

8:31 a.m. Wednesday, February 23, 1994

[Chairman: Mrs. Abdurahman]

MADAM CHAIRMAN: I'd like to call this to order. I'd want to once again say good morning to you and welcome you on this brisk, fresh morning in Alberta.

Could I have a motion for approval of the agenda, please? Moved by Sine Chadi. If there's no debate, I'll call the question. Sorry, Ty. Were you going to vote?

MR. LUND: Well, Madam Chairman, I was very disappointed when I saw the agenda, because we have with us the Auditor General, and I was hoping we could get to discussing the report with the Auditor General as opposed to going through all these notices of motions.

MADAM CHAIRMAN: As chair, Ty, I have to point out that that was done on the request of a member of the Public Accounts Committee, that the motions from last week be brought forward as notices of motions to be dealt with at this meeting, and that's respecting the wishes of the majority.

MR. LUND: Okay.

MADAM CHAIRMAN: Thank you.

If there's no further discussion on the agenda, I'll call the question. All in favour of the agenda? Against? I can see we're off to a good start again.

Approval of the minutes of the February 16, 1994, committee meeting. Are there any corrections? If not, could I have a motion to accept them as circulated? A motion to accept the minutes, Leo. Any discussion? If not, all in favour of accepting the minutes as circulated? Against? It's been agreed.

Debate on notices of motions. The first one on the agenda, 4(a), was moved by Debby Carlson. I'd ask Debby to speak to her motion, please, at this time.

MS CARLSON: Yes. I'd like to refer to Guidelines for Public Accounts Committees in Canada and Improving Accountability: Canadian Public Accounts Committees and Legislative Auditors. In these guidelines, guideline 17 states:

The Public Accounts Committee shall have permanent referral as they become available of:

- (i) the Public Accounts;
- (ii) all Auditors' Reports on the Public Accounts;
- (iii) all Financial Statements and all Auditors' Reports of all crown corporations and other agencies receiving funding from government or tax collection agencies;
- (iv) the estimates of the Auditor's Office and the audit report on the Auditor's Office.

Speaking specifically to point three here, in keeping with the guidelines for Public Accounts across Canada, I believe this notice of motion is something this committee should look at.

MADAM CHAIRMAN: Thank you.

Anyone wishing to speak? Ty.

MR. LUND: Thank you, Madam Chairman. I'm not impressed with this motion. As you know, Premier Klein has made some major changes in the activities of the Auditor General, and it would seem to me the work he is doing or that office is doing would be sufficient. I'm really concerned about the last part of that where it says "and to make reports or recommendations on the privatization of those entities". That I really find difficult.

It seems to me we are out here now searching for ways to make this committee go on and on and on, and in fact we don't have time to meet with all the departments. Why are we striking off into brand-new areas that it seems are going to be very futile? I cannot support this. I think we have to get down to really scrutinizing the departments. We've got the Auditor General here for the second day, and as near as I can tell we're going to be bogged down and may not even get to him. He has a lot of very important things to tell us, and I hope we could move very quickly through these and get to discussing the important things we came to discuss rather than a bunch of motions.

MADAM CHAIRMAN: Anyone else wishing to speak to the motion? Barry.

MR. McFARLAND: I would reiterate what Rocky Mountain House has indicated, because I am more concerned about – as I see it, Public Accounts is here to look at past records, question the Auditor General, hear presentations, and ask questions of the department that is before the committee. Getting into the operations of Crown agencies and commercial enterprises and revisiting things that the Auditor General has already looked at and made recommendations on are to me a duplication and actually an affront to the services the Auditor General has provided. I'm just wondering if that isn't a question of the work the Auditor General has, in fact, done on behalf of the Legislative Assembly. So I don't feel very comfortable supporting this motion, Madam Chairman.

MADAM CHAIRMAN: Gary.

MR. FRIEDEL: Yes, Madam Chairman. I'd have to suggest that it's not within the mandate of the committee to set its own rules. In any event, I think it is the prerogative of the Parliamentary Reform Committee to recommend and then have accepted in the Legislature any changes to the mandate of the committee. I would suggest that all four of these are therefore outside the mandate for ourselves to decide.

MADAM CHAIRMAN: Your point has been made to the chair. During the organizational meeting, which was certainly the mandate of this committee as there's no other mandate at the present time, they were accepted by the chair as appropriate motions.

MR. FRIEDEL: But it's still not within our mandate, whether it was at the organizational meeting or otherwise, to set the rules under which we operate. I think that is only for the Legislature to decide. At best, this committee could make a recommendation, but I don't think any of these motions could be freestanding as authorization to take under its jurisdiction any of these functions.

MADAM CHAIRMAN: Thank you, Mr. Friedel.
Mike.

DR. PERCY: First, a question in response to the point just made, then the question I was going to ask. Cannot this committee then make recommendations to the Parliamentary Reform Committee?

MR. FRIEDEL: If you're asking me, yes, we could make recommendations, but these motions don't talk about making recommendations. They talk about giving permanent referral. These are not recommendations. These are motions to take on jurisdiction.

MADAM CHAIRMAN: I recognize the points being made, but as chair I'm not aware of legislation – if someone can point it out to me – that disallows this Public Accounts Committee to set its mandate. Until somebody brings that forward, I will accept that these motions are in order.

Anyone else wishing to speak? Mike.

DR. PERCY: Just a clarification to your question. An interesting comment. From what some members have said of this committee, it seems the point being made is that this motion is outside the realm of what public accounts committees do. In fact, this recommendation does follow directly from the guidelines for public accounts committees in Canada, and it's part and parcel of what many public accounts committees do across Canada. It's certainly consistent with what other public accounts committees view as their mandate. It's not in a sense taking us one step beyond what is done elsewhere by provincial public accounts committees.

MADAM CHAIRMAN: Barry.

MR. McFARLAND: A clarification I'd request of any of the members here: in your interpretation of the mandate of this committee, is it to make recommendations on the privatization of Crown agencies? Is that what you're saying?

MADAM CHAIRMAN: Do you wish to address the question that's been put to you?

MS CARLSON: Yeah, I'll address that. If the members find that particular part of the motion offensive, then I would accept a friendly amendment to take that portion out.

8:41

MR. McFARLAND: Madam Chairman, the reason I brought it up: unless I'm reading it incorrectly, the last part makes the entire motion deal specifically with privatization of the Crown corporations, because in my mind it states "and to make reports or recommendations on the privatization of those entities," being the Crown corporations. I don't know that we're in a position to delve into making recommendations on the privatization of Crown agencies.

MADAM CHAIRMAN: Do you wish to respond?

MS CARLSON: Does the member wish, then, to make a friendly amendment to the motion?

MR. McFARLAND: I just wanted clarification on where this motion was coming from, because I'm not too clear . . .

MS CARLSON: More specifically, the intent was to be able to scrutinize the operation of Crown corporations, which, as it stands, is not currently done by the Auditor General and is certainly within the scope and mandate of this committee.

MADAM CHAIRMAN: Is there any further debate on the motion before I ask Debby to close debate? Sine.

MR. CHADI: Thank you, Madam Chairman. I think it's not out of the ordinary, certainly not in the eyes of the federal or Canadian public accounts committees across the nation, whereby they're actually asked to make certain recommendations, and perhaps the privatization of those entities is going too far. It wouldn't be out

of the ordinary to make recommendations from our scrutiny of Crown corporations, agencies, and commercial enterprises. I know that in our committees on the heritage savings trust fund we're encouraged to make those recommendations. Now, I can't see why we are not doing that here. We all have to get together on this one, and when we see something wrong or see something that may be done better, we as a committee ought to be able to make recommendations to the proper authorities. So I would like to make a friendly amendment to this motion. My amendment would be that we strike out the words on the privatization so that it would read:

the Standing Committee on Public Accounts be given the authority to scrutinize the operation of Crown corporations, Crown agencies, and commercial enterprises, and to make reports or recommendations on those entities.

MADAM CHAIRMAN: We have an amendment before us. Do you wish to speak to your amendment?

MR. CHADI: Well, I think I just said what I wanted to say. If she'll accept it as a friendly amendment, then we'll proceed.

MADAM CHAIRMAN: Thank you. The amendment has been accepted if the mover is agreeable.

MS CARLSON: Yes.

MADAM CHAIRMAN: It doesn't change the intent to any extent.

Anyone wishing to speak to the amendment to the main motion? If not, I'll call the question. All in favour of the amendment? All those agreed to the amendment? Against? The amendment's been lost.

Ty.

MR. LUND: Madam Chairman, for clarification, I heard the mover say that the Auditor General doesn't audit Crown corporations, Crown agencies. I would like clarification on that.

MADAM CHAIRMAN: I will acknowledge Debby, and then I wish to go to Mr. Salmon. He wishes to speak to this.

MS CARLSON: I think the Auditor General wants to comment.

MADAM CHAIRMAN: Okay.

Mr. Salmon.

MR. SALMON: Madam Chairman, I just want to clarify from my position. A comment was made that I wasn't connected to these with respect to scrutiny. The fact that we do audit all the Crown agencies and commercial organizations of government and have access to working papers of all Crown controlled organizations, with the opportunity to include within our annual report any comments concerning them – also, the audited financial statements of these organizations are in public accounts – gives the Public Accounts Committee the opportunity to ask any questions they would like on the operations of these entities. I just want to make sure they understand that my involvement is there in all the ones owned by government.

MS CARLSON: Just a further comment. Really the intent here is to be able to scrutinize those operations to the same extent that we can other divisions within this government.

MADAM CHAIRMAN: Is there any further debate before I ask Debby to close debate?

MR. LUND: Once again, Madam Chairman, in light of what the Auditor General has told us, I think this is very redundant, and I wish we'd get on with it. You know, here we are, 15 minutes and we're still on the first motion. We've all got extremely busy schedules. I came to discuss the Auditor General's report with the Auditor General, and here we are bogged down in a bunch of nonsense. I wish we could get on with it.

MADAM CHAIRMAN: Debby, do you wish to close debate?

MS CARLSON: Yes, I do. The motion was brought forward so we could begin to start to comply with the Canadian council recommendations for Public Accounts. In fact, Alberta only sometimes implements some of these recommendations. In fact, the financial statements of Crown corporations are not available for extensive review in this committee. In order to truly meet the mandate of this committee, which committee members are . . .

MR. McFARLAND: A point of order. Madam Chairman, I thought I distinctly heard the Auditor General indicate that he does in fact review the operations of these Crown corporations and that he is involved with the working papers and the information is available, if we only had the time to ask him. I'm a little bit offended by the fact that the member is suggesting Public Accounts is shirking their duty and not getting on with looking into whatever it may be that they want to divulge themselves of.

MADAM CHAIRMAN: I can't accept that as a point of order, based on the fact that you're saying your feelings have been hurt. I think the mover has every right to speak to her motion and close debate.

If you'd like to continue.

MS CARLSON: Just a final point. The estimates of the Auditor's office are referred to the Standing Committee on Legislative Offices in Alberta, and this I feel is not enough to meet the mandate of this committee. Therefore, I hope committee members will reconsider their position and accept this motion.

MADAM CHAIRMAN: I'll call the question. All in favour of the motion? Against? It's been lost.

Item 4(b). This has been moved by Mike Percy.

Mike, would you like to speak to your motion, please.

DR. PERCY: Thank you, Madam Chairman. I'll make this very brief, while I still have a voice. The intent of this motion is very simple. It is in part to actually follow upon some of the comments Ty Lund made, to the extent that it's possible for the committee to come together early in the session and agree on what outcomes they want and prioritize what they're going to get. Normally we do that in an organizational meeting, which is certainly full of procedural wrangling. Since the issues here really ought to be nonpartisan and since the committee now is smaller, I think it is possible that we could sit down and come up with a clear description of what it is we'd like to accomplish at the end of the day in terms of going through the recommendations of the Auditor General and the scrutiny of the public accounts. I've found that organizational meetings don't lend themselves to that because they tend to end up in procedural wrangling.

I certainly would accept a friendly amendment to this motion that would set it up as almost a preliminary meeting of the Public

Accounts Committee to set up its agenda, what it would like to accomplish, so we could then begin the formal part of the committee hearings, so we know exactly what it is we want to accomplish - which departments - and it's a very smooth-running operation. So the intent here is friendly. It's basically to try and see what we as a committee can agree upon. Once we know the parameters for what we can collectively agree upon, then I think we can move as expeditiously as the hon. member would like.

MADAM CHAIRMAN: From the mover. Mike, what I'm hearing from you: are you withdrawing this motion, or are you bringing forward and asking . . .

DR. PERCY: I'm providing, in a sense, the rationale. I mean, how it's implemented is another issue. I was really speaking about the implementation of it. The phrasing here is in a sense what the committee would do. The process by which we would achieve that, though, would be some meeting very early in the session when we could just agree on what we want to accomplish. So I bring forward the motion, but the intent in the process is as I described.

MADAM CHAIRMAN: Thank you.

Anyone wishing to speak to the motion? Sine.

8:51

MR. CHADI: Thank you, Madam Chairman. I think the motion is an excellent move for this committee. I myself don't understand exactly what the mission, the goals or objectives, and the output measures of this committee are. I think that right from the outset, as Dr. Percy has described, we ought to have been given that information. For now and for the rest of this session, and perhaps as an example for the rest of the time of this committee, such a move would only enhance and give a road map or blueprint, if you will, for all members on this committee. There isn't a corporation, a foundation, an entity in this country or in this world that doesn't have a mission or a goal or an objective. I mean, they're all founded for that reason. If we have it clearly defined, I believe we can only gain by that. For those reasons, Madam Chairman, I wholeheartedly support this motion, and I hope members of this committee would see it that way.

MADAM CHAIRMAN: Ty.

MR. LUND: Thanks, Madam Chairman. I've been listening very intently to the comments of the hon. members. I'm curious; I didn't hear in the comments how they would like to see this done. Once again, I must emphasize my disappointment that we spend all this time going through this. I'm wondering if the plan would be that the time to do this would be outside this hour and a half we have once a week.

DR. PERCY: I think that certainly would be the most appropriate way of doing this, so that in fact the sessions would deal specifically with the recommendations of the Auditor General or issues related to the public accounts. As soon as the committee meetings begin, we could go directly to those points. I would view it as being something done outside the normal hours that we set.

MADAM CHAIRMAN: Anything further, Ty?

MR. LUND: No. That's fine.

MS CARLSON: Again, referring to the guidelines for Public Accounts, we are one of the only provinces in this country which does not meet recommendation 3, which states that "Public Accounts committees should have a clear formal mandate." I think this motion clearly outlines the building of a formal mandate for this committee, so I speak in support of it.

MADAM CHAIRMAN: Any further debate? Barry.

MR. McFARLAND: When you took over as chair, was there not anything in past documentation that laid out what in fact the terms of reference are?

MADAM CHAIRMAN: What I got as chairman was the past minutes of the Public Accounts Committee. I got full information from the Canadian Council of Public Accounts recommendations. I also got information based on what was happening in other parts of the world, Britain particularly, Australia and New Zealand, with regards to public accounts. What I did was scrutinize all that information to see where we stacked up, particularly in Canada, on public accounts, the role and mandate of it. As I communicated as chair at the beginning of the last Legislature, we were second from the bottom – I believe Manitoba was last – in implementing the recommendations. Ty and Mr. Friedel are quite correct; those recommendations have been put before, I believe, to the Parliamentary Reform Committee. Only one recommendation has been addressed and implemented to some degree, and that was the size of this committee, but it still falls short of what the Canada Council of Public Accounts was recommending in size.

So from an organizational perspective, if it is Standing Order 50 and the first meeting is an organizational meeting followed by the Auditor General – and this is part of the organizational meeting. You will recall, because there were substantive motions, it was the wish of some members of this committee that we don't deal with substantive motions without a notice of motion. I honoured that as chair, and that's why we're at these motions today. I hope that assists you.

If there's no further debate, I'd ask Mike to close the debate.

MR. PERCY: The purpose of this motion, then, is to allow us to define what our mandate is and to do so in a way that doesn't absorb time which we might want to direct towards the Auditor General and those other individuals that come before the committee. I would hope that if this motion were passed and the Public Accounts Committee were able to agree on what its objectives are, what its goals are, that could then be forwarded to the Parliamentary Reform Committee for its scrutiny. This would be a way for the Public Accounts Committee having, in a sense, a say as to what the mandate ought to be as reviewed by the Parliamentary Reform Committee. I'll leave it at that.

MADAM CHAIRMAN: Thank you. Debate has been closed. I'll call the question. All in favour of this motion? Against? The motion has been lost.

Item 4(c). Sine.

MR. CHADI: Well, Madam Chairman, I'm not so sure there's any reason to do this any longer, move these motions, and we should get right to the matter at hand, but I'm going to try one more time. We all are here for a reason, damn it, and if we're not going to look at this stuff and see to it that it's in the best interests of this committee and the best interests of the people of the province and the government and all other stakeholders, then I think we're not doing the right thing.

Madam Chairman, I'm going to move that the Standing Committee on Public Accounts be given the authority to request the Auditor General to conduct value-for-money audits on any government department, Crown agency, Crown corporation, or commercial enterprise that the committee designates for review in order to ensure the effective use of public funds.

MADAM CHAIRMAN: Do you wish to speak to your motion?

MR. CHADI: Yes, thank you. I feel that the Auditor General, since he does not have that authority – and the Public Accounts Committee can authorize that authority and request the Auditor General to conduct value-for-money audits if the Auditor General feels it's necessary. I think that power ought to be given to the Auditor General, and that power comes from the Public Accounts Committee. If the Auditor General sees fit to pursue these audits on Crown agencies or corporations, then he ought to be entitled to the power to do so.

MADAM CHAIRMAN: Thank you, Sine.
Jocelyn.

MRS. BURGNER: Thank you, Madam Chairman. I just take exception to this motion. It's not that I'm obstructionist. I sense some of the frustration that has been raised . . .

MADAM CHAIRMAN: Excuse me, Jocelyn. Could I ask the gentleman to please be seated. Thank you.
Jocelyn.

MRS. BURGNER: Thank you. In my interpretation of the Auditor General Act – and I'm just looking at page 1 of the document we were given – it identifies the scope and responsibilities of the Auditor General. What I take exception to in this motion is that the concept of doing an audit based on a sense of the efficiencies – the value-for-money audits presented by my colleagues would, in my opinion, give the authority of determining how successful we are as a government or where we should be placing our priorities, et cetera, to the Auditor General. I believe, quite frankly, that that belongs with the government. I think it's embodied in the budget that the Provincial Treasurer brings down, and I think it's the responsibility of this government to act on the recommendations of the Auditor General and also to govern in accordance with the budget decisions we make. I have a real problem with transferring the assessment and that authority to the Auditor General. I just feel very uncomfortable with it. I understand what is coming forward from the intent of the motion, but I think the broader implication of what is being asked has to be considered: that we are basically saying that in spite of our role and responsibility as government, we would like the Auditor General to be the one to tell us whether we're doing it well or not within a certain context. I believe the context he should report under is under the Auditor General Act.

I think the scrutiny with which this government has responded to the need for more diligence to be paid to the Auditor General's report is now accepted by this government. I just don't see the need for this motion and take a great deal of exception, as I have just outlined.

9:01

MADAM CHAIRMAN: Thank you.

Anyone else wishing to speak to the motion? If not, would you like to close debate, Sine?

MR. CHADI: Yes, Madam Chairman. No matter how we conduct our business affairs here, I always relate them to how I

conduct business affairs in my own companies. I can tell you that it's not out of the ordinary for myself. I can tell this committee that I have more than 40 companies I deal with that are under my control, and I cannot know every one and how they're doing and how they're performing without knowing that I can give authority to my auditor to do – I probably never use the term “value-for-money audits,” but I do efficiency audits on our companies. They come forward, and that auditor comes back and tells me how we're doing and how we could be doing it better. For us to be able to put some power in the hands of the Auditor General to conduct such audits would not be out of the ordinary, and I feel it's very necessary. So having said that, Madam Chairman, I hope we could go on and approve this motion.

MADAM CHAIRMAN: Thank you. Debate's been closed.

Pearl, I'd ask if you could put the newspaper away, please.

I'd like to call the question. All in favour of the motion? Against? The motion has been lost.

Debby, do you wish to speak to 4(d)?

MS CARLSON: Yes, Madam Chairman, I certainly do. If you refer to the text of *Parliamentary Practice* by Sir Erskine May, it states in part about the public accounts committee that:

The committee does not seek to concern itself with policy; its interest is in whether policy is carried out efficiently, effectively and economically. Its main functions are to see that public moneys are applied for the purposes prescribed by Parliament, that extravagance and waste are minimised and that sound financial practices are encouraged in estimating and contracting, and in administration generally.

That's in the 20th edition, page 728. Well, in reference to that, recommendation 22 of Guidelines for Public Accounts Committees in Canada clearly states:

The Public Accounts Committee shall have the right of access to all financial information and other documents as it determines necessary for its investigations, except for those that are privileged in the narrowest sense of the law, such as Cabinet documents.

Now, in line with this, we are one of only two provinces in all of Canada, including the House of Commons, that does not implement this on a regular and consistent basis. That's it.

MADAM CHAIRMAN: Anyone wishing to speak to the motion? If not, do you wish to close debate?

MS CARLSON: Yes. I certainly hope the members will take my comments into consideration. Let us fall in line with more than 80 percent of the balance of this country and accept this motion.

MADAM CHAIRMAN: Thank you.

Debate's been closed. We'll call the question. All in favour of the motion? Against? The motion has been lost.

Moving on . . . Gary?

MR. FRIEDEL: A point of order. I'd like to discuss something that was in the *Hansard* of the last meeting. I believe it's customary that when someone is absent from the Chamber, it is accepted procedure that that is not referred to in any discussion that takes place. In going through the *Hansard* of the last meeting, I noticed it was indicated that I was not here. I have some concerns about the fact that it was said, and secondly, I think it's necessary to go on record as to why I was not here. I was a member of the Auditor General search committee, and with a conflicting meeting it was necessary for me to choose one or the other. The fact that I chose the priority of attending the other I

don't think is anybody's business in this session to address and have one way or another on the record.

You also make two statements about decisions I made at another meeting. One of them was that I voted against having a Public Accounts Committee as a member of the Parliamentary Reform Committee. Also, you referred to my motion in the Legislative Offices Committee about supporting an individual to attend the conference. Thirdly, you addressed me several times in the *Hansard* as your vice-chairman. I would like to suggest that I'm not your vice-chairman. If you have some concerns about why I voted on motions in the other committees as I did, I would appreciate it if you'd ask me when I'm here and not put it in the record when I'm not here to defend myself.

MADAM CHAIRMAN: Your point is taken. I certainly apologize for the comment “my vice-chairman.” That was totally inappropriate. But as chairman of Public Accounts, I certainly stand by bringing forward my concerns at the last meeting.

MR. LUND: Madam Chairman, I find this extremely serious. I mean, you seem to be brushing it off as not an important issue. Now, I think it's very important that the chair, of all people, doesn't do things like this. Particularly bringing up comments about what an hon. member has done on another committee I think is totally inappropriate, especially coming from the chair. I cannot accept a simple apology and brush it off as something that is just not important. This is extremely serious, Madam Chairman.

MADAM CHAIRMAN: I take it as serious, and I'm not brushing anything off, Mr. Lund.

MS CARLSON: Well, if I may comment on that. I found that the comments were particularly in order. We were discussing at that particular point in time the mandate of this committee and how it can become more efficient and effective, and in fact it can't if the vice-chair is not present. I thought those comments were particularly relevant to the conversation at the time.

MADAM CHAIRMAN: Thank you.

Any other points to be made at this time?

MR. LUND: Well, Madam Chairman, I really have difficulty with just a simple apology. I think you have to recognize how serious this is. What does what a member does on another committee have to do with this committee, and why is something like that brought forward from the chair? You know, I really have difficulty with confidence in the chair when the chair does things like that.

MADAM CHAIRMAN: I accept your comments, but at this time I'm not prepared to comment any further. I've made my point, and I stand by what I said. I apologize for the reference in regards to “my vice-chairman.” That was not done intentionally, and I certainly apologize for that. I stand by, on record, what I said as chairman at the last meeting, and I take it very seriously.

Jocelyn.

MRS. BURGNER: Thank you, Madam Chairman. I think one of the issues here is that we've brought into the debate in this Chamber positions and discussions that were in the purview of another committee or council structure. The point that gives me some concern is that quite often we have to wear two or three hats in this job and we have a responsibility to make decisions within the context of the committee or the council we're serving on. I

think it's that cross-reference – you know, you could casually drop information about a member from a previous meeting which has a totally different mandate, and consequently within the context of this committee it has an implication to that member and the decisions we're making. So I would suggest and might offer that the chair could perhaps make an acknowledgement that there would be confidences held with respect to other committee meetings and there would be an intent not to allow such an undertaking to occur again. I hope that would be acceptable to the vice-chairman in terms of a resolution of this, because I would like to get on with the Auditor General's report as well.

9:11

MADAM CHAIRMAN: Thank you.

The only point I'd like to make is that I certainly don't make any comments lightly. I fully believe that with regard to the appropriateness of any remarks, it was on the agenda, and if some people feel my remarks were inappropriate, I have to accept that they felt they were inappropriate. Where I believe it was inappropriate, I apologize for that.

I would also like us to move on to acknowledging Mr. Salmon being present at this time and also point out that this is possibly, I believe, your final meeting with Public Accounts, Mr. Salmon, after eight years.

MR. SALMON: I don't know whether it's the final meeting, but it's the last one where I am supposed to be answering questions, which I haven't done yet.

MADAM CHAIRMAN: I would like to thank you on behalf of not only the present Public Accounts Committee but all other past public accounts committees you've appeared before. As I indicated last week, your report for this past financial year is a very impressive document.

I'll now open it up for questions. Jocelyn.

MRS. BURGNER: Thank you, Madam Chairman. I would like to turn to page 85 of the Auditor General's Report for 1992-93, under the Department of Education. As you're aware, we're having an interesting agenda of educational reform in this province, a lot of discussion based on the question of accountability, outcomes, financial strengths of our school board, its impact on how we are going to tax and what we're going to teach. I would like some explanation of the statements under analysis of information.

I will highlight some of the concerns that appear to me as I read this, one being that "the Department does not make full use of the information contained in school board financial statements." I'd like an understanding of what that means and what the implications are.

Then further, there is reference to the cost of debt servicing. I'm not certain because I'm not familiar exactly with the process, but in the report you go on to say:

The Department does not consider levels and sources of revenue, cost of instruction, administration and facilities, cash requirements and other factors which indicate the financial strength and performance of the school boards. Analyzing such factors would give the Department a greater understanding of the operations of individual boards.

As you can appreciate, we are working with our school boards to come to some serious levels of agreement in consultation on issues. I need to have an understanding of the strength of the department, because for me, when I read this, I see that we have some deficiencies there.

Perhaps I'll leave those two and come back with a supplementary afterwards.

MR. SALMON: Madam Chairman, the question is a good one.

I think one has to recognize that we are coming from a point of view of the use of the information that becomes available to the department from various school boards. We are not criticizing what the school boards themselves are producing. But there is a way in which the department can, through the use of additional information and possibly amending their budget report forms, identify some areas where they can have a greater understanding of the individual school boards. This is the direction or suggestion to them in the recommendation, and we've had an indication from them in meetings we've had that they recognize where they can improve on some of the information that can come from school boards in order for them to make decisions that are necessary.

MRS. BURGNER: I guess my real concern on this one is that we're embarking on a serious amount of educational reform, and when I interpret this I am wondering what the strength of the knowledge within the department is. So what I'm hearing from you is that that has been addressed in a more direct way following this recommendation?

MR. SALMON: My understanding, Madam Chairman, is that they were looking at various types of information coming from the school boards, and they recognize, too, that everything is in a flux at the present time as to how things are going to go. So our recommendation, which would have been done from an audit of last year, will be updated based on new ways in which they are looking at things in the current year as well.

MRS. BURGNER: Okay. I appreciate that.

My final supplemental. Is it possible, then, to talk about the analysis – it's almost at the very bottom there – of the available information for the educational outputs in the relative performance and funding requirements of school boards? I don't mean to be hasty over it. When I have my constituents having to recognize the changes in education with this document, there's some concern, and I wonder if you could clarify that paragraph for me.

MR. SALMON: I can do it on the basis of . . . If you look at the report in section I where we've discussed the costing of outputs and the importance of that in the first step toward the ability of the department or any of the organizations to measure their effectiveness through their performances, you can recognize we're saying that through an analysis of the relative information the department has at their hands, they can then move toward that ability to see whether or not they are achieving what they intended to achieve in setting their budgets. So it's really in that context, the broader context, that we're referring to that, which of course in the broader sense is back to the recommendation of a year ago which we made with respect to effectiveness. It will take some time, and the department has indicated their desire to try to move along with this. But that's why it's in this particular recommendation, bringing back that source again of knowing what your costs of outputs are as your first step.

MADAM CHAIRMAN: Thank you.

Mr. Salmon, Sine Chadi asked you a question last week. If you'd like to address that now, Sine.

MR. CHADI: Thank you, Madam Chairman.

Mr. Salmon, when we left off last week, I believe that the question posed to you – if you have the Public Accounts minutes there, the Hansard, page 13, I wonder if you would respond to that question. The question was, if you'd like me to . . .

MR. SALMON: No, it's okay. I'll give the question; maybe it's easier. My understanding of it was that there was some indication that some of the recommendations of the Auditor General were not being addressed and carried in the Auditor's report, and how can some ways be developed to improve the recommendations or the implementation of those recommendations? I could comment that in past years there have been some recommendations that have taken considerable time, and there have even been recommendations in the years since I've been Auditor General that have never been implemented for various reasons. I would like to go on record that in the last two years, with last year's annual report, where there were 45 significant recommendations that we reported over a year ago, 42 of those have been implemented or are in the process. We expect a couple of those are being corrected by legislation in this session, and one of them concerns this committee, which has been discussed already in that it has been referred to the standing committee on parliamentary reform.

With respect to the current year, the government has accepted the first 11 recommendations. I indicated last week that although they've accepted those recommendations, there will be a time necessary for them to be fully implemented. My indications are that when the Provincial Treasurer releases comments on the other recommendations, the 36 recommendations that went to the specific departments other than Treasury and Executive Council, I would expect we will see similar results, although we have to recognize that the implementation of any recommendation sometimes takes considerable time. So I wouldn't really say that at the present time, in the last two years, we're giving recommendations to the government that are not being accepted. It's a case of how long it takes to actually implement.

MADAM CHAIRMAN: Supplementary.

MR. CHADI: Madam Chairman, just a clarification here, if you don't mind. My question from last week: does that constitute my first question this week?

MADAM CHAIRMAN: No. But if you're finished with that question, I want to move on to someone else and you'll get another opportunity.

MR. CHADI: Okay. Then I'm done.

MADAM CHAIRMAN: Good try.
Ty.

9:21

MR. LUND: Thank you, Madam Chairman.

I'm looking at page 36, recommendation 9 out of the 1992-93 Auditor General's report. In there you're talking about provincial organizations that have quite substantial amounts of money, \$1.3 billion, to invest. Your recommendation is talking about those folks using another service. Are you advocating that it be an independent investment decision? I'm not sure exactly... It seems like you're suggesting the department, but are you talking about using somebody outside as well?

MR. SALMON: Madam Chairman, we're not suggesting it be outside. We're suggesting that there may be organizations that are invested in the CCITF that could use the expertise that exists within Treasury to invest their funds in a different way where they're not utilizing funds on a short-term duration. It's the longer term kind of held moneys that could be invested and make a greater return. Treasury recognizes that they do a lot of investing;

they do have the expertise. We're not trying to suggest that they increase their workload at all, but sometimes organizations fail to seek advice and do not properly invest their funds. We've had situations where they've gone into particular investments where they've lost because they haven't sought proper advice. Now, they could go outside if they choose, but we're suggesting there is a source of information they ought to seek, and it could be within Treasury and not cost a lot of money.

MR. LUND: Thank you. This has always been a big concern to me. Of course, when you mention that some have lost, that becomes an even greater concern. Can you identify the worst offenders?

MR. SALMON: I wouldn't want to identify any particular ones as being bad offenders. I think in our report in the past we have indicated organizations that have invested moneys that have been lost or that haven't had the return they could have if they'd done some other type of investment. To have within each provincial agency the ability to know how to invest your surplus dollars is difficult, because I don't think you can always have those kinds of management people on your staff. But knowing that all you have to do is make a phone call and discuss something with the people in Treasury that are involved in it every day, you can learn some things that maybe would be of benefit.

MADAM CHAIRMAN: Final supplemental.

MR. LUND: Thanks, Madam Chairman.

If Treasury were to make a recommendation and it turned out it wasn't a sound recommendation, would Treasury be liable?

MR. SALMON: Well, all the organizations within government are government controlled, so I guess if you can't get along, you'd be - I don't know. I don't know what that would entail. Certainly in any investment you can go for the sure thing or go for something with higher risk. I don't think we're talking about the high risk things here; we're talking about something that would benefit if they'd done it in a little different way.

MADAM CHAIRMAN: Thank you.
Mike.

DR. PERCY: Thank you, Madam Chairman. Mr. Salmon, I'd ask you to turn to page 135, recommendation 42:

It is recommended that the Department of Health require hospitals to account for the use of non-grant revenues as a means of reporting how such funds are used to further health care.

The numbers you provide here are really quite significant in terms of the accumulated surpluses of \$65 million and the level of the annual discretionary funds, approximately \$100 million. My first question is: what is the exact legal status of such funds? They are controlled by the hospitals; they are discretionary; they come from parking and services and the like. Are they public funds?

MR. SALMON: By definition, Madam Chairman, they would not be public funds, or they would not be public moneys, which means that it's more of a control through Treasury. But from a legal perspective they are public money, because it's an institution that has its prime funding from the province and through other means, possibly the building of a parking lot and the turning of the revenue of that parking lot back over to the hospital, that becomes, then, discretionary funds that they use. The recommendation is that some means be developed where the dollars there that are

used by these hospitals would be used for health care. There is some feeling amongst some organizations, whether it be on the health side or on the education side, that if we've got these discretionary funds, we can do with them what we want, and we don't want anybody on the government side telling us what to do with them. But I think if you really look at it in relation to the dollars, there may be some dollars – a little bit of direction and a little bit of guidance would help to ensure that moneys, public funds, are used for health care.

MADAM CHAIRMAN: Supplementary.

DR. PERCY: What exactly, then, have you recommended in terms of guidelines for the accounting of such funds? Can you be more specific?

MR. SALMON: The accounting of the funds is there and included within the financial statements which we're auditing. It's not a case that you don't know what they are. It's a case that the hospitals themselves, because of the direction of the department, have the discretionary right to use those dollars as they see fit. The amounts are increasing. In some respects they like to sort of hive them off from the normal operations and look forward to additional things to utilize the funds for, and we're suggesting that there should be some means of reporting how these funds are used for health care.

Andrew, if you'd like to just add to that.

MR. WINGATE: Yes. We should clarify that these funds are included in the financial statements of these organizations. It's just that sometimes they're not included in budget submissions to the departments. We're just drawing attention to the fact that those funds should be factored in when establishing a budget for a particular hospital.

DR. PERCY: This is a comment. It would have been impossible to track down UniCare from financial records that were provided publicly.

MR. SALMON: Well, no. In a sense UniCare was consolidated into the main financial statement. You just couldn't see the specific numbers.

DR. PERCY: Well, that's the problem. I mean, you just put your finger right on it.

MR. SALMON: Right.

DR. PERCY: When you see a consolidated statement, you're not getting a handle on exactly where these funds are being hived off.

MR. SALMON: Madam Chairman, that's why we made the recommendation, to ensure that subsidiary companies are also included in public accounts so you could see that.

DR. PERCY: My final supplemental follows upon Mr. Lund. These are substantial funds that are in place. Is there a review of how they're managed in terms of ensuring the liquid funds are invested in a way that yields the highest return, or are any of your comments in recommendation 9 also germane to the way these surpluses at the hospital level are being employed?

MR. SALMON: Again, the hospital boards have jurisdiction over these discretionary funds, but at the same time, either a hospital or

sometimes an educational institution has ended up going into some type of investment where they've lost dollars or at least haven't made the return they could have if they'd been wise in their investment. That's in a general sense. I could identify specific ones from the past, but that's all old now and I don't think it's important. Certainly they themselves should also consider the expertise of Treasury with respect to investing those surplus dollars.

MADAM CHAIRMAN: Thank you, Mr. Salmon.
Gary.

MR. FRIEDEL: Yes. I'm referring to page 162, recommendation 47:

It is recommended that the Department of Transportation and Utilities determine whether the Transportation Revolving Fund meets the Department's needs for the procurement of supplies and materials. We question the reasonableness of paying administration costs to maintain the revolving fund, and I'm wondering: could you clarify possibly what decreased administration costs you foresee if materials are purchased directly from external vendors and not through the revolving fund?

MR. SALMON: Madam Chairman, this particular one is interesting, because basically the recommendation comes from the way the fund has been administered versus how the department has acted with respect to purchasing certain types of materials. If it's purchased through the revolving fund, there has to be a certain amount of overhead recovery because revolving funds are operated on the basis of breaking even, and sometimes through a direct purchase they wouldn't have that overhead and it may be less costly.

9:31

The department, in operating the revolving fund and looking at their other operations within the department, recognizes and has indicated to us that the revolving fund is important to them. What they are going to do, though, in resolving some of the issues we identified is examine ways and means of ensuring that the proper use of the revolving fund is maximized so they don't get into the situation where it's costing them more one way or the other. They think they can come up with a decent balance between the use of the revolving fund and what goes through the department. We will be looking at that as we go into another year, but certainly we wanted them to focus on the fact that there were some unusual costs and some unusual purchases that were going through and maybe there was a need to not have one or the other. They're suggesting that they still need both, but they need to review it carefully.

MADAM CHAIRMAN: Supplementary, Gary.

MR. FRIEDEL: Yeah. Perhaps to turn it around a little bit, could there be administrative reasons why goods would be purchased through a revolving fund rather than the other way? In other words, might there be some benefit or advantage in using a revolving fund that would justify the built-in increased administrative costs?

MR. SALMON: Revolving funds sometimes carry inventories, and sometimes you can buy bulk and store rather than buy as needed. Sometimes those factors can save them dollars. That's one of the reasons at least.

MADAM CHAIRMAN: Final supplementary.

MR. FRIEDEL: Maybe just a simple last question. What other possible methods might the department use to purchase if they're not using the revolving fund?

MR. WINGATE: If I could draw your attention to the bottom of page 161, the point we make there is that identical supplies are being acquired from identical vendors, some through the revolving fund and some directly by the department. This doesn't seem to be a logical thing to do. If there are advantages in purchasing through the department, then it would seem all purchases of that type should be through the department. If on the other hand there are advantages in buying through the revolving fund, then it's logical to have all such purchases through the revolving fund. But they're doing both. I think what we're saying is that this needs to be rationalized because one must be better than the other. That's the heart of what we're saying: they're using the revolving fund sometimes but not on other occasions and for exactly the same sorts of material.

MADAM CHAIRMAN: Thank you.

MS CARLSON: Mr. Salmon, on page 78 with regard to the tourism education fund, such things as executive salaries, wages, accommodation, and other administrative costs in this fund are not included in the financial statements. This fund is funded in part by the tourism industry. What recourse does the tourism industry have to determine that these funds were allocated in a proper fashion? Do they have access to where the \$580,000 was in fact spent?

MR. SALMON: Madam Chairman, the tourism education fund is of course a financial statement that's made available to anyone in the public venue. They can see those costs; they're there. I think one indication we've had from the council is that they would like to see it developed so there's full recovery. That, of course, would mean some additional consultation probably with the tourist industry in how they were going to operate that. We were just suggesting in our recommendation that they could improve their accountability in the reports.

MS CARLSON: But in fact that \$580,000 does not show up in the financial statements, so where would the industry be able to see those dollars spent?

MR. SALMON: Well, if you're going to have a cost recovery, you'd have to pull these other costs within the accountability process. When you separate costs between the general revenue fund and how the fund itself operates, you don't have the full picture. To improve their accountability, one of the things they need to do in their annual reports is show the full cost. Irrespective of whether it actually went through the tourism fund or whether it was in the government itself, they can still show those costs, and that's where I think the tourist industry would have a better picture of what's going on.

MS CARLSON: Would that \$580,000 actually come under audit review when you're reviewing the general revenue fund?

MR. SALMON: Yes. That's part of the audit of the general revenue fund's financial statements.

MADAM CHAIRMAN: Pearl.

MS CALAHASEN: Thank you very much, Madam Chairman. To the Auditor General. On page 130, recommendation 38, you

were looking at the possibility that hospital performance information may not be reliable for determining the funds for hospitals. I want to know whether or not you have done any comparative studies with other provinces relative to the performance index and what kinds of results you have received.

MR. SALMON: Madam Chairman, this particular recommendation was made last year, and because the department was unable to move it along as far as we would have hoped, we included it again. The illustration on page 130 in the paragraph before the recommendation was put in there to help to comprehend where we were coming from.

The department still feels strongly that they can develop a plan that will address the problem. They just need to ensure that the data they obtain is quality data and that they can develop some measurement basis. We haven't reviewed other provinces at this point, although we have looked at some benchmarking and other things with respect to some of the states in the United States. There is some other work that needs to be done across Canada, and the department can do a lot of that as well.

MS CALAHASEN: Madam Chairman, a supplementary. Do you advocate, then, that maybe there should be a standardized costing system throughout the province, which means that any procedure done in Edmonton would be the same as in Slave Lake or in High Prairie, et cetera?

MR. SALMON: The Auditor General is not making any direct recommendations. We're suggesting that there are ways and means of comparing one hospital to another on a procedure, and this is being done by some hospitals now. We recognize that because of our audit reviews in the provincial general hospitals in Alberta that we audit. They are aware of some of those differences, and I think this is a good thing because it is helping to identify where they can change their procedures to improve the cost.

MR. WINGATE: Selecting the right base for the accumulation of cost is absolutely critical if you're going to do these comparisons between various organizations. I think a lot of discussion has taken place on what constitutes an appropriate base for accumulating costs, and that's likely to be ongoing for some time before any final decisions are made. But you're right. Obviously, if you had a common base, that would aid the ability to effect comparisons.

MS CALAHASEN: Thank you.

I think that at this time when we are going through such major changes in health structure, we have to look at every possibility where we can save money and be able to serve people with basic services in health. So when we're looking at that, when I think about patients that have been readmitted for the same illness, how could one determine whether or not those readmissions were due to misdiagnosis, and how can we improve that system so that doesn't occur all the time and that money doesn't keep piling up?

MR. WINGATE: Our provisional understanding of this curious readmittance question, the 22,000 occurrences, is that this is a procedure used to maximize the return to the hospital. In other words, there are advantages to the hospital having a high readmittance rate. So what's happening is that a natural occurrence is being taken advantage of as far as getting these readmittance figures up. I think it merely points to the fact that a great deal of care has to be taken in establishing which facts

you're going to use in establishing the way you're going to distribute funds. Great care has to be taken that the data you're using is accurate and reliable, which of course brings us back to the recommendation we made.

9:41

MR. SALMON: We're not suggesting, though, that the hospitals are maybe doing something specific that's contrary. What we're saying is that they don't know the reasons why there are so many readmissions. At least they couldn't give us the answer, and they need to do some information study to determine what those reasons were.

MR. WINGATE: When we asked the department for the reasons for the high readmission rate, they weren't able, as the Auditor General says, to provide an explanation. Now, since this is a figure that is influencing the amount of funding that's provided, our contention is that the department should know the reason for what appears to be an anomaly.

MADAM CHAIRMAN: Thank you.
Sine.

MR. CHADI: Thank you, Madam Chairman. Auditor General, I'd like to refer you to pages 39 and 40 of the report with respect to Treasury and, more specifically, to Treasury Branches, your observations that were made with respect to loan monitoring information and, as well, environmental risk rating. Firstly, I should perhaps tell you that I for one am a strong supporter of the Alberta Treasury Branches. I'm wondering if in your reporting or your auditing you found . . . You mention the lack of information, maybe an indication of borrowers experiencing difficulty – and you're absolutely correct – but also that borrowers do not always provide the necessary information. I'm wondering if this was a serious problem within the Treasury Branches. I note that from within our own accounts it doesn't appear to be a problem. Was it something that was quite apparent?

MR. SALMON: This is here because this could have been a serious problem. If we felt it was still a serious problem, we would have had it as a numbered recommendation, a shaded recommendation. Because we have it in the smaller type of recommendation to management, we're not saying that it's as serious as it could be if they let it develop. Treasury Branches have indicated to us their willingness or desire to ensure that they can monitor this information and they will automate the system in regard to the loans. Of course, everyone recognizes the need to consider loans in relation to environmental risks if you get into those types of situations. They've also indicated that they'll review the adequacy of their procedures in that regard as well. So that's why they have this type of recommendation.

MR. CHADI: Okay. In your audit, then, did you discover any environmental risk loans that weren't covered by environmental risk ratings that prompted you to report on that or make these observations?

MR. SALMON: Some of the information we reviewed concerning certain loans didn't have indicated on the file that they had done their review of this area, although they do have a rating form that should help them identify it. I think partly it's just a case that it was a reminder to them that you've got to be careful with this in all cases, and we didn't have any specific ones to point out to them.

MR. CHADI: I see. Right. The Treasury Branches have, I believe, a four-year plan to eliminate almost \$100 million of accumulated deficit. I note that we have no mention of it in the report. In your opinion, then, are the Treasury Branches on track here?

MR. SALMON: Yes, we feel the Treasury Branches are on track. We've given them a clean opinion on the financial statements if you look at public accounts. We have discussed the deficit for a number of years, and they are very conscious of that accumulated deficit and are working towards eliminating it.

MADAM CHAIRMAN: Thank you.
Barry.

MR. McFARLAND: Thank you, Madam Chairman. Auditor General, my questions centre around the assured income for the severely handicapped on page 106. I noted that under recommendation 30 you made the comment:

Recommended that the Department of Family and Social Services encourage social workers to ensure that Assured Income for the Severely Handicapped clients' shelter costs and asset levels are recorded correctly for cost-sharing purposes.

If I read page 106 correctly, Auditor General, it seems we have a situation where the government of Canada claims that we over-claimed, yet your special audit showed that we under-claimed. The question I have is: if the clients themselves are not obligated to document their costs, how can we properly put in a claim for cost sharing with the federal government?

MR. SALMON: That's a good question. I guess I could answer it this way: if they have the information and it's supported by information from the client, they can include it in the cost sharing. Because the client is not required to give it to them and the social worker doesn't ask for the information, they can't include it in the claim and therefore they can be short on what they could claim. It's a kind of backward thing they're into. Probably they can solve it by encouraging the social worker to do it. The other thing would be to resolve the anomaly that exists. That would be a great way in which they could ensure that they would have to have the information, and it would be based on what Canada would agree to pay on.

MR. McFARLAND: Thank you.

The supplementary is along the same line. If an individual, for instance, receives a benefit from government, they should be obligated to declare their financial position in order to qualify. It's the same as if I go to a bank and apply for a loan. Hopefully, I honestly and in a forthright manner indicate my assets, my liabilities in order to qualify for a loan. Would you recommend that the provincial government do something different to allow them to have the clients themselves duty bound to declare the actual costs of shelter and so on?

MR. SALMON: Madam Chairman, as long as you have cost-sharing arrangements with the federal government, what you want to do in the province is try to claim as much as possible from the federal government to ensure you have that return on the cost you're incurring within the province. If you have a weakness – let's say you go into student loans or anything else – if you don't have the proper information, you can end up putting out loans that are higher than they should be. Here you can have expenses incurred because you've given the individuals the service they require, but what you haven't done is have the information

available to you to return and get that portion that is shareable. How it's done is either through negotiation and change in agreement or insisting that the individuals provide the information. I certainly think that either way that's the reason for the recommendation.

MR. McFARLAND: Thank you.

A final supplemental, Auditor General. During the course of your investigations in this particular area, did you have any documentation to show that in fact you have those clients with minor handicaps unwilling to provide documentation on the actual costs? In other words, do you have a breakdown of those who truly are severely handicapped and the benefits they receive as opposed to those with minor handicaps?

MR. SALMON: I don't know whether we have that specific breakdown, but in the audit we undertook, we found we had enough evidence to indicate that they were underclaiming by \$2 million to \$3 million that they could claim. There would be information in there with respect to specific cases. Whether they're broken down exactly, like I said, I'm not sure at this stage.

MR. McFARLAND: Thank you very much.

MADAM CHAIRMAN: Thank you.
Alice.

MS HANSON: Thank you, Madam Chairman. Mr. Auditor General, I'd like to ask some questions about page 105 in regard to closing files on recipients of supports for independence. I'm wondering about the follow-up. You mention on page 105 that there's often no reason given when files are closed, so we have really no idea why people go off assistance. I'm wondering: when they come back on, is the same file reopened so there's some sort of continuity of information, or is it just counted as a brand-new file? The reason I ask this is because I understand that the turnover on supports for independence in a month is approximately 10,000 files. That makes me wonder: who are these people, and do we keep records of that?

9:51

MR. SALMON: Madam Chairman, they do have a computer system that would identify an individual who was on support in the past. The question it raises, of course, is whether each time someone comes back after they've been dropped the social worker actually goes back and examines information and tries to match up whether or not they've been there before. I couldn't answer specifically how much that is done, but what we're saying here is that they're not identifying the reasons for so many closures and there is some information flow that should be looked at.

MS HANSON: Yes. I noticed that you mentioned they had started something in late '93. On page 106 at the top . . . I'm sorry; I got mixed up here.

Okay. This is similar, along the lines of the first question. What I'm concerned about is what happens after people leave supports for independence. How many of them go into training programs, and if they go into training programs, do those programs work? Has the money been well spent, or are they the ones that end up back on assistance? We need to have some idea about how many of these people going to training programs pop back in a few months.

MR. SALMON: I think that's a good question. It's not one I can answer, though, because I don't know the specific numbers. But

certainly the process would be that if they came off social services, they should either be in training or have a job. These are some of the things we're suggesting to them in the information they have available to see whether or not they're achieving what they're trying to do with the dollars they're spending.

MS HANSON: The question was prompted because I have talked to many people who tell me they've gone that cycle and ended up back on.

My final supplementary is on page 109, in regards to medical coverage for people on social assistance. I was surprised by the apparent looseness of the use of medical cards. I wondered: someone carrying a family social services medical card - I believe that's combined with Blue Cross so people can access glasses and dental care and everything on the same card. Do you know if there are any safeguards against the trading of cards, loaning them to people?

MADAM CHAIRMAN: Before you answer, Mr. Salmon, I just want to acknowledge the presence of a number of Albertans in the public gallery. I'd welcome you to the Public Accounts Committee meeting. It's good to see you up there. Mr. Salmon and Mr. Wingate, the Auditor General and his assistant.

Mr. Salmon.

MR. SALMON: I'm not aware of that. Certainly it would be of concern if those who were accepting these cards weren't sure the individual was who they were. It was the use of the cards, and we certainly would suggest that they need to do everything they can to ensure that they can detect overutilization by the individuals themselves. But certainly if it was by someone else, this really would be fraud in a true sense.

MS HANSON: Yes. I just wondered if there were any safeguards against that other than the pharmacist.

MADAM CHAIRMAN: Thank you.

David.

MR. COUTTS: Thank you, Madam Chairman. Mr. Auditor General, I'd like to deal with recommendation 2 on page 15 of the report where

it is recommended that Executive Council identify Alberta's current expectations from its investment in the Lloydminster Bi-provincial Upgrader.

I believe Premier Klein has indicated that this recommendation has been accepted. I'm wondering: does this recommendation come forth from a problem over long-range planning at the beginning of this project rather than a change in the economic climate of today?

MR. SALMON: Madam Chairman, this is strictly on the basis that there has been over \$400 million spent on the project and, as of the last two years, they've had a write-down of over \$300 million, which means, of course, that's the construction of the plan itself. Now, on the basis of the dollars that have been expended, it's important that the government decide or consider, through whatever means, the expectation of that investment. Having expended those kinds of dollars and recognizing that the value of the investment is considerably lower than what they've expended, is there value in continuing to operate or should this be considered in the light of an investment that could be disposed of? What is the whole purpose of this investment on the basis of the value today? Indications are that the government, as you said, has accepted the recommendation and a review will take place. I think

that will help to at least consider the investment in light of where the dollars should be placed in the province.

MR. COUTTS: If the majority of the costs, then, are associated with the upgrader due to construction and are considered what you might call sunken costs or costs that have been incurred by governments, what is the advantage of conducting an evaluation of the facility's operation?

MR. SALMON: Well, if you have a joint venture board or individuals appointed by the province to operate the investment or be part of that operation, they themselves need to know the direction they should be going in running the operation. The government's assessment of how they want to handle the investment will help them, as they give them direction and consideration, so they can pursue those objectives and expedite the use of that particular investment.

MADAM CHAIRMAN: Final supplementary.

MR. COUTTS: Would it also then be beneficial to point out the social and economic benefits in that project based on that?

MR. WINGATE: I think when construction started it was clear what the objectives were and what objectives had to be satisfied. Now, as a result of the facility being constructed, most of those objectives have been satisfied. The plant is there. The question in front of us really is: what are the continuing benefits of the government's continuing involvement with the upgrader? What we're recommending here is that some thought should be given to what the advantages of a continuing involvement with that upgrader are. I mean, obviously this is a policy matter. Once those have been defined, then clear terms of reference can be given to those people charged with the job of managing that facility. It's really as simple as that.

MADAM CHAIRMAN: Thank you.

We're coming to the end of our time. Is there any other business? If not, I'd like to remind you that the next meeting is March 2. The Hon. Dr. Stephen West, Municipal Affairs, will be appearing before Public Accounts. We stand adjourned.

Once again, Mr. Salmon, if it is the last appearance, I want to express our sincerest appreciation for the very credible work you've done as the province of Alberta's Auditor General. And thank you Mr. Wingate also for being with us this morning.

MR. SALMON: Thank you.

[The committee adjourned at 10 a.m.]