

[Chairman: Mr. Pashak]

[8:30 a.m.]

MR. CHAIRMAN: I'd like to call this meeting of the Standing Committee on Public Accounts to order. It's 8:30. We've distributed an agenda. Are you agreed that we adopt the agenda as distributed? Any discussion?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: The first item of business, then, is a motion to adopt the minutes as distributed for our meeting of Wednesday, April 4.

AN HON. MEMBER: So moved.

MR. CHAIRMAN: Any discussion on the minutes? Any errors, omissions, corrections? Hearing none, are you agreed that we adopt the minutes as distributed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Well, this is the first business meeting of the Standing Committee on Public Accounts, and I'd like to welcome the Auditor General, Mr. Don Salmon. I understand he's made some organizational changes in his department that he might like to explain, and I'd invite him to make any other remarks he'd care to make in terms of his annual report.

MR. SALMON: Thank you, Mr. Chairman. My reason for mentioning that is that we've had some title changes. On my right is Andrew Wingate, Senior Assistant Auditor General, and on my left is Michael Morgan, an Assistant Auditor General with the office. We've had two retirements in the office since we met last year, and therefore there was a necessity to make some changes.

Inasmuch as we're here to discuss the '88-89 Auditor General's report, I'd just like to take a few minutes, Mr. Chairman, and comment on some initial items, and then we can open it up for any discussion or any questions. This year was just a little bit different in the release of the report. In the last three years we had released the report before the session started in the spring, but due to the timing of the release of the public accounts, we were not able to release earlier, and therefore it was tabled, as you know, on March 13.

Included in this year's report are 39 bold-type recommendations; 14 are repeats or carryforwards, and 25 are new recommendations. It should be noted, though, that the recommendations and the supporting information in the report have been discussed with senior management, with audit committees, et cetera, associated with the organizations audited by the office, and through our normal audit processes. Management has concurred with most of the suggested improvements and are actively addressing them at this time. I expect that during the audits being done for the '89-90 year, many of the matters recorded in the report which will be discussed today will be resolved.

In section 1 of the report I have indicated that I was generally satisfied with the financial administration of the province for the year under consideration. The recommendations in the report do indicate that there are still needs for improvement, and of course this is an ongoing challenge to management in maintaining good administration. If one were to analyze the bold-type recommendations, you'd find that there are 24 systems

improvement recommendations; six where we found need for concern with respect to the lack of legislative authority; six for noncompliance with authority; and just three with accounting policy recommendations for change. Of the 39 recommendations there are 11 departments involved, and 24 of the recommendations are associated with Advanced Education, Health, Family and Social Services, and Treasury.

For a number of years the Auditor General's report expressed concern about the legislative authority for handling provincial lottery moneys. In my '87-88 annual report I stated that the Interprovincial Lottery Amendment Act, 1988, when proclaimed, would eliminate the previously reported concerns. However, legal advice I received subsequent to that report concluded that the Act provided only a partial solution to my concerns. After reviewing the matter thoroughly, I reported to management my concerns and included two recommendations in the '88-89 report, numbers 38 and 39. Recommendation 39, regarding the lottery fund, has been resolved by Order in Council 134/90, dated March 8, 1990, which exempted the Lottery Fund from every part of the Financial Administration Act. Recommendation 38 is not resolved.

With these remarks, Mr. Chairman, I would be happy to answer questions regarding the report, with the assistance of those with me.

MR. CHAIRMAN: Thank you very much, Auditor General. Mr. Thurber, you're very keen this morning.

MR. THURBER: Thank you, Mr. Chairman. On page 62 of your report you recommend that the the Department of Recreation and Parks recover the extra money paid to Kananaskis Village Resort Association in excess of their contractual obligations. Could you explain some of the circumstances surrounding this, I believe it was, \$635,000 overpayment to them?

MR. SALMON: That's right; those were funds that came from the department to the Kananaskis Village Resort Association and are a contractual obligation. This was here last year, and our understanding from the department as well as the minister was that the matter was resolved because they had established an arrangement whereby it would be recovered over a number of years by a deduction of so many dollars from the funds that would flow in each year and the coming years. However, at the time of the conclusion of this particular audit, which was in the second year, the agreement still had not been finalized, and for that one reason we've included this recommendation. I do know that from the department's point of view there has been the direction that all is resolved. However, we have not been able to see, or have not been shown, an actual agreement where it has actually been signed, and that was really our concern this year. We understand that it will be taken care of.

MR. THURBER: So you're saying that a final agreement has not been reached between the province and the association regarding the repayment of this.

MR. SALMON: I guess the agreement had been reached, but it was not actually formally signed, so there was no authority for doing the actual deductions on the moneys that are flowing to the association. But we understand that it may be done now. We just haven't been back in the current year.

MR. THURBER: Are you satisfied that there are adequate systems in place to ensure that this doesn't happen again?

MR. SALMON: We've been given that assurance. We'll look at it in the current year.

MR. THURBER: Thank you.

MR. CHAIRMAN: Okay, thank you.
Mr. Hawkesworth.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'd like to ask a couple of questions of the Auditor General regarding the whole business of providing loan guarantees and providing loans and what sort of policies the government has in terms of taking securities as a form of collateral to support those loans. Just as an example, page 12 of the Auditor General's report specifically relates to the Treasury Branches, talking about common collateral or guarantees and that there need to be better forms of recording information on loan guarantees and letters of credit.

I guess the question may be a more general one in terms of procedures in place throughout the provincial government entities. There are a number of them. The Alberta Mortgage and Housing Corporation, the Treasury Branches, and the Alberta Opportunity Company are just a few that spring to mind. Amongst their various purposes they all extend credit by way of loans to be repaid under certain terms. Some loans are granted against the assignment of various forms of security having a cash value, and other loans are granted, it appears to me, without the benefit of cash value security being assigned. So I'd like to ask the Auditor General about loans that might be essentially unsecured and where there are any common criteria used throughout these loan granting entities that apply to situations where loans are extended, where other forms of credit are extended on an unsecured basis. What criteria are in place to ensure the ultimate collection of these unsecured extensions of credit?

MR. SALMON: Mr. Chairman, I'll try to approach this in a general sense. One has to recognize that each piece of legislation that exists, an organization in some cases, a department in some cases, or the Lieutenant Governor in Council, can give guarantees, depending on what that legislation states. In some cases the organizations also have the right to grant loans. In those cases where guarantees are given, there is documentation to support those guarantees which we are able to examine in relationship to the listing that is shown in the public accounts of the province each year. In the case of the loans we also are able to examine the collateral that's attached to those loans. One has to take into consideration, though, the fact that in each year at the conclusion of a year-end it will be necessary for the organization to examine the support for that loan and determine whether or not the valuation of the loan is proper. As auditors we are interested in that process and do follow that through.

Also, in determining the value of the loan we must take into consideration any decrease in the value of the supporting security, and of course that then comes under the aspect of the provisions for losses that are shown in the various statements, such as Treasury Branches, when the value of that security may be lower than it was in the previous year under various circumstances. The process is one in which each organization must look at their own loan portfolio or their own guarantee situa-

tions. Of course, the summarization of guarantees in the province under the General Revenue Fund is in the public accounts, and those are actual figures that have been drawn by the organizations under the provision of the guarantee.

So I don't know whether that generally answers the question, but it actually works through the provision for loans, and the valuation drops if it's necessary or would remain the same if the security's still there.

MR. HAWKESWORTH: Well, there are a lot of follow-up questions I could pursue on this, so let me start in one direction, Mr. Chairman. For example, I understand that a company called Oil Patch Group Inc. went bankrupt sometime in the last several months, and the province under some loan guarantee has been forced or is in the situation of having to make good on that guarantee . . .

MR. MOORE: Point of order. Under what section of the Auditor General Act is that question raised? Have you got a section?

MR. HAWKESWORTH: If you'll let me finish my question, I think it will become obvious, Mr. Chairman. If you let me finish the question and then feel it's still out of order, then you can tell me that, but I'd like to at least explain it.

. . . at some substantial cost, as I understand it, to the taxpayers of Alberta. Now, Mr. Chairman, when I went through the schedules that appear in the public accounts, I couldn't find the name of this company listed under the consolidated statements. On page 1.20, looking under the bank and credit union loans, under the section headed Debenture and Loan Guarantees, that company didn't appear, and even under the General Revenue Fund, under a similar schedule, I didn't see that that company appeared anywhere. So I guess in terms of reporting to the Legislature on where the province has made these commitments and listing the commitments that have been made and the exposure of the province to those companies, I couldn't see the individual companies itemized, Mr. Chairman. I'd like to ask the Auditor General: in terms of the disclosure to the members of the Assembly and to the public, do the public accounts in any way give us a full disclosure of the companies and the names of the companies to which the people of Alberta have some guarantee or exposure, some form of risk? I couldn't find where in these accounts the fact that we had an exposure and a potential risk for that company might have been drawn to the attention.

MR. SALMON: Mr. Chairman, I'm not familiar with the name of the company at all, and the listing he's referred to on 1.20 is the list of guarantees that have had drawings as of March 1989. Now, if this information is something subsequent or . . . I just can't answer the question. But as far as the audit is concerned, on 1.20 is the listing, and these are the companies or guarantees. So there may be a case. If this has come subsequent to that, I don't know.

MR. HAWKESWORTH: Well, perhaps I could have the Auditor General undertake to . . . I understand the guarantee was executed in October 1987. Without sort of putting him in a difficult situation with that sort of detail today, perhaps he could take the matter under advisement and come back to us at a later point.

MR. CHAIRMAN: It could be more appropriately a question to the Treasurer; I'm not sure.

MR. SALMON: We can certainly find out whether there's been a company of that name in that year and whether or not there's some other reason why it's not listed here, if I could know the name of the company again.

MR. HAWKESWORTH: Then my last supplementary. On page 12 of the Auditor's General report, recommendation 8, Mr. Chairman, the

Treasury Branches [are to] establish, and regularly review, the maximum amount to be invested by loan categories to assist in the control of credit risk.

I'd like to ask the Auditor General: in terms of lending by the Alberta Treasury Branches, are there any limits or ceilings on loans to any one entity or related groups of entities by the Alberta Treasury Branches in terms of policy, in terms of restrictions, in terms of directives that are provided to the managers of the Alberta Treasury Branches? I think we've seen some problems in other financial institutions because there was perhaps too great an exposure to one particular company or one particular group of related companies. I'm wondering if there are any limits or any policies that would restrict the amount of exposure Alberta Treasury Branches would have to any one company or group of related companies. If so, how is that determined?

MR. SALMON: Mr. Chairman, that's the policy decision of Treasury Branches, as to how they set their limits. There is difficulty in setting limits on individual loan programs. Our comment within the Auditor General's report was concerning the systems they have. Although they are attempting to break it down by categories and to manage the processes as best they can, there are systems adjustments that can still be made, and they are working on those adjustments to try to resolve some of the concerns that exist in the categorical division of the loans. Certainly management of Treasury Branches is concerned about limits and are managing their loan portfolios as they have established the procedures. We were looking at the system and seeing whether we could assist them in identifying areas where they could improve that control over their credit risk.

MR. CHAIRMAN: Thank you.
Mrs. Black.

MRS. BLACK: Thank you, Mr. Chairman. Welcome to the Auditor General and his department. In going over the report, one of the areas that I was a little bit surprised to see was that page 24, under the Alberta College of Art, showed that the college makes loans to employees without statutory power. I'm wondering, do some of the colleges have statutory power to make loans to employees?

MR. SALMON: Mr. Chairman, the Colleges Act allows for certain types of loans to be made. However, the kind of loans that we determined were being made within the College of Art were not covered by any authority under the legislation. We had been concerned regarding this statutory power that they have used and identified a section that they felt was right. In our review through our legal channels it was determined that they didn't have that authority. Because the loans were close to senior people of the college, we felt it was essential that we report the noncompliance, or their lack of authority for those

loans. Because it's of that nature, we've also included it in this report.

MRS. BLACK: Well, Mr. Chairman, as a supplementary, what is the nature of the loans that are allowed under statutory power, and in this specific case how much money has been loaned out?

MR. SALMON: Usually the loans that are authorized under the colleges and the universities are to do with employment and recruiting. There are provisions for bringing people in from some parts of Canada or the United States and letting them have some assistance as they relocate.

MRS. BLACK: Relocation loans?

MR. SALMON: Right. These loans were not that.

MRS. BLACK: They were not that?

MR. SALMON: No.

MRS. BLACK: What were they?

MR. SALMON: They were loans to senior individuals within the organization for personal reasons.

MRS. BLACK: A last question then. You talk about a repayment schedule or that a mechanism should be put in place. Have these loans been repaid?

MR. SALMON: Not to my knowledge at this point, although the college has indicated they will be seeking additional assistance in what they can do with regard to statutory powers, and they were going to seek some advice from the department. We haven't been back in the current year because of the timing.

MR. CHAIRMAN: Thank you.
Mr. Severtson.

MR. SEVERTSON: Mr. Chairman, thank you. On page 47, section 2.16.2, you state that the Department of Health's "fee-for-service claims systems are not satisfactory and result in overpayments and under-recoveries." Your report originally noted this deficiency in 1984-85 and again in '87-88. I guess my question is: has this situation improved in any way since '84-85, or has it gotten worse?

MR. SALMON: Mr. Chairman, this is in the Health Care Insurance Fund. It's a large system, with numerous transactions. Based on volume concerns and the fact that the systems just cannot cope with the load, there has been this problem for a number of years. There is provision for systems improvement that should at least reduce it, and we hope to see that. This has been carried on for a number of years, as you've indicated, and certainly is of concern. They are aware of the problem, and, again, it's something that has not been resolved. We haven't heard a reply yet from the current year.

MR. SEVERTSON: So it's stayed the same roughly since '84?

MR. SALMON: The same.

MR. SEVERTSON: A supplementary. On page 48, the second paragraph I believe it is, you state that overpayments result from inappropriate use of manual override codes by clerical staff, inappropriate application of the Schedule of Medical Benefits, and inadequate computerized validation of claims.

Which one of these areas is responsible for the largest share of the overpayments, and what action and procedures are necessary to remedy that situation?

MR. SALMON: Usually the problem in this area is the fact that the volumes are so great, and in order to move the volumes and make the payments, the override codes are used. If the system they're designing will handle the extra loads that exist in this particular area, then they shouldn't have the problem of overrides. But the system is still not to the point where it can eliminate the problem of the backlog of claims, so they use that process to move them.

MR. CHAIRMAN: Final supplementary.

MR. SEVERTSON: So the manual override is the one that causes the most problems?

MR. SALMON: Mostly.

MR. SEVERTSON: Okay; fine. Thank you.

MR. CHAIRMAN: Okay. Thank you.
Mr. Lund.

MR. LUND: Thank you, Mr. Chairman. Good morning, gentlemen. On page 39 of your annual report recommendation 18, dealing with the Alberta Oil Sands Technology and Research Authority, states that the authority should refrain from disbursing research funding in a manner which does not accord with its legislation.

When you go back to the part above that, you observe in section 2.11.2 that

these requirements were not complied with in . . . 1988 when funds totalling \$545,000 were advanced. The contract was not signed until the following month and Board approval was not obtained until a month after.

Now, I'm wondering if you have received any indication from the authority as to whether they are attempting to conform with the Act, given that you did notice in 1987 as well that there was a problem.

MR. SALMON: Mr. Chairman, in doing this particular audit, as one analyzes the kind of research involvements the authority has, these are specific cases where our interpretation of their regulations and their guidelines is that these are not in compliance with those regulations. The authority has indicated that they will look at these things.

They probably interpret somewhat more loosely than we may as auditors, and there may be some disagreement on the specific ones. But I think the examples are fairly clear as to why we've indicated them, because we've tried to explain in each case the reasons why we have interpreted the regulations in this way. Our concern is that the authority recognize that their legislation and regulations and guidelines are there for them to follow and that they have to look very carefully at any adjustment to or any noncompliance with those to determine whether or not they really can move ahead and make these kinds of payments.

MR. LUND: I notice that you also pick out section 15:

. . . requires the Authority to obtain the Lieutenant Governor in Council's approval for contracts.

Could you explain if there are any other cases in which section 15 is not being observed? I guess I'm having a little trouble with understanding what exactly they're doing under section 15 that's a problem.

MR. SALMON: Oh, yes. Section 15 of the authority Act indicates that they cannot enter into contracts with agencies of a federal or provincial government, and they have entered into some agreements without getting an order in council. That's really where the authority was lacking: the order in council. They've gone through all the other processes but do not have an order in council to back it up, which section 15 required.

Their reply to us on this matter was that they would pursue the matter further and see if they could resolve whether they felt that there was a need for an order in council or not. Again, it's an authority question on what the Act is saying.

MR. LUND: Section 6.8(a) once again is falling into some of the same problems. Is it a case of interpretation or what exactly? It really bothers me when I see these kinds of sums of money being expended, and yet they don't seem to have the authority.

MR. SALMON: The fourth example, 6.8(a), is where the bylaw specifically stated that the board must approve those contracts with international organizations, and the approval was done by the chairman and vice-chairman without carrying it to the board for final approval.

MR. CHAIRMAN: Mr. Gesell.

MR. GESELL: Thank you, Mr. Chairman. Good morning, gentlemen. Before I get into my question, I wanted make a general comment about the introductory portion that the Auditor General referred to. In reading this, it sort of sets the tone for the total report, and the initial phrase that stands out is, and I quote, "The Act requires my report to concentrate on matters that I believe are unsatisfactory." So this report really is in that context. It only outlines and highlights those portions that are of concern or actually create a problem that needs some action, some rectification. The 39 recommendations are in that light. My comment would be that if this report were also to highlight some of the commendations that perhaps would accrue to the government, there might be some considerable number of commendations that might come.

MR. PAYNE: We're producing a pamphlet.

MR. GESELL: Great. I think it would be perhaps 500 pages long instead of 121.

MR. CHAIRMAN: I don't think you're out of order, but we had taken a position earlier in the committee that we would try to avoid veering off into those directions that have a political component to them. Otherwise we'll find that all members will soon be doing that, and we'll be away from reviewing the Auditor General's report and the public accounts.

MR. GESELL: Well, Mr. Chairman, I'm specifically referring to particular quotes within the report, on pages 1 and 2, that the

Auditor General has made. I'm making some comments on those, and I believe those are appropriate.

MR. CHAIRMAN: I'm just alerting the hon. member to the fact that we're going to be into kind of an estimates debate here shortly if you proceed along that tack. But if that's what the members of the committee want, then so be it. It's your committee.

MR. GESELL: Well, Mr. Chairman, just a couple, before I get into the question. I want to set the stage for the question I'm asking, because it deals with some of the disagreements between the accounting principles that the Auditor General is talking about and the Treasury Department, but I still need to make the reference to particular points that are in the introduction. I just want to quote them to put the questions that I'm asking into context. I'm on page 2 now, Mr. Chairman, the second paragraph. "I am generally satisfied with the financial administration of the Province during 1988-89." Also, later on in 1.1.3 there's some discussion about the co-operation that has been given to the Auditor General. I want to highlight that, because that is an important part and an important aspect of open government.

Let me get to my particular question. One example of the disagreements I referred to earlier is over those accounting principles, and there's been some ongoing debate between the Auditor General and the Treasury Department about deemed assets. Now, in order to reduce the need to examine and debate the validity of varying policies each year, would it be possible to establish a set of accounting policies that define what is and what is not universally acceptable?

MR. SALMON: I believe, Mr. Chairman, that the question is referring to generally accepted accounting principles. I'm not sure.

MR. GESELL: Yes. You know, there's some disagreement here. I want to look at a larger, more global type of situation.

MR. SALMON: Okay. Generally accepted accounting principles, as the committee may know - I'm sure I've talked about this before - are those principles established within, say, Canada which are generally accepted in the financial statement disclosure area by organizations that follow the direction of the Canadian Institute of Chartered Accountants. There's a handbook that's out, and although the handbook itself doesn't specifically lay out what generally accepted accounting principles are, over time and usage, et cetera, a lot of the principles of accounting have been generally accepted and utilized in that sense, and reporting on financial statements, et cetera, has acknowledged that as the auditors sign those reports. Of course, we do that with a lot of the organizations that are included in the public accounts.

In the case of the accounting matters that are in the Treasury area, particularly the pensions or deemed assets or this sort of thing, particularly in the pension area, deemed assets are peculiar to Alberta, so you can't very well talk about it in the sense of generally accepted for deemed assets, but you can certainly talk about it in relationship to accounting principles generally. That's the way in which we've approached the deemed asset question and the confusion that results by leaving it on the balance sheet.

In the pension area it's a growing thing. It's come from another section of the Canadian Institute of Chartered Accountants called the Public Sector Accounting and Auditing Commit-

tee. They have offered some suggestions and some statements on pension disclosure. In those statements they indicate that the best way to handle pension liabilities would be to put it on the balance sheet, but we have been making that recommendation for a number of years because it makes sense in the fact that it is a liability. However, because it's not generally accepted in Canada to do that, the Treasury Department has chosen to let the thing sit within the notes to the statements for the time being and has indicated to us over the years that they will continue to consider it. It's just one of those debates that is going on in many jurisdictions in Canada and will continue to do so probably for several years yet. We're certainly not adverse to what's happening, but we have continued to report it because it is one which is being strongly looked at across Canada and has been for a number of years. So it is not something that we're disturbed with because there's that debate, but we need to have it focused so that it's recognized and there's no misunderstanding of the amount and the nature of the liability.

MR. GESELL: Well, that leads me to my next question, Mr. Chairman. The Auditor General has referred to the Public Sector Accounting and Auditing Committee. I believe they've been working towards some specific definitions of acceptable financial reporting practice by government, and they've made some recommendations. I'm skipping to page 84, 3.4.2, and the recommendations relate to some government accounting procedures. So in that statement there, when you state, Mr. Auditor General, that "the province is . . . operating . . . in a world of evolving standards," does this mean that you foresee the emergence of a set of universal principles for public sector accounting in Canada? Are we heading in that direction?

MR. SALMON: Yes, I feel that. I happen to be a member of the committee, and therefore I'm fairly familiar with the direction that it's going. What is happening in regards to these things is that recently, just for general interest, there was a survey taken. The legislative auditors in Canada took a survey of the status of PSAAC's statements and acceptance within provinces from the governments' point of view, and then we also went through on a survey and determined what the status was from the legislative auditors' point of view. Generally speaking, the statements of PSAAC are being accepted. Most of them are accepted; you probably could say 80 to 90 percent of the things are accepted. There's only a few, such as pensions and some of these others - the entity question, which we've commented on and have left for now, as to what includes the government entity - that are still sort of not being agreed to generally across Canada. I think that, generally speaking, the provinces would like to see some comparability with financial statements. However, it takes years to develop standards that will be accepted, when governments change and legislative auditors change and other things have to be developed.

MR. CHAIRMAN: Mr. Gesell.

MR. GESELL: Thank you. Yes, we've talked a little bit about the deemed assets and pension funds. I want to maybe ask some questions about the fixed assets. There's some debate about how to account for those fixed assets, and I don't know what method might have gained the most widespread acceptance across Canada. Might that acceptance influence Alberta's current practice of not including its fixed assets? I'm referring again to page 84, 3.4.3, the last paragraph on that page: "In

addition, most of the Province's fixed assets are excluded from consolidation." I guess I've got a two-barreled question here. What is the present widespread acceptance across Canada? How will it affect us?

MR. SALMON: The PSAAC committee established a study group three years ago now, and that study group finished a study on physical assets which includes all of the fixed assets, of course. That study is now completed, the report's out, and it's public. Because it's a study, the committee will take the study in their own due time and make some reviews of that study in relationship to a statement on recording physical assets in governments, and at that time there'll be some more development. My present understanding is that the physical asset study will not be considered within, say, the next couple of years. So it's really out there for governments and management to think about and consider, because it's strictly a study, at this stage, of a group of professionals who were pulled together to put forward a research study on this particular matter.

Generally speaking, in Canada physical assets or fixed assets are not recorded by governments. Although in many cases they are accounted for in some way, some control, the actual recording on the balance sheet is not there, but the study actually recommends the other way, so it's going to be an interesting time.

MR. GESELL: Thank you, sir.

MR. CHAIRMAN: Mr. Payne.

MR. PAYNE: Thank you, Mr. Chairman. I think it's fair to say to the Auditor General and to the members of the committee that a recurring theme of Auditor General reports and I guess a recurring theme in other forums is the question of pension liabilities and how to account for them. I must admit that I didn't get very far through the Auditor General's report. As a matter of fact, I sort of got stalled at recommendation 1, wherein the Auditor General again expressed his concern with the government's exclusion of pension obligations from its - I don't know if this is a correct accounting term or not - financial net worth, adding it on, instead, as a note. While considering this note, Mr. Chairman, as an accurate indication of the province's pension obligations, the Auditor General appears to remain concerned that the note doesn't sufficiently indicate short-term and long-term cash requirements of the province.

I'm wondering: has the Auditor General found any evidence, apart from the mechanics, if I can use that word, of the accounting procedure that the government has in fact not taken into account its future financial obligations with regard to pensions?

MR. SALMON: Mr. Chairman, the comment is correct. They have taken into consideration all of these things. There is nothing really wrong with the way they are handling the dollars. This is really a debate as to whether or not better disclosure of the financial position of the province would be indicated if the matter were included on the balance sheet of the consolidated financial statements and on the General Revenue Fund. So as far as the treatment of payments, the pension fund investments, and so forth, those are all accounted for. We audit all of that area, and we can understand exactly what they're doing. It's really the perception of what the net worth, you might say, of the province is, and one gets that net worth only by taking into consideration the note.

Again, I'm not saying the note is wrong, because the note does reveal the information. That note has to be updated regularly because the actuarial valuations of the pension funds only take place every three years, so things can slip in in the years in between. But it's really the principle of recording, or whether the note is sufficient. We really identify that by talking about it in that regard and pointing people to the note so that they can actually go that route if they need to.

MR. PAYNE: Well, Mr. Chairman, I don't think I have any supplementary questions, but would it be fair to say, then, in summary, that the Auditor General's concern is strictly limited to the question of accounting procedure and has nothing to do with future financial obligations and the government's capacity to deal with those?

MR. SALMON: Yes. The Auditor General is not commenting on the policy decision of the government. That is true. I'm commenting on the fact that in this particular case the committee of the Canadian Institute of Chartered Accountants, PSAAC, is recommending that it be on that balance sheet.

MR. PAYNE: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Cardinal, followed by Mr. Jonson.

MR. CARDINAL: Thank you. Recommendation 33 on page 64, under Social Services, 2.22, encourages the Department of Family and Social Services [to] improve the controls over payments under the Social Allowance and Alberta Assured Income for the Severely Handicapped Programs, and ensure compliance with established policy. Page 64 also states that of the client files examined during the last audit, 59 percent contained procedural errors, and in 15 percent of those cases, incorrect payments were made. The Auditor General further states that "overpayments of \$12.2 million and underpayments [of] \$900,000 occurred during the year ended March 1989." Would the Auditor General's recommendation 33 further slow down the department's payment process and perhaps bypass genuinely needed clients because of time lost through strict application of the policy manual?

MR. SALMON: Mr. Chairman, this particular recommendation has been included for a number of years. If one were to follow the pattern, there is a regular reduction in the amount of overpayments every year. It was much higher a few years ago. They are developing a new system. This new system they are trying to pull together, which is of fairly substantial magnitude to get done, will, in the prediction of the department, reduce the overpayments and underpayments considerably more. So it's really a systems area, systems improvement. It does not in any way affect the flow or the work of - I'm not commenting on the workloads or anything of the caseworkers. This is strictly the information, the actual payments themselves, and this is an extrapolation of the estimate of the overpayments and underpayments based on the audit examination. The department has accepted this recommendation, and this is the reason for some of their developments in their new system.

MR. CARDINAL: Okay. Would strict adherence to present controls on the payment procedure require greater manpower and a greater time requirement? Would it be cost-effective when compared to how much money is being lost at present by the system?

MR. SALMON: Yes, we believe it would be cost-effective. Of course, this is the computerization system they've had for a number of years now. This system would be much more efficient and would improve their processes considerably.

MR. CARDINAL: My last supplement. Do you believe that the large number of procedural errors on client files were possibly due to, say, overload of the staff presently, the staff/client ratio?

MR. SALMON: We really haven't established the reason. This is something the department itself does look at and examine and weigh the relationship between their employees and the errors that we found. This is something we've left to the department to determine.

MR. CHAIRMAN: Mr. Jonson and then Mr. Paszkowski.

MR. JONSON: Yes, Mr. Chairman. My questions relate to page 43, and when I looked at this particular section, it occurred to me that as an individual I've always been impressed by the thoroughness of the tax system or tax network to always get every charge and every dollar that's coming from the individual. But it seems sometimes in the Auditor's reports we find that the required taxes or charges aren't being required of certain industries, and here we're talking about the forestry industry, which of course is expanding in Alberta and is very important to the province.

My first question, Mr. Chairman, is related to recommendation 20. I have more specific questions in my supplementaries, but could the Auditor General just explain to the committee what the mechanism or steps are whereby the province is supposed to be assured that they are receiving these export charges for exported softwood lumber?

MR. SALMON: Yeah. This is a multijurisdictional problem. The federal government, Revenue Canada, actually collects the 15 percent charge, and because Alberta is entitled to their fair share based on the lumber that flows to the United States, they've indicated their interest and their concern about this area. But there is no basis on which it could be determined whether or not the province was receiving the portion of the charge they were entitled to because of the matters indicated within the report item. Certainly the department has had some discussions, I know, with the federal government, and they're working out ways and means by which they can have better assurance than they presently have.

MR. JONSON: My supplementary, then, Mr. Chairman. I thank the Auditor General for the answer, but I didn't get from the answer just what is supposed to be the arrangement. What is the cut or the percentage for Alberta? How much money are we talking about here over a year's time?

MR. SALMON: Well, Mr. Chairman, as indicated in the first paragraph on page 43, Alberta received \$44.7 million between January 1987 and August '89. There was some indication from a lumber trade association that this could be many millions of dollars more. The department is not really positive. We only indicated that for a perspective with respect to the whole problem, and in our deliberations following the audit and in our correspondence with the department and the department's correspondence with Canada and their meetings with Canada,

which I have discussed with senior officials there personally subsequent to the matter being reported in the management letter, there are indications that there need to be some checks and balances on the flow of lumber out of Alberta. There was a ways and means in which this could be done. I can't describe those because they haven't specifically told me what they are, but they assured me that the matter would be pursued and that there would be a much better solution to it than they've had at the present time.

MR. JONSON: Well, Mr. Chairman, I did look at the previous paragraphs - I'll use my other supplementary for this - and it indicates there that perhaps the major problem is the "misclassification" of lumber. How is this possible, unless it's rather deliberate? It would seem to me that lumber originating in Alberta is clearly labeled and heads to markets accordingly.

MR. SALMON: Apparently it's not always clearly labeled, but it does flow both east and west. In fact, I believe the lumber flows east and goes through Manitoba and then south, and I think there is some lumber that flows west and goes through B.C. and then south. It's supposed to be clearly marked, but there is no assurance that it is, and there are some problems. So we've sort of looked at it. One of the reasons is that the number of dollars has been decreasing, and so the department has gotten concerned as well. Certainly they recognize that the present systems for ensuring that they're getting the dollars from Canada that they should or that it's being accounted for properly aren't there, are not in place, and they were doing everything they could to assure us - and assure themselves mostly - that this matter would be much better controlled than it has been in the past.

MR. JONSON: Thank you.

MR. CHAIRMAN: Mr. Paszkowski.

MR. PASZKOWSKI: Yes. My question comes from page 20, recommendation 11, and it involves Athabasca University. In the recommendation you state that

Athabasca University [should] improve the supervision exercised by Financial Services over the preparation of financial management information.

Does the Auditor General indeed feel there is a need to provide advice to the college on how best to accomplish this? Is the college administration receiving this advice at the present time, or should that process be improved? I wonder if perhaps you could give me some insight on that particular recommendation, please.

MR. SALMON: Okay. Mr. Chairman, there has been concern in this area expressed to the university directly. We have been involved in recommending some ways in which they could improve the process of completing their financial and annual audits. There has also been some shift in personnel and some rehiring and some other changes within the university. We feel that our involvement with this organization last year and the changes they've made subsequently should improve the process for the current year.

MR. PASZKOWSKI: Okay. My second question comes from page 19, again revolving around the Athabasca University situation. The Auditor General's report states that Athabasca University is having ongoing problems with providing manage-

ment with "complete and reliable financial information." This year's report indicates that the university did not "consistently and promptly" perform several control procedures. Last year the Auditor's report stated that the university had not been prepared for an annual audit. These delays are certainly increasing the risk that the university management would be encountering using inaccurate information or incomplete information, and I'm concerned that more fundamental flaws within the university itself, within the system, may indeed be taking place. Would the Auditor General please comment on this situation? Indeed, is there a risk that we are encountering, and if indeed there is a risk, what action should we be taking?

MR. SALMON: Yes, Mr. Chairman, there were risks in those years. We had to hold up the finalization of the audit for various matters that had to be attended to before we could finalize, and the reason for the report is to indicate the problems over these past couple of years. My comment earlier was to the fact that we are aware of the changes subsequent to those year-ends. Of course, the new year-end is now upon us, and we expect things to be somewhat different when we go in there this year.

MR. PASZKOWSKI: Thank you.

MR. CHAIRMAN: Final sup? Okay, fine.
Mrs. Osterman.

MRS. OSTERMAN: Thank you, Mr. Chairman. My comments and questions this morning relate to the Heritage Savings Trust Fund, and I'm looking at page 9, section 2.2.4. The question has already been raised in a related way about the difference in accounting that we have and the difference of opinion that we have. I wondered if the Auditor General would like to make any observation about why this fundamental difference. Why, when we talk about professionals working in the field, do we have this kind of difference in approach?

MR. SALMON: Mr. Chairman, I certainly wouldn't want to comment as to the reasons why the Provincial Treasurer wants to disagree with the Auditor. I think that's always an entertaining subject anyway. He and I get along just fine, but there are disagreements.

It's really back to the fundamental situation. I think every Member of the Legislative Assembly understands the importance of the statement that was included in the heritage fund. It shows the dollars expended by the fund on behalf of the province. They're included in the deemed assets section. It's very simple in a sense that these dollars are in some cases expended in the capital asset areas: irrigation districts, et cetera. In some cases funds have been deposited into the medical research fund, the scholarship fund. Those funds still exist. Those financial statements exist in public accounts, and that's where the \$200 million and the \$300 million are.

Really, to my mind, the schedule of deemed assets is a very important schedule to show what's come out of the fund, but it's really something that has now been completed. It should stay there as that schedule, and it should be indicated that there's been \$3 billion to \$4 billion expended in the province since the fund came into being for those purposes, but it doesn't make logical sense to me as an auditor that it would still be put on the balance sheet so that the public would add the two figures together and say that the fund is worth \$15 billion to \$16 billion.

My comments, my answer, my solution is in the last paragraph of that item. I'm going to leave it that way, and we'll see. If they made a note on the balance sheet but didn't put the dollars – left it in a note, put it in a schedule – you'd solve the fundamental problem of the potential misleading of the understanding of the amount of the deemed assets. Probably the worst offenders are the media, because they keep adding them together. So, I mean, I just keep seeing that. That's why we keep leaving it the way it is with our reservation on the statements.

MRS. OSTERMAN: Well, that's a fair comment. So, basically, just to be clear about what you've said in your last comment in that section, if there were that footnote, does that mean you wouldn't be troubled by the fact that the deemed assets were still part of the balance sheet?

MR. SALMON: If the note were there, and the 3 point something billion dollars were not shown on the balance sheet itself – in two columns, you know, so that it was on both sides, and you just have to add those two figures up to get your \$15 billion or whatever – I would be satisfied and could drop the reservation. That's right.

MRS. OSTERMAN: I think, Mr. Chairman, that it's fair to say that many people talk about how the fund is organized and look afield to see if there are other funds that might be instructive to us in terms of how they're handled. I wonder – and the Auditor may have answered this question a zillion times already – whether you've examined other funds. Somebody close to me was suggesting that the Alaska fund is fairly instructive in terms of providing some guidelines about how we might better inform the public, all the stakeholders, as to exactly the status of the fund and its real value. One of the observations that was made, for instance, was that accounting for inflation-adjusted value and performance was used to be further enlightening to the stakeholders. Has the Auditor got any comments about other funds and provisions that might be useful in better informing the public?

MR. SALMON: I think my comments should go the route of . . . My understanding from my reading of the heritage committee study is that the question of the Alaska fund has been raised. Whether anybody has actually looked at the financial statements – I have not seen the statements myself. Certainly, again you'd have to consider accounting policies. Being the American view, they may be somewhat different in projecting inflation.

The inflation accounting is something that's a big debate and hasn't really been resolved in the accounting profession. There was some attempt a few years ago to include within financial statements some notes that would indicate the inflation effect. A number of years ago, when inflation was so bad, it was quite common to push towards that kind of a thing. It's difficult to audit the inflation part directly without additional cost. But when things turned around, the inflation accounting in Canada kind of died, and they really didn't move towards that. I suppose if things move the other way again, why, there'll be some more debate again on whether or not there should be accounting other than straight cost, into an inflation type of accounting or at least some evidence of what that effect has, because there is definitely some bearing on the change in values that could be considered.

As far as Alaska, I'm not sure whether they have such a thing as deemed assets or not. I'm not sure, in their fund, what they do with what they expend. What they do with reporting what they've expended from the fund I'm not sure. It'd be worth while asking. Maybe I'll ask Treasury if they've got a copy.

MR. CHAIRMAN: I've got a copy on the Alaska thing.
Ms Calahasen.

MS CALAHASEN: Thank you, Mr. Chairman. I guess something that's of importance to me particularly is on page 40, section 2.13.2, regarding the Wild Rose Foundation. You've made an observation there that the Wild Rose Foundation "is paying grants for purposes" and basically "in amounts which appear not to be authorized by the Wild Rose Foundation Act and Regulation." You've also suggested that activities carried out under the volunteer development initiatives program don't comply with the foundation's purpose to provide funding to volunteer organizations, particularly those that provide community services to Albertans. Could you explain in more detail what exactly the program does that is not in compliance with the purpose of the foundation?

MR. SALMON: This particular item in the report surfaced again this year. It was cleared for several years and was in the report a number of years ago. Basically, what it does is that it comes down to the interpretation of the regulations and what the foundation can do in regards to grants. As we have examined their procedures, and particularly within this volunteer area, there is a distinct problem in that the basis on which they are operating is not in conformity with the regulations. We've sort of pointed out where the problems were and the things they could do to resolve it. They have indicated to us that they will look at their regulations to permit them to do the kind of things this indicates. We're not really saying that this is wrong. In principle what we're saying is that they do not have the right to do it under their present regulations the way they're written. Also, they have some limitations in their regulations with regard to the amount of the grant that they can make in any one year. They've gone ahead and approved commitments beyond a year, as indicated in that one paragraph. That again is not allowed under their regulations. Again, they would like to be able to do that and are considering changing those regulations to allow them to pursue those types of transactions.

MS CALAHASEN: Thank you. Also in the report, though, in terms of the regulations you're talking about and trying to make sure that they do conform, there are grant commitments that have been made totaling - I would say the three-year grant commitments that you just made a comment on, particularly the one that is listed there as \$200,000, \$120,000 of which is payable in 1990-91. Now, in this report this grant was not approved by the minister, which is required by the legislation if the grant is to be in excess of \$50,000. I know they're trying to make sure that they can do that, but this particular grant is to be paid in three consecutive years, which is also against the regulation, about which it is said, "an organization is eligible to receive a grant not more than once every three years." Is this an isolated incident, or are there other examples you can provide for us?

MR. SALMON: It was this particular area that we were looking at in the foundation. I don't know of any other direct instances that I could let you know of today. There may be others, but

these are the ones that were found in the examination and were identified as not having ministerial approval.

MS CALAHASEN: Thank you very much.

MR. CHAIRMAN: Mr. Bruseker.

MR. BRUSEKER: Thank you, Mr. Chairman. My questions that I have today deal with the Department of Technology, Research and Telecommunications, pages 69, 70, and 71. Through your comments there regarding Chembiomed, the Alberta Government Telephones Commission, and the Alberta Research Council, you mention a couple of times a concern regarding computers. I wonder if you might comment about that, because I'm getting the impression, and perhaps it's wrong, from your report that you're concerned that computers are being purchased willy-nilly and implemented, and people aren't really adequately trained to utilize them, and there's no forethought in buying computers. I wonder if you might talk about the expenditures on computers in general and their usage and what's happening with them.

MR. SALMON: Our comment is not a general one. It is more specifically related to the organization and the types of controls that they have over the purchase and utilization of the micros particularly. AGT is that way. I believe the other two organizations you mentioned had other reasons and problems with their systems rather than directly with the computers themselves. Is that right? [interjections] Yes, the Research Council has also controls over the use of their computers because of the numbers and the types of systems that they had to know what they were doing with them. These are specifically related to those organizations.

MR. BRUSEKER: So, generally, you're fairly satisfied with the utilization of computers.

MR. SALMON: Yes.

MR. BRUSEKER: Okay. Sorry.

Just going back to Chembiomed, then, I'm looking at your recommendation 37 with respect to Chembiomed: "review the Company's accounting records and financial control procedures, and eliminate the numerous deficiencies therein." You mentioned further up that records were not maintained, entries had not been reviewed and approved by a responsible official, and I'm wondering if you could . . . I'm a little concerned about a statement that's further down. It says, "Errors resulting from these deficiencies were discovered and corrected during the audit." Are you satisfied that you have in fact discovered all the errors and all of the, perhaps, omissions, either inadvertent or whatever, that may have resulted? Have those been corrected, and is the auditing procedure more appropriate now? We've poured a lot of money into Chembiomed, and I'm concerned that we're losing track of it there.

MR. SALMON: Mr. Chairman, we had a number of recommendations that went in the management letter from the department following our exit conference on this audit. All of these concerns, some 13 or more recommendations, were replied to by the company, and they've indicated that they have made the necessary amendments to their systems and procedures to eliminate the deficiencies. Again, because of the magnitude of

the errors, we will be examining them again as we move in for the current audit. We'll be reporting accordingly and possibly won't have to say that they still exist. At least, their indication is that they've resolved them.

MR. BRUSEKER: Okay. My final question, then, relating again to Chembiomed, is the concept, I guess, that we've poured I think about \$44 million into that company over the past few years, and I'm wondering: in your audit processes at all, do you make comments regarding how it is companies like Chembiomed are expending their money, sort of the concept of the value-for-the-dollars audit?

MR. SALMON: No, our process with Chembiomed and all these types of companies is to complete a financial audit and give an opinion on the financial statements as to the value, adequacy, and financial position of the company at a particular year-end. The rest of the items that we report are concerning the systems, and not necessarily where they've spent the money but whether or not they've accounted for the money in accordance with the policies and procedures in place. This is where we ran into these systems problems that we've indicated. We haven't listed them; we've sort of given a general overview of what the problems are within the company. They certainly were concerned with the many weaknesses that we had found and have indicated that they'd proceed and make sure they were not there in the coming year. They are concerned as well.

MR. CHAIRMAN: I recognize Ms Laing, but we may only have time for one question, though, because we have three items of business.

MS M. LAING: So I'd better make it a good one. Right?

MR. CHAIRMAN: Make it good; right.

MS M. LAING: Okay. I'm looking at the actual debt, and the Auditor General would confirm, then, a figure of \$11.9 billion as the provincial debt. But this does not include, as I understand, the unreported pension liability. Could you then estimate what the real debt is if, in fact, we included that?

MR. SALMON: You're looking at the financial statement in public accounts, which is \$11 billion, I know. You're looking at the consolidated?

MS M. LAING: Let's see where I've got it. I've got 1.17.

MR. SALMON: One point one seven: \$11.9 billion. Yes. And I believe if one were to go to the note to the financial statements, you would find the liability, which is . . . This is consolidated, so you have to add some figures. There's more than one figure you have to add, because if you only went \$1.9 billion*, the provincial liability is \$4.9 billion* - and we've summarized them, haven't we? Yes, we summarize them on page 85. It's \$8.6 billion after the deduction of the pension fund of approximately \$4 billion*.

MS M. LAING: So are we looking at a \$20 billion debt?

MR. SALMON: I'm just giving you two figures; you can add them up. This is consolidated. Don't forget you're talking about consolidated and not General Revenue Fund.

MR. CHAIRMAN: Well, I'd like to thank the Auditor General and his staff for being with us this morning, and we look forward to meeting with you again, I suspect. I think we'll have a motion to that effect in a few moments.

But we do have a few items of business on the agenda. Mr. Hawkesworth had indicated . . .

MRS. BLACK: Mr. Chairman, what I propose - we still have some more questions to ask and . . .

MR. CHAIRMAN: He's coming back. [interjection] I will endeavour to do that. I'll try to recognize the fact that Ms Laing only asked one question and that Mr. Thurber is high on the list of priorities, et cetera. We'll try to get you all back in in that order. Okay? I'll try to do that.

Mr. Paszkowski.

MR. PASZKOWSKI: Well, I have a bit of problem in that I have to leave at 10 o'clock. I really would like to get the questions asked, and then if there's something else that has to be done, whatever, but I really feel that we should ask the questions. I'd like to move that we deal with the questions first, and then deal with whatever else is on the agenda.

MR. CHAIRMAN: Well, I've got 20 people on the list.

MR. PASZKOWSKI: I'd like to make it a motion.

MR. CHAIRMAN: Any discussion on . . .

MS M. LAING: He'll be back. He's not going at 10 o'clock. He'll be back the next meeting day.

MR. CARDINAL: We all have commitments after 10, so we'll all have to leave. Our meetings are set up between a certain time and we quit at a certain time, from what I understand. We all have other commitments.

MR. PAYNE: Well, perhaps some members of the committee aren't clear that we do have items of business to transact over and above the questioning of our guest today, which important business needs to be transacted this morning. I mean, the sole activity of this committee is not to ask questions of our guests.

MR. CHAIRMAN: I suppose it's worth pointing out that the Auditor General will be coming back.

So the question on the motion, then, by Mr. Paszkowski. Those in favour of carrying on with questions till the end of the time?

MR. HAWKESWORTH: Mr. Chairman, on the agenda there was a notice of motion that went out. I'd like to at least have some discussion before 10 o'clock on the other items of business.

MR. CHAIRMAN: Those opposed to the motion? Let's just test the floor. The motion's defeated.

All right. The first item, then, that we want to deal with is the discussion of the scheduling of additional committee meetings to question ministers on Wednesday, May 2, and Wednesday, May 9, from 7 a.m. to 8:30 a.m. Mr. Hawkesworth gave notice of that motion. Do you want to make the motion now that we do that?

MR. HAWKESWORTH: Sure. Thank you, Mr. Chairman. In the form of a motion I would move that the Public Accounts Committee commence its meetings of May 2 and May 9 at 7 a.m. in order to schedule the appearance of additional ministers for the period of 7 a.m. to 8:30 a.m. on each of those days.

I think it's fairly straightforward, Mr. Chairman. Last meeting when we were establishing the schedule of ministers, some members of this committee, particularly the opposition members, expressed concern that so few ministers would be able to appear. In reply to that concern, other members of the committee, generally the government members, indicated reasons why we couldn't meet outside of session and so on. A number of alternatives and suggestions were provided at that time in order to accommodate different ministers. So in each case when I heard an alternative being expressed, I tried to put it in the form of a motion in order to provide an alternative to the committee to make a decision on.

So what I'm putting forward today is another one of those alternatives or suggestions that were made last week, that we meet earlier on Wednesday mornings, and in that way we'd be able on each of those two days to hear from an additional minister from our list of scheduled ministers. I'm not suggesting it for every meeting of the committee, just on a trial basis to see how it works out for two meeting of this committee. After that, if we feel it was effective or not effective, we could decide whether to continue the practice.

Other reasons in support of the motion I'm putting forward. All members of the committee are here in Edmonton anyway during the session. I would doubt that there would be many other conflicts of other meetings that members would be attending; I don't expect that too many of us have scheduled 7 o'clock meetings. There would be no additional expenses; we'd be here less than the four-hour time period, so we'd be receiving the same allowance for being here. We'd just be here longer, so it seems to me the taxpayer would be getting more value for money out of us, and . . .

MR. CHAIRMAN: We understand your thoughts on the matter, but we're running rapidly short of time. If the member . . .

MR. HAWKESWORTH: I still have a number of positive reasons for it, but I'll forgo those, Mr. Chairman. Thank you.

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

MR. MOORE: I'll be very short. I want everybody to get in that wants to talk on this motion. As I say, I agree with it. It's a real good motion, that we give every opportunity to get ministers before us and utilize that time and work on it. But I think before we designate any dates or exact times, I'd like to know what the commitments of members are, because when we come into the session our hours are committed right through, hour by hour, day by day. I would certainly like to hear, you know, whether it's available to the members. That's a membership decision, so I'd like to hear from our members where they're at on it.

MR. CHAIRMAN: All right. Here we go. Mr. Severtson.

MR. SEVERTSON: Yes, Mr. Chairman. I basically agree with the motion. Being a morning person myself, I get up all the

time at . . . But on those particular dates, I'm booked on the 2nd and the 9th, and I'm unable to attend at that time. I don't know if we can get a quorum, but I know I'm booked up at that time.

MR. CHAIRMAN: I take it you're speaking against the motion.
Mr. Cardinal.

MR. CARDINAL: I'm in favour of it. I believe I can attend. I'd rather be here in the morning than Wednesday evenings; that was the other alternative mentioned. So for me Wednesday morning is fine.

MR. PASZKOWSKI: Because of the meetings that we have on Wednesday, I have a facility review committee meeting that's scheduled for Wednesdays, and I've already made other arrangements to meet earlier. This will conflict with the other arrangements that I've already made to try and be here from 8:30 until 10, so I think this just totally ruins the work that I've already done.

MRS. BLACK: Mr. Chairman, just because of the time – and I know there's another committee coming in here – would it be possible for us to submit to you a schedule that we have so you could then look at it instead of us all saying what we're doing every day? That seems to be wasting time. Possibly we could put a schedule in.

MR. CHAIRMAN: We have a very straightforward motion before us. Let's just vote on it. [interjection] Yeah, and I think if you want to make that at some other point, you know, I'd take that as a suggestion, but I think it's . . .

MR. GESELL: [Inaudible] a question I have, Mr. Chairman. It relates to the budget. If we are to do this type of operation on an ongoing basis, do we have to increase our budget amounts? I believe that was discussed last time.

MR. CHAIRMAN: Well, as long as we keep our business within a four-hour period, it will not affect the budget.
So are you ready for the question on the motion?

AN HON. MEMBER: Question.

MR. CHAIRMAN: Question. Those in favour of the motion? Those opposed? The motion's very close, but it's defeated.

I have quick question for Mr. Payne. I think this should go rather quickly, but the Speaker needs this motion.

MR. PAYNE: Mr. Chairman, I would like to move approval for you and the deputy chairman and your wives along with the administrative assistant of our committee to attend the CCPAC conference in Newfoundland, July 8 to 11, 1990. In making this motion, perhaps I should point out to the members of the committee that the travel and accommodation costs associated with my motion have received prior budgetary approval.

MR. CHAIRMAN: Any discussion on the motion? Those in favour? Motion approved.

The critical question here for us, though, has to do with the scheduling of the appearance of the Minister of Public Works, Supply and Services, because he's also responsible for three other areas: the Public Affairs Bureau; lotteries, major exhibi-

tions and fairs; and the Alberta Public Safety Services. He wants to know on which of those areas in addition to his main portfolio do we want to ask questions of him.

AN HON. MEMBER: All of them.

MR. CHAIRMAN: He claims that he'd have to bring half - that he'd have to fill the benches back here with . . . Is there some way that we could limit that? Okay; let me just go through them again. Public Affairs Bureau; do you want questions on that? Or lotteries and major exhibitions and fairs? Or Alberta Public Safety Services?

AN HON. MEMBER: Yes.

MR. CHAIRMAN: Alberta Public Safety Services?

AN HON. MEMBER: Yes.

MR. CHAIRMAN: So is it the feeling of the committee that we want to ask the minister to bring at least someone from all of those departments then? It would seem to me that that's the wish of the committee. I'll try to negotiate that with the hon. minister.

I think that concludes the business of the committee.
Mr. Lund.

MR. LUND: Mr. Chairman, picking up on what Mrs. Black had to say, I wish we could deal with that, but I realize the time is running out.

MR. CHAIRMAN: Is there a particular question about . . .

MR. LUND: It's on scheduling. Those two particular dates conflicted so badly. That is why the vote was the way it was, but if we could put into you the dates that we could . . .

MR. CHAIRMAN: Well, I'll consult with the co-chairman on that question, if that's fine with you, and we'll come back with a recommendation on that suggestion next week.

MR. LUND: Sure.

MR. CHAIRMAN: Okay. Mr. Moore.

MR. MOORE: I move we adjourn.

MR. CHAIRMAN: All right. There's a motion to adjourn. Those in favour of the motion to adjourn? Those opposed? Motion carried.

[The committee adjourned at 9:59 a.m.]