the unfunded liabilities are duly noted in the report, but as far as estimating them or entering them in the accounting records of the Auditor General, it's not really in order.

MR. CHAIRMAN: Well, I disagree with that, because it is mentioned in the Auditor General's report. But if it is agreed by the members, I'll leave it up to the Auditor General to exercise discretion. I think he's got a sense of the question.

MR. SALMON: Mr. Chairman, if the member would look at page 4, the first paragraph under pension liability, I believe it answers the question.

If the full amount of the Province's pension obligations was accounted for as a liability at that date, the consolidated net assets would be reduced to less than two billion dollars.

I think that answers his question.

MR. CHAIRMAN: Supplementary?

MR. MITCHELL: Yeah; thank you. Is there an argument to be made consistent with that statement in your Auditor General's report that some percentage of loan guarantees should be included as a contingent debt or an actual debt on the consolidated balance sheet of the government?

MR. SALMON: Under accounting policies, Mr. Chairman, you would not record a contingency as a liability. It's strictly as a note until it actually becomes a liability itself, and then it should be recorded. We are saying that the pension is a liability.

MR. McEACHERN: In the statements on the Alberta Mortgage and Housing Corporation, according to the debentures from the heritage trust fund, there's some \$3.4 billion invested from the heritage trust fund into the Alberta Mortgage and Housing Corporation. The annual statement of the Alberta Mortgage and Housing Corporation would indicate a combined deficit between the insurance part of the fund and the corporation itself of almost half a billion dollars; therefore they claim assets of close to \$4 billion. Does that make any sense?

MR. SALMON: Are you making reference to the fact that there's a deficit on housing of about \$494 million? This is the portion of their deficit that has not been funded at this date by the General Revenue Fund.

And then you're making reference to the consolidated \$4 billion?

MR. McEACHERN: Well, I guess what I'm wondering: the assets and liabilities portion of the statement on the Alberta Mortgage and Housing Corporation indicates approximately a \$4 billion asset and liability on both sides. Of that, \$3.4 billion is in debentures from the heritage trust fund, or that they owe the heritage trust fund, depending on when you're calling them a liability or when you're calling them an asset. The other portion, the difference between those two figures, at least half a billion of it, seems to be a deficit that they're still carrying on

the books. Is that not a rather strange accounting procedure?

MR. SALMON: No; I think it always comes back to the consolidation accounting process. I believe I made reference last week to some comments that I had made on pages 108, 109, and 110. On page 109, on 3.5.3, I commented on the value of the heritage fund's investment in our Mortgage and Housing Corporation, which I believe gives the indication of the status of that from the point of view of the accounting for these things within the various funds.

MR. McEACHERN: Are you saying then that the statements of the Alberta Mortgage and Housing Corporation do fairly reflect its assets?

MR. SALMON: On the basis that that's what my report says, and I believe that is so in view of the fact that all of the dollars that are necessary come from the General Revenue Fund. I know that the argument is there, but the General Revenue Fund must stand that loss, and therefore as long as you take those entities as individual entities under legislation, that's the way an auditor must report on them. They must stand alone on the fact that you can get moneys from the GRF that offset any cash deficits, and therefore your deficit that the housing carries is a noncash deficit and eventually will be required for the General Revenue Fund to fund it.

MR. CHAIRMAN: Final set of questions, Mr. Mitchell.

MR. MITCHELL: Thank you. Mr. Salmon, earlier you indicated that under the present structure of your audit mandate you review guarantees only after the fact and therefore do not consider limiting what you consider. Does that mean that you would not be able to consider the relative risk of a given loan guarantee?

MR. SALMON: Mr. Chairman, I examine no transactions before they occur. That's not my mandate.

MR. MITCHELL: Do you examine the relative risk of these particular loan guarantee transactions after they occur?

MR. SALMON: I would have to be assured, Mr. Chairman, that the guarantee is legitimate in order to be enlisted on the list in the general, because I'm giving opinion on the consolidated finance statements; I give an opinion on the General Revenue Fund. I have to be satisfied with all of those notes as well and have to be able to audit the audit evidence that's there for my purview or my staff's.

MR. HERON: Do you have a bad memory? Don't you remember your accounting courses?

MR. CHAIRMAN: You're out of order, Mr. Heron.

MR. MITCHELL: If your mandate as Auditor General was broadened to reflect what is commonly called value for dollar or value for money audits, would you be able to audit loan guarantees in ways that you're unable to audit them now?

MR. SALMON: There would be no difference in the timing of the examination if you're going to do a value for money. The examination would be still after the fact. The only difference

would be the potential for — as the Auditor General of Canada can comment on — the due regard for economy and efficiency with respect to the transaction.

MR. CHAIRMAN: Before I recognize . . . [interjection] No; you've used your supplementaries. Before I recognize Mr. Moore, I just wanted to distribute a statement that was prepared by the Auditor General as a result of last week's meeting in which questions were raised about components comprising the consolidated net expenditures of the province of Alberta. His office was good enough to try to deal with a rather complex matter. So if I could ask the secretary to distribute those statements. The Auditor General has also been good enough to advise that if any members of the committee, given the complexity of this statement, would like further elaboration, then a meeting could be arranged with the person in his department who prepared this statement for further elaboration and discussion.

Oh, one further item of business if I may, Mr. Moore, before I recognize you. The first four departments that we agreed would come before the committee are scheduled and in place. We have yet to hear from the fifth minister, but we'll notify you in due course.

Mr. Moore.

MR. R. MOORE: Thanks, Mr. Chairman. Seeing we seem just to be rehashing everything on the guarantee, I move we adjourn.

MR. CHAIRMAN: Motion to adjourn. Is there any discussion?

Mr. Mitchell?

MR. MITCHELL: Yes, I would like to discuss it. We still have seven or eight minutes, and I've got plenty of questions. I would also like another motion to be considered by the committee before we adjourn.

MR. CHAIRMAN: Well, there's a motion before the committee.

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: There's a suggestion that the question be put. Those in favour of the motion.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: Anyone opposed?

MR. MITCHELL: Yeah; absolutely. I mean, that's just fundamentally wrong. It was an hour and a half, and now we lose eight minutes because the Conservative government backbenchers . . .

MR. CHAIRMAN: Well, the meeting's adjourned as it is, and that's it.

[The committee adjourned at 11:23 a.m.]