**Standing Committee on Public Accounts**

8:30 a.m.
[Chairman: Mrs. Abdurahman]

THE CHAIRMAN: I'd like to call the Standing Committee on Public Accounts to order. Could I have approval of the agenda, please? Moved by Carol Haley. All in favour? Against? Everyone's in favour. Carried unanimously.

I'm pleased to welcome the hon. Dr. Steve West, Minister of Transportation and Utilities, with his staff this morning, and once again our Auditor General, Peter Valentine. At this time I would like the hon. minister to introduce his staff and then the Auditor General, and then some opening remarks from you, hon. minister.

DR. WEST: Well, I'd like to introduce from the Alberta Gaming and Liquor Commission Mr. Bob King, chairman, and Mr. Norm Peterson to my far right, executive director of finance; Deputy Minister of Transportation and Utilities, Jack Davis, and Les Hempsey, director of financial planning on my far left. Coming in soon will be June MacGregor, assistant deputy minister of corporate services.

THE CHAIRMAN: Thanks, hon. minister.

Peter.

MR. VALENTINE: Thank you, Madam Chairman. With me on my left is Nick Shandro, who's Assistant Auditor General responsible for the portfolio of Transportation and Utilities, and Allaudin Merali, the principal responsible. In the gallery are David Birkby, another principal in the office, Lori Cresey, a manager, and Danny Ewasiuk, an audit senior.

THE CHAIRMAN: Thank you.

If you'd like to proceed with your opening remarks, hon. minister.

DR. WEST: Thanks, Madam Chairman. I would ask that you clarify whether I give my whole remarks relating to both areas first, or would you do Transportation and Utilities first and then gaming and lotteries? What would you prefer?

THE CHAIRMAN: What do you wish, members? Do you want it altogether? Yes, everybody seems to be in agreement, so if you would like to do both areas of responsibility.

DR. WEST: All right. I'll clarify right at the start that the process of public accounts going back to '94-95 is a troublesome one. Because of the recall that's required by ministers and various people, we literally have to go back to the books because of the dating of these. I wonder if there's a better process where we could currently discuss the present budgets rather than go back so far. Because of the size of these budgets and the size of operations of government, it makes it difficult to move back three years, especially with the changes we've seen in probably the last 18 to 20 months.

At any rate, I'll try to limit my comments to general comments about Transportation and Utilities, and we'll look at 1994-95. In '94-95 Alberta Transportation and Utilities' voted expenditures were only $153,000 over its operating budget of $416 million. That's an overage of less than .04 percent. Voted capital expenditures were $839,000 under the $269 million budget or about .3 percent under. I think it's safe to say that the department met its financial targets on both the capital and operating side of the budget for '94-95. This achievement allowed us to contribute to the government's overall deficit reduction program. Not only did we meet our financial targets but we met them while finding the additional dollars necessary to fund our share of the national infrastructure program.

In its first full year, the federal/provincial/municipal national infrastructure program was one of Alberta Transportation and Utilities' major initiatives for '94-95. We spent $100 million that year. Over two-thirds of the projects of this program are transportation and utility improvements in municipalities. It has contributed significantly to job creation and infrastructure improvement within the province. The program was a priority for the department in '94-95. Our objective was to approve all applications to avoid uncertainty and delays for the municipalities. We were able to come up with the funding to do this by carefully managing other expenditures.

Another major undertaking was the transfer of road authority to the improvement districts, and '94-95 saw the virtual completion of this important initiative which will eventually realize an annual saving of $20 million and a reduction of 400 positions.

The department set a number of goals as its business plan for '94-95, and I'll touch on a few of those now. To improve the value of services performed directly by the department, we began the process of streamlining our organizational structure. For example, by the end of the fiscal year we had fully integrated Alberta public safety services into the department, allowing for the reduction of 30 positions and $1.9 million. We also amalgamated government central vehicle operations with the department's fleet operations. That resulted in the following reductions: over 1,000 vehicles and equipment units, over three-quarters of a million dollars in operating costs, $3.3 million in capital expenditures, and 11 positions.

With the goal of protecting the public's investment in infrastructure, we met our responsibilities for the maintenance and rehabilitation of primary highways and bridges. Through deferring or canceling capital upgrades, we were able to maintain conditions on roads and bridges using fewer primary highway dollars. At the same time, we improved compliance to load limits with the motor carrier industry and saw reduction in collision rates. I can tell you that our motor transport service division either authorized or carried out the amazing total of 837,232 actions in this area. These activities included inspection and weighing of commercial vehicles and issuing of official warnings and prosecutions. I'll repeat that. That's 837,232 actions that were initiated by that group on keeping our highway vehicles safer as they go through.

Another goal was to evaluate every one of our services to see how we could deliver them for the best cost and by the most effective supplier. This led to the review of a number of outsourcing initiatives. For example, we began outsourcing snowplowing in '94-95 with the hiring of 70 snowplows on contract for that season. These pilot projects set the stage for the complete outsourcing of all highway maintenance activities that are now under way. We also privatized fuel purchases for the fleet, resulting in the closing of 176 fuel sites and the reduction of six positions.

We continued to increase the effectiveness of our partnerships with other levels of government, the private sector, and rural utility co-operatives. The year 1994-95 saw the beginning of the secondary highways partnership program, with municipal cost-sharing on the secondary highways resulting in more kilometres of secondary highways being upgraded with the same level of government funding. The program gives more autonomy to local governments, allowing more input in setting priorities and managing projects. Through the Alberta cities transportation partnership we worked in consultation with the cities to refocus capital dollars on key provincial priorities such as truck routes, primary highways, and accessible transportation for people with disabilities.

We restructured our rural utility program to meet priority needs for a high-cost gas, electrical and wastewater services, while at the same time reducing total grant and loan dollars. We also deregulated the permitting system for rural gas services. Working with the motor carrier industry, we implemented the partners in compliance program. This has enabled us to focus compliance efforts on carriers with unsafe records.

In conjunction with the state of Montana, we implemented the joint vehicle inspection station at Coutts-Sweetgrass which is saving time and cost for truckers crossing the border. We also reached an agreement with Montana to allow increased trucking weights on their highways from the border to railhead at Shelby.

I'll conclude by stressing once again that we met our financial targets in '94-95. We managed our resources carefully enough that even as we met our targets, we were able to inject substantial extra capital into the national infrastructure program. The year set the stage for tremendous changes that are currently happening in Alberta Transportation and Utilities. It helped position us for the transition we began in '95-96 and are completing this year.

That's Transportation and Utilities. Now I'll move over to, first, the Alberta Liquor Control Board. You can appreciate that now it's combined with lotteries. I'll deal with each individual separately, because at that time, in '94-95, they stood alone.

The Alberta Liquor Control Board financial statements are presented on pages 237 through 243 of your public accounts. The operations reported upon in these financial statements reflect a 64-week period compared to 52. I think you should note that, because it skews the figures a bit. We were dealing again, I say, with a 64-week period versus 52 for fiscal '93. This factor must be taken into account when comparing the results of the two fiscal periods.

In fiscal '94-95 the gross profit was $554 million, a significant increase over the previous fiscal year and significantly higher than budget. Again, the increase primarily is attributed to the fact that the fiscal year is a 64-week period versus 52 for fiscal '93. The increase over budget is due to an underestimation of the volume of product required by the new private-sector liquor stores to fill the pipeline; that is, inventory on retailer shelves. This increase in volume does not reflect an increase in consumption. The increase in volume is solely due to private-sector liquor store inventory requirements. In subsequent years volumes are expected to return to preprivatization levels, and you'll have to note that in the '95-96 volumes.

***8:40***

As can be seen from these financial statements, operating expenses have dramatically decreased from fiscal '93: in 1993, $83.5 million, and in '94-95, $29.5 million. This, of course, is primarily due to the Alberta Liquor Control Board transferring its role as a liquor retailer and warehouser and costs associated with this role to the private sector. These costs are expected to further decrease in '95-96. There will still be a number of ALCB owned and operated liquor stores in existence for the first three months of '94-95, and the ALCB was still in the warehousing business for a large part of '94-95.

Net income is also up and, on an overall basis, is higher than preprivatization net incomes. This fact has caused us to adjust the flat markup downwards so that we meet our commitment to the industry of revenue neutrality; that is, no increase in net income from preprivatization levels of net income.

Now let's talk about Alberta Lotteries. To March 31, 1995, the Alberta Lotteries' financial statements are presented on page 237 through 244 of public accounts, volume 2. Lotteries was in volume 3. In fiscal '94-95 net income transferred to the lottery fund increased substantially over the prior fiscal period. This increase in '94-95 amounted to approximately $156 million, with most of the increase attributed to increased revenue from video lottery operations. Ticket lottery net revenues, while showing an increase of $5.5 million from last fiscal year, are actually declining. The increased net revenue in fiscal '94-95 was primarily due to reduced operating expenses for ticket printing, amortization, finance administration and operation expense, federal tax expense, as well as an increase in other income.

The increase in video lottery terminal net revenues is due to an increased average net revenue per terminal plus the fact that there were more terminals in operation during this period. In '94-95 the operations expenses of Alberta Lotteries were funded by deducting these expenses from ticket and video lottery terminal revenues. In line with the Auditor General's recommendation, future years' operating expenses for Alberta Lotteries are being funded by a grant from the general revenue fund.

Let's talk about the lottery fund. The lottery fund financial statements are presented on pages 182 through 187 of volume 2. All revenue, with the exception of interest and grant recoveries, is transferred from Alberta Lotteries. The detailed breakdown and analysis of this revenue is contained within the Alberta Lotteries financial statement. Again, we are talking about the lottery fund itself right now.

Actual expenditure grants were down $16.4 million from those approved by the Legislature. The primary differences were a decrease of $9.6 million in the community facility enhancement program and a decrease of $6 million in tourism grants. The community facility enhancement program was designated to provide $75 million over a three-year period on a cost-sharing basis to finance the repair, renovation, upgrading, or expansion of community facilities in Alberta.

The shortfall in fiscal '95 grant expenditures is expected to be made up in fiscal '96. Indeed, most of the shortfall has been made up in that approximately $73 million of these funds were spent as of March 31, 1996. We're referring to CFEP 2. Remember there's CFEP 1, CFEP 2, and we announced CFEP 3.

Under tourism initiatives, the 1995 budget included an allocation for the community tourism action program. A review of applications determined that the $36 million previously provided to this program was sufficient and the $6 million allocation was not expended. Total transfers to the general revenue fund in '95 were $492 million, an increase of $375 million over the prior year.

Madam Chairman, I will now look forward to these delving questions.

THE CHAIRMAN: Thank you very much, hon. minister, for covering all your areas of responsibility.

David Coutts.

MR. COUTTS: Thank you very much. Good morning, Madam Chairman. Mr. Minister and Mr. Auditor General, good morning to you and your staff. I'd like to talk about the lottery fund, in particular volume 2 of public accounts on the pages that go from 183 to 187. These particular pages show the financial statements of the lottery fund. The statement of the revenue and expenditure and the fund equity indicates that the community facility enhancement program – those expenditures are significantly below budget by almost $9.5 million. Have I gotten too far ahead of you, Mr. Minister? I'm sorry.

DR. WEST: No, just continue. I'll have to jump with you.

MR. COUTTS: Okay. Those expenditures show $9.5 million below budget. I'm wondering why that occurred. Are there not sufficient projects required to look after the funds that were budgeted for?

DR. WEST: Well, I'll have people look at that too, but remember this is a three-year program and we weren't able to control the actual applications versus dollar output. So there was no magic figure in one year, although the uptake on a CFEP usually is higher in the first year and that's why we usually budget the first year about $35 million of the $75 million and then follow through with the applications. There was no ability on our part, because the applications come in on an ad hoc basis almost.

MR. KING: I think it's fair to say that at the end of CFEP 2 we had only lapsed $2 million. The actual expenditure was very close to the total allocation. Of the $75 million, there was a $2 million surplus left at the end of CFEP 2. So it was close, but we actually were slightly under the amount allocated.

MR. COUTTS: Note 7 on page 185 tells us that the program will provide $75 million – that's CFEP 3 – over a three-year period. Is that figure still on target, or will it be decreased because of this year's lower expenditures?

DR. WEST: Well, as we said, we'll probably see about $73 million uptake in this program. I don't think any of these programs will actually hit the $75 million target, and shouldn't in the concept that it's based on need versus absolute dollars delivery. So I would think that, as you see and we know now, we're going to hit about $73 million out of the $75 million.

MR. COUTTS: Thank you.

THE CHAIRMAN: Thank you, hon. minister. Thank you, David.

MR. KIRKLAND: Mr. Minister, I'll take you to the Auditor General's report, page 161, and start my questioning there if I might. The minister spoke, when he was giving a briefing, about the 176 fuel sites, and the Auditor General has also indicated that there was a need to determine the environmental obligation. As I looked at that – and it also alluded to underground tanks – I wondered if the minister has initiated some action to determine what that environmental obligation is, in determining how many underground sites there are, what the cost would be to clean them up, that sort of activity.

DR. WEST: Well, maybe I'll have department officials here comment on this. This is a very difficult area, of course, because it's like stepping into quicksand. The cost of some of these environmental cleanups and/or assessment of them is very subjective under the criteria we have. But I'll let you have a comment. I know it's important to assess that for our liabilities in the future. But again, it's one of the most difficult things when you have the number of sites we've had across the province. We're struggling. The private sector is even struggling with that right now with environment. The department will comment on where we've come since then and what we've done.

***8:50***

MR. DAVIS: Well, we're out there now assessing all our sites, both the gravel and aggregate pits as well as a few sites with fuel tank storage issues. But I believe this is also a larger issue in terms of some discussion between the Auditor General's office and Treasury on how government will book these liabilities, because some of these gravel operations are going to be there for years and years and years. The question is: do you book that liability now?

In terms of relative volumes, most of our liabilities sit around gravel operations. We have very little in the fuel tank area. I'm not sure whether the Auditor General wants to comment on that particular issue or not. It is a broader issue than just the department.

THE CHAIRMAN: Peter, do you wish to comment?

MR. VALENTINE: Thank you, Madam Chairman. The criteria surrounding the issue of future removal and site restoration costs and the provision for those costs are fairly definitive and have been in existence since 1990 or 1991. Most entities with any material issues to deal with provide for those costs, such that there's an adequate provision at the end of the day when the actual work occurs.

The area that is still under some substantial study is the issue of recording environmental liabilities and a question of dealing with the contingencies of environmental liabilities. That should come to some reasonable resolution within the next six or eight months.

MR. KIRKLAND: I was still hoping the minister or his staff could also identify for me the underground petroleum storage tanks. My observation is that most of them are above ground, and I was surprised to read that the department had a considerable number of underground storage tanks. Is there a number associated with that? Those sites would be, I have to assume, in maintenance yards.

MR. DAVIS: It's really a small percentage of our overall liability relative to tanks. Some of them are even gas station sites that we purchased for rights-of-way. But that's not the big chunk of the issue. It really is the gravel.

THE CHAIRMAN: Thank you.

Carol Haley.

MS HALEY: Thank you, Madam Chairman, and good morning all. My question to you this morning, Mr. Minister, is on the Alberta Liquor Control Board. I could refer you to volume 3, page 239.

THE CHAIRMAN: Did you say 239?

MS HALEY: Yes, I did. The Alberta Liquor Control Board's statement of changes in financial position found on page 239 of public accounts, volume 3, indicates that in 1993-94 the write-down of the St. Albert complex was $13 million. In '94-95 there was another write-down of $5 million. Could you please explain why this occurred and whether there will another write-down this year.

DR. WEST: Interestingly, the warehouse complex out at St. Albert was very expensive entertainment at the least. We've been writing it down slowly because the loss provision on it is the largest, I would believe, of any of the operations of the Liquor Control Board. I'm going to say this with some lack of knowledge, but I think the initial cost of this was around $48 million. When we came along and were looking at privatization on that, it was in the books at that time, I believe, at around $38 million. Of course, when we did a market appraisal of this – and you can get market values on a building this size varying somewhat – it was somewhere between $20 million and $24 million. We knew at that point in time we were going to have to write this building down. Whether we kept it or whether we sold it, loss provisions were going to have to be put in. So we said that we would take certain amounts out on a gradual basis rather than shop the loss provision all at once.

Right now we're probably down in a book value of it that's more comparable to market value. At the present time it's on the market. We are testing the market to see if there's a sale provision there for us on this warehouse. I think the public has to understand that this warehouse was never used for more than 40 percent of the operations of the Alberta Liquor Control Board, but it's a state-of-the-art building. The tower complex or office complex is working very well now with the combined Alberta liquor and gaming branches under one roof. But again, the warehouse is a very clumsy warehouse for efficiency in today's marketplace. It has to do more than just deliver liquor products.

If there's any other comment, you asked how much more we're going to write it down. We've written down about $18 million at the present time off that book. Maybe you could comment, Norm, on when we're going to write the rest of it down, or are we going to hold it in market until we sell?

MR. PETERSON: I think we're going to hold it in market until we sell. The write-down of a facility like this is dependent upon the market value of the property at the time we publish our accounts and assess that market value. What we're saying is that we think the market value at the end of '94-95 reflected that $5 million loss. Of course, we reassess any of our properties or any of our assets constantly and in particular at year-end. We don't anticipate any further write-down, but as the minister says, we're testing the market to see what sorts of offers are out there now. The tender closed on April 12, and we're in the process of evaluating those offers right now.

THE CHAIRMAN: Supplementary, Carol.

MS HALEY: Thank you. Your note 8 on page 242 of the same volume indicates that while operating expenses are lower than budgeted, the result is primarily due to an unfunded liability adjustment of almost $3.3 million. In addition, property expenses which are a component of these operating expenses are over budget by almost $3 million. Could you explain why?

MR. PETERSON: These property expenses include the operating costs of properties that we're holding for sale. These are primarily former retail liquor stores that we still had on the books and we were still out there marketing and attempting to sell. The properties that we had took a little bit longer. As you get toward the end of all these sales, the prime properties certainly go first, but some of the lesser valued properties in terms of a retail type location are the ones that go in the latter stages. It simply took longer for us to market these properties and sell these properties out there to the private sector than we originally anticipated. So the bulk of those property expenses are operating costs of these facilities while we were holding them for sale in that time period.

THE CHAIRMAN: Thank you.
Debby.

MS CARLSON: Thank you, Madam Chairman. Good morning, everyone. I'm in volume 3, the Alberta Racing Commission, page 202. In note 8 I see that the government contributed $7,580,000 in a base grant both in '94 and '95. I'm wondering if you can explain that to me and tell us what financial decisions were made to contribute that kind of a grant.

MR. PETERSON: The grants that we provide to the Alberta Racing Commission – I guess there's really a number of different sides to these sorts of things – are almost a return of the moneys we collect on the pari-mutuel taxes that are collected really in Treasury. These are grants to fund the operations of the Alberta Racing Commission and to provide assistance maintaining that Racing Commission throughout the year, provide assistance in terms of purses, in terms of operations, in terms of the capital necessary to keep the Racing Commission operating. So it's a bit of an in and out in terms of: we collect pari-mutuel taxes on one side of it and we're basically paying out a grant on the other side to the Racing Commission, and those grants are subject, of course, to legislative approval. Those grants in subsequent years are in the process of going downwards. In subsequent years they are $6.8 million, so we are decreasing those grants.

***9:00***

MS CARLSON: So is that return in the form of a grant a 100 percent return of the taxes you collect?

MR. PETERSON: No. I can't remember the exact number of the taxes that were collected. I think it's in excess of $10 million, so it's less than 100 percent of the return.

MS CARLSON: A point of clarification on that?

THE CHAIRMAN: Certainly.

MS CARLSON: Thank you. Is there a fixed percentage that you apply to what you collect?

MR. PETERSON: No.

MS CARLSON: How do you make the decision?

MR. PETERSON: A decision is based on the budgets of the Racing Commission. The Racing Commission determines what they in fact need to maintain their operations in the upcoming year.

THE CHAIRMAN: Thank you.
Barry McFarland.

MR. McFARLAND: Thank you, Madam Chairman. I was just trying to find my place here. Good morning, Mr. Minister and deputy and staff. Peter, good morning to you especially. I beat you here; you were late.

Anyway, Mr. Minister, I have a question, if you could get into volume 2, please, on page 117 under grants to rural municipalities. I believe the reference is 2.4.2, Madam Chairman. It's under the heading of financial assistance for rural roads. I know that many of the rural municipalities would be pleased to get more money than they asked for, but I'm sure that isn't the case, Mr. Minister. I just wonder if you could explain. It appears, according to my calculation, there's in excess of a 14 percent overexpenditure in terms of $4.9 million on the grants to rural municipalities. I'm sure you have an explanation, but I'd like to hear it before somebody accuses you of buying votes.

THE CHAIRMAN: Hon. minister, do you want to answer the question?

DR. WEST: Madam Chairman, I don't like some of the innuendos.

THE CHAIRMAN: Do you want me to rule him out of order?

MR. McFARLAND: This is last year anyway.

DR. WEST: In this year there was a transition that took place with the improvement districts going to municipal districts in the province, so they were assuming the road responsibilities. For most of them that was about 70 percent of their budgets. So the assistance grants we gave them – the overexpenditure was the agreements we signed with them that go to the year 2000-2001. So we were overexpended by $5 million in that area in order to make their transition, I guess, fluid financially for them. There was some negotiating with them. Rather than absolute knowledge of how much it would cost, we gave them by agreement certain amounts of money based on history.

MR. McFARLAND: May I just ask for clarification on that?

THE CHAIRMAN: Certainly.

MR. McFARLAND: Madam Chairman, that would be the improvement districts that converted to municipalities then?

DR. WEST: That's correct.

MR. McFARLAND: Thank you.
The supplementary is also on the same page, Mr. Minister, under reference 4.3.1, the municipal water and wastewater grant program, which is an important program, I understand, for many of the smaller communities. On the other hand, it was underspent by about $3.6 million. Does this mean that there was difficulty budgeting, or were there other factors why the communities weren't able to utilize the full amount of the program that was available?

DR. WEST: As with some of these projects, many municipalities don't in any given year complete their projects or get them up and running. So you can have a variable of either hitting your expenditures or underexpending for any year. In this case, many projects were delayed or some were delayed at the environmental approval stage. I have some here as examples. The Canmore wastewater plant, the Eckville sewage lagoon, and the Peace River wastewater treatment facility were all not on schedule for certain reasons. As a result, then you would underspend your budget.

THE CHAIRMAN: Thank you, hon. minister.
Peter Sekulic.

MR. SEKULIC: Thank you, Madam Chairman. In the minister's opening comments he indicated that there were somewhere around 836,000 actions to keep the highways safe. I think that was accurate.

DR. WEST: Yes, by the motor transport officers.

MR. SEKULIC: Can I get an elaboration as to what he meant by “actions”? What are actions?

DR. WEST: Those are interventions by officers that we have on the road. We call them the brown truck operations that you see out there and the weigh scales and permitting, areas in which we have an intervention either to inspect trucks, weigh trucks, or stop them on the highway for loose loads, mechanical problems, permits not in order, overweights, overloads. It could be logging trucks. Any types of trucks that are out there are vehicles these officers intervene in. Those are the types of actions I was talking about.

THE CHAIRMAN: Supplementary, Peter.

MR. SEKULIC: Thank you. One of the concerns I have is with highway safety and roadworthiness. I know there have been recent reports in the media about roadworthiness of many vehicles now that we've increased speed limits for larger vehicles on the highways and questioning the actual validity of the roadworthiness reports that are coming out. I guess what I'd like you to do is just comment on – I believe drivers are driving longer hours, they're driving at greater speeds, and the whole issue of, I guess, the roadworthiness of those vehicles is in question. How would you respond to that?

MR. McFARLAND: Madam Chairman, wouldn't that be a better question for question period? Isn't it more policy related? It doesn't tie into public accounts.

THE CHAIRMAN: I believe he's identified his first question, tying it back to the opening remarks of the minister, Barry. Unless the minister objects, I will allow him to continue his question.

MR. SEKULIC: I'd never accuse the minister of vote buying. Not this minister.

THE CHAIRMAN: I think we're talking a different subject here.

MR. SEKULIC: We are.

THE CHAIRMAN: Hon. minister, do you feel comfortable in answering this question?

DR. WEST: I feel comfortable with any question actually.
This is always a question that comes up. I guess you could relate it back to the public accounts by saying: are we getting a good bang for our buck in road safety? When we look at the number of collisions and the number of problems we're having on our highways, they have been decreasing. There is something to be said for our new design of construction, our four-lane highways, and the speed limits have only been increased on the four-lane highways. The actual involvement in accidents because of mechanical failures is very low. The biggest problem we have in accidents on our highways still comes back to driver error or to road conditions, weather and problems that we might see on our roads. The condition of the road, the road itself, you might say: we have some of the better highways, I would say, on a per capita basis in the country, although back in '94-95 there was still some question – and I'm asking the department now – as to whether we could build them at greater strengths and with new design structures. We're looking at materials and that sort of thing to make the condition of the surface better as well as to last longer. But did the increase in speed limits on the highways – and that wasn't there in '94-95 – increase the number of accidents? The answer to your question is no. Those are not our findings whatsoever.

***9:10***

The number of interventions we have seem to bode well, although you could stop any vehicle on the highway today – any vehicle, including your cars – and if I did an absolute safety check on them, I would put them statistically in a category that they aren't safe for some reason or other. One of them would be – of course, just like we did back in the '60s. We did car inspections, and everybody went in for alignment of their headlights. We had to pull that. It was terrible on the public, because every time they stopped them, they went through a brand-new vehicle and said, “Oh, I'm sorry but your headlights aren't lined up.” Of course, they won't be lined up tomorrow morning either after you drive. So absolute inspection on safety issues will get you statistically quite a list, because you can take a truck off the road in Calgary – and the Calgary police have done this. They say, “You know, we found there was this percentage of trucks that had safety problems,” by measuring everything from tie-rod ends to giving on brakes and what have you. You can do that in a new vehicle after 100 kilometres.
So I have to qualify, and I want it qualified to me. I'm going to ask the department: what are the absolute safety measurements on inspection of a vehicle? What is going to cause an accident? What are the things we're looking for? It can't just be a crack in the windshield in the far corner. It can't just be that the mirror was out by 10 degrees, because we set an absolute . . . It's got to be something that we can demonstrate causes accidents, and in the number of accidents we've seen on trucks and cars, the mechanical side of the accident is minimal. The accident is because of driver

error.

THE CHAIRMAN: Thank you, hon. minister.
Lorne Taylor.

DR. TAYLOR: Just let me say, Mr. Minister, if Pearl gets a road, I want a road.

THE CHAIRMAN: I believe that comment is out of order.

DR. TAYLOR: Okay.
Volume 2, page 33: we see the expenditures of the national infrastructure program, which are nearly $101 million in '94-95. This is compared to about $41 million in '93-94. I'm just wondering what the reason is for the marked increase in expenditures.

MRS. MacGREGOR: The increase from year to year is due to the fact that 1993-94 was the first year of the program. It was the start-up year, and then '94-95 was really the first full year we had the national infrastructure program. In '94-95 it was the government's and the department's priority to approve all the municipal projects that came in. So we approved as much as the municipalities requested, and that accounted for the high level of spending in that year.

DR. TAYLOR: I'm on page 119, the same volume, the national infrastructure program again. The budget was $83.5 million, yet we expended about $100 million, which is a roughly 20 percent overexpenditure. I'm curious as to why the overexpenditure and how it was funded.

MRS. MacGREGOR: Again, the priority in that year was to approve all the municipal projects that came in, because the objective of the program is job creation and improvement to infrastructure and we didn't want to hold applications. We wanted to give municipalities certainty that their projects would be approved. So we approved everything, and that resulted in the overexpenditure. The overexpenditure was funded from elsewhere in the department by managing expenditures elsewhere.

DR. WEST: Can I make a comment?

THE CHAIRMAN: Hon. minister.

DR. WEST: This question hits at the core of this program. This is a three-way program funded by municipalities, the federal government, and the provincial government under the guise that it was new money to stimulate growth. Remember one thing: we had to defer projects in the department of transportation. We didn't want to delay the municipalities, but there was no new money. We transferred money to make sure this program went ahead for the municipalities. I said that to the federal minister one time and he got quite upset. I said, "These aren't new projects; we're just transferring money from one hand to the other." He said, "No, no; we're driving new projects." I said, "You may have driven some projects, but it's still deficit spending; we're just moving within our budget." Some other project had to be delayed, or whatever it was, in order to fund this up front. Of course, they never did admit up front that these weren't new projects, that they were just driven projects from existing budgets. Where did the money come from? It came from delaying projects or transferring money within the department to make these projects move ahead.

THE CHAIRMAN: Thank you, hon. minister.

MR. KIRKLAND: My next question would be to the Auditor General. I'm looking at his report on page 162, under capital assets. The minister spoke of the difficulty of trying to get a handle on some of these particular assets when you deal with gravel and the likes thereof. But in the second-last sentence in paragraph 4: "There are certain areas that need to be addressed to ensure that capital assets are correctly identified." What sort of capital assets were you referring to when you were referring to those assets?

THE CHAIRMAN: Your question is to the Auditor General, Terry?

MR. KIRKLAND: That's correct.

THE CHAIRMAN: Peter.

MR. VALENTINE: Thank you, Madam Chairman. I don't have a specific answer for you at the moment, hon. member, but I would be happy to get you one.

MR. KIRKLAND: Okay.

MR. VALENTINE: I can tell you that across the whole government the issue of identification and valuation of capital assets is pretty much the same; it only changes as to magnitude. Great progress has been made in the last three years in dealing with identification of the quantum of it. Bear in mind that recording of capital assets on the balance sheets of government and public-sector entities is a fairly new advancement in fiscal reporting in the public sector. The consequence of it is that many physical assets which are still in use – the original records of the costs of those assets are lost in history. An example would be to go into a school system and take a school like Carl Safran Centre in Calgary, which used to be called Central high school and before that Central Collegiate Institute. To know what the cost of that physical facility was when it was originally built is a record that is difficult to come by.
In the last year there has been really quite good progress in identifying how you would value those things. I recently participated in a task force on reporting in the education sector, and they have come up with some rather unique methods of capturing the old historical costs, getting them on the financial statements, and then allowing them to record the amortization of those assets. I can tell you that within this department, assisted by Mr. Merali, the valuation of gas pipelines and the valuation of land are areas that need future addressing.

THE CHAIRMAN: Hon. minister, did you wish to make any comment? No? Thank you.
Carry on, Terry.

MR. KIRKLAND: The next question will be to the minister, and it's on page 122 of volume 2. It deals with disposal of some of those assets, specifically land listed here. Reading through the different volumes and reports, I understand there's still some ongoing work as far as trying to acquire an identification of all the land held by the department. But according to the figures there on page 122, it looks like land sales have almost tripled from '94-95. My question to the minister would be: how does the department market these properties? Do you have a specific agent? Are you using many agents or one individual that sells the land?

MR. DAVIS: The first thing we will be trying to do with some of this land is simply return it to the adjacent landowner if it's a cutoff piece that has no market value, and we've gone through a process of assessing the potential market value of land. If it does have market value, it would be listed through an agent in the area and sold like any other piece of property.

***9:20***

THE CHAIRMAN: Thank you, Jack.
Hung Pham.

MR. PHAM: Thank you, Madam Chairman. Good morning, Mr. Minister. I would like to refer you to public accounts, volume 3, page 243, note 14 on that page, contingent liability, lease commitments of the Alberta Liquor Control Board. The rental under these lease agreements totals $27.6 million. Could you please explain why the ALCB retains these leases on former liquor stores if retail activities have been privatized already?

MR. PETERSON: Where possible the Alberta Liquor Control Board has attempted to remove itself totally from owning any former retail liquor store, any former retail liquor site per se. In certain situations we had leases on properties. We've been unable to get ourselves out of those leases. It has not been possible to get ourselves out of the leases because we have to have the landlord's agreement, of course, to get ourselves out, so we're still liable under those leases to the landlord. Now, where possible, in virtually all cases, we've subleased those properties to other third parties, so we're paying the landlord and we're collecting a sublease revenue on those particular properties. We made every attempt we possibly could to get out of them, but there are certain leases we've been unable to get ourselves out of. In those cases we've subleased them to third parties.

THE CHAIRMAN: Supplementary, Hung.

MR. PHAM: Thank you. Would this amount, $27.6 million, continue to be a future expense of the ALCB, and how long will it be like that?

MR. PETERSON: Yes, it will be, but it's offset by the sublease revenue we're going to get from the people that are leasing those stores from us. Where we've had any potential liability or potential shortfall between the revenue from the sublease and the expense we pay the landlord of that particular facility, we've provided for those amounts in our accounts. So we think we've provided for everything, every shortfall we have between the sublease and the head lease on that property.

MR. PHAM: Thank you.

THE CHAIRMAN: Thank you.
Debby Carlson.

MS CARLSON: Thank you. I'd like to return to volume 3 and the Alberta Racing Commission. We got an explanation for the contributions by . . .

THE CHAIRMAN: What page?

MS CARLSON: Oh, sorry; page 200. I'm looking at the revenue and expense statement. We got some information on the revenue side in terms of the grants, but if we take a look at the expenses there under development expenditure, there are grants for standardbred support, thoroughbred support, and community support. I'm wondering if you can explain where those moneys come from and what they're used for and how they're determined.

DR. WEST: Well, the money comes from the pari-mutuel tax, the tax that's put on each purse. As previously asked, the question was: what happens to those moneys? There is a percentage split out for administration and for purses and for development of the industry. Over the years the percentage that went back to the industry was increased, and I think that happened in about '86-87. These moneys go back out for breed development and for putting up prize moneys for certain age groups for the development of the breeds and the industry itself. So out of the 5 percent pari-mutuel tax, there's a chunk of it put out for industry development, and it's allocated in these areas. That's what I understand by these. Some of them are put up as purses to encourage people to develop certain groups, and again some of them are done for premiums that are given for development of certain lines and what have you.

THE CHAIRMAN: Thank you, hon. minister.

DR. WEST: Does that answer your question?

MS CARLSON: Pretty well. I'll just recap, and then you can confirm whether I correctly have in my mind what happens here. There's a tax on every bet. Some of that tax money goes directly to the government, which comes back to the Alberta Racing Commission as a grant on the revenue side. Some of that tax money the Alberta Racing Commission assigns to either standardbred, thoroughbred, or community support in the form of outgoing grants.

DR. WEST: Yes. A percentage of it goes back to the operation of the Alberta Racing Commission. It pays the salaries. At this time I think there were 30 staff working for the Alberta Racing Commission, and it paid for that total side of it. Then others go back for, as you just said, other areas. Literally most of it – I recall only a few dollars, but traditionally this tax was an in and out thing. Most of it was spent back in the industry. So the word “tax” escapes me as a definition. Usually with a tax somebody would say, “We're collecting off something to accrue a benefit to other areas,” and this pari-mutuel tax, that they called it literally, was to support the industry. If you go back a long time, the moneys for agricultural societies and that in the province of Alberta were taken out of these moneys. But after the lottery fund took over the responsibility of giving grants to all the classes of fairs in the province, then the money was given back to the industry. I think the biggest chunk went back by grants to these purses and that sort of thing. I'm trying to think of whether it was '86 or '87. It was in that range.

THE CHAIRMAN: Supplementary.

MS CARLSON: Yes. We heard earlier that not all the money goes back to the Alberta Racing Commission. Does the balance of the money go into the general revenue fund?

DR. WEST: Yes. But as I said, that's a small amount if any, and I'd have to go back to the absolute numbers. You can literally say that for all intents and purposes, to straighten it out in your mind, the pari-mutuel tax goes back to this industry in one form or another for its operation of the Alberta Racing Commission or redevelopment and purses. You could almost say 100 percent.

THE CHAIRMAN: Peter, do you wish to comment?

MR. VALENTINE: Well, we can get an analysis of that. Between the Alberta Racing Commission and my office, we'll provide you with some numbers. I can tell you that the revenues are reported on page 11 of volume 2, and it's just in the neighbourhood of $10 million.

THE CHAIRMAN: Thank you, Mr. Valentine.
David Coutts.

MR. COUTTS: Thank you, Madam Chairman. I'd like to look at volume 2, particularly page 163 where it deals with the transportation revolving funds. It shows a reduced level of assets and liabilities in 1995 in comparison to 1994. It went from $11.3 million to $94.1 million. The minister's preamble talked about the department's level of activity being down, the number of people being laid off, and redirecting the activities of the department. Some of that, I'm sure, might be in capital works. But I'm just wondering what the reason is for the substantial decrease in this revolving fund.

DR. WEST: Well, there are several reasons, and even as I speak today this revolving fund will disappear because of the outsourcing of maintenance and the removal of some 3,000 vehicles of some description in our fleet. But at this time, as you noted in my preamble, 1,000 vehicles went out of the fleet, so that decreased it. The transition to MDs from improvement districts: they assumed responsibility for road maintenance, and that reduced our responsibility for equipment and materials. When we went to outsourcing and having the contractors take over certain events – remember that before we went to full privatization, they were piecemealing out contracts, and in those contracts it was increasingly the responsibility of the contractor to supply paint, guardrails, and all that sort of thing. That decreased our need to have that coming out of the revolving fund. So we were decreasing the requirement of that revolving fund on inventory. We used to have huge inventories kept out at the 50th Street shop and other places around the province. As I say, it went from guardrails to fence posts for the side of the highway to paint, signs, and everything you can imagine. Again, part of the revolving fund was used for the massive fleet that is in government too, and we decreased that by 25 percent.

***9:30***

MR. COUTTS: On the same page there, the statement of operations, is this why the revenue of the transportation revolving fund is decreased by about $22 million also?

DR. WEST: Yes. Again, the fleet went down about 8 and a half million dollars and the store revenues decreased by about 4 million dollars when I said the contractors supplied those materials. Gravel and other inventories that we had, land revenues, were down significantly also because some of the purchases were made not out of the revolving fund but out of budgets directly.

THE CHAIRMAN: Thank you, hon. minister.
Peter Sekulic.

MR. SEKULIC: Thank you, Madam Chairman. First, I have to confirm with the minister that you are still the owners of the disaster services building in West Edmonton. Is that correct? Is that under your department?

DR. WEST: Yes.

MR. DAVIS: We would not hold the building though. If it's owned by government, it would be owned by public works.

MR. SEKULIC: Okay. It's owned by public works.

MR. DAVIS: If it's owned by government.

MR. SEKULIC: In that case I'm going to refer to the annual report of the department for '94-95 in the area of revenues. The first three categories there are motor vehicle fuel taxes, and they're listed at $465 million. The question I have with regard to that is: there's no amount listed for '93-94 and then we have this amount of $465 million in '94-95. Where was this amount booked before, for comparison's sake?

DR. WEST: This was the first year, I believe – and I wasn't minister at the time – that Treasury had agreed to bring forth fuel taxes and some money from the licensing. It was an attempt to demonstrate that fuel taxes and licensing permits would equate to a net budgeting type profile. I believe the Auditor General could make a comment on this. This was the first year we profiled this this way?

MR. VALENTINE: I believe that's correct. As is the case in government, you don't go back and change the comparative figures; you just move on.

MR. SEKULIC: The next question is once again with regard to revenue, under other fees, permits, and licences. In '93-94 it was listed at $12,242,000 and in '94-95 it was $14,198,000, just a couple of million dollars increase over that fiscal period. The question is: was that as a direct result of increased quantity of fees and permits being issued or levied versus increases in those fees and costs of permits and licences?

DR. WEST: There was volume but there were increased fees. Motor transport services were moving to full cost recovery, so they increased fees. There was some volume increase and then there were some moneys coming in from the winter haul rates that were going on in the logging industry. But it's a combination of three things. Some increase in volume wasn't responsible for the massive increase. Fee increases were.

THE CHAIRMAN: Thanks, hon. minister.
Carol.

MS HALEY: Thank you, Madam Chairman. My last question to you, Mr. Minister, is regarding revenue in volume 2, page 122. Fuel tax and motor vehicle licence revenues to the department is the line I'm on. Respectively the '94-95 figures for these items are shown as increasing from zero to $465 million and from zero to $122.4 million over the '93-94 values. I thought these revenues were collected by the departments, so could the minister please tell us why the figures appear here?

DR. WEST: Yes. This question would probably follow on a question just asked. There was a change in the way this was reported in the books before, and I'll have my financial people comment on this. I understand Municipal Affairs under registries collected the licensing fees and Treasury collected the fuel taxes. These were then reported to the department of transportation and showed from zero to that.
Are there any comments?

MRS. MacGREGOR: That's correct. It was just a way of showing road-related revenues against the department's budget.

MS HALEY: Also on page 122, I notice there's investment income totaling $2.3 million in '94-95 where there was none in '93-94. What was the source of the investment income?

MRS. MacGREGOR: That was really the interest on our rural electric loans, the loans we make to farmers for new electrical installations. In '93-94 those loans were made through a revolving fund, and they were accounted for separately in a revolving fund. That revolving fund was small and was wound up. The loans in '94-95 were made through the general revenue fund, and that's why you then see this as income of the general revenue fund.

THE CHAIRMAN: Thank you.

MR. KIRKLAND: Mr. Minister, I want to stay with assets and land and the likes of that. This was probably just prior to your time, but it fits into '94. It would be disposal of assets, and that's the Alberta transportation office and yard maintenance in Red Deer on Gaetz and 67. My understanding of that particular transaction was that Opus corporation assumed title of that and, in exchange, constructed an Alberta transportation maintenance yard southwest of Red Deer. My first question would be: would that be a complete transaction as such, or were there dollars that would change hands in that particular example?

DR. WEST: Well, that's a good question.

MR. HEMPSEY: There was an exchange of property and buildings at the corner of Gaetz Avenue there for the new facility out of town, at the end of Gasoline Alley. In addition, there was an exchange of money. The developer gave the government – public works, I believe – in the order of magnitude of some millions of dollars to make up the difference.

MR. DAVIS: It's a transaction that would have been conducted by public works and not by transportation.

THE CHAIRMAN: Jack, we can't hear you.

MR. DAVIS: It's a transaction that would have been conducted by public works, not by Transportation and Utilities.

MR. KIRKLAND: I was trying to determine whether they actually acquired land down there and had to purchase it as such.

Just along that same line of assets, if I might, I would refer to your annual report, Mr. Minister, in '94-95. There was a statement there that the department entered into agreement or initiated the transfer of 18 provincial air facilities to different municipalities. Now, am I to read into the term "initiated" that that's a sale of or transfer of title or just a leasing arrangement?

MR. HEMPSEY: There was a transfer of title at no cost to the municipality. I think you'll find in the budget documents for '96-97 a reference to losses. That made up part of those losses, the fact that the government gave up its investment in these properties.

MR. McFARLAND: Mr Minister, back on the same question as before. It's unrelated to weight distribution or any other thing. Rather than the rural area transportation grants, I'd now like to look at financial assistance for urban transportation. In '93-94 there was some $80 million, and it reduced, it appears, to $59 million in '94-95. Is the difference of $21 million something that was a purposeful reduction to the city's assistance on urban transportation, or was it due to other factors?

***9:40***

DR. WEST: There were no reductions, but there was a change in how we delivered. We transferred $22 million from the public transit operating assistance grant to the unconditional municipal grant. If you recall, we grouped together a whole group of grants and put them through to the municipalities. So we would see an increase in Municipal Affairs. We took over that pool of unconditional grants and a corresponding decrease in transportation.

MR. McFARLAND: Again, on page 117 of volume 2, the very same heading, under basic capital grants, reference 2.5.2, the primary highway connector portion appears to be underspent by about $3.4 million, and yet the following reference, 2.5.3, is overspent by the same amount. I know that sometimes you have to move money back and forth, but what's the actual reason?

DR. WEST: It's always amazing. It's not creative bookkeeping. Everything was budgeted correctly, but some of the cities didn't take up their $25 per capita grants that year. They were given a $25 per capita grant, and some of them didn't take the full amount. Of course, what we did was provide, under some agreements with Calgary and Edmonton, moneys for primary highway connector projects. I have it here: the Yellowhead-Capilano extension in Edmonton and the Stoney Trail in Calgary. That demonstrated a change in how the budget was profiled. Did that answer your question?

MR. McFARLAND: Just clarify the $25 per capita. Why wouldn't the cities have taken it up?

DR. WEST: Well, maybe they just didn't have projects on tap. They have to add to this. I'd have to ask somebody that. That's a good question. But some of them don't.

Could you answer that, why they didn't take it?

MR. HEMPSEY: Fort McMurray, I guess, didn't have enough projects on their approved listing for that particular year. That was what created the surplus in the grant program.

THE CHAIRMAN: Thank you. If there's anything further on this question, share it through Diane administratively.

Debby.

MS CARLSON: Thank you. I'm still on the Alberta Racing Commission. I'm on page 203, note 10. Under other operating expenditures, I'm specifically interested in hearings and appeals and equine toxicology. I see that both of those numbers were substantially lower in what you spent in terms of what was budgeted. I'm wondering if that was because there was less testing or less enforcement of the regulations.

DR. WEST: These are very variable testing procedures. If you would like, we'll get you the full answer of what events took place. But again, you have to understand it isn't a given that we would spend any more money on testing in one year than another. It's driven by the situation that exists on some races. So it's a variable expense.

MS CARLSON: Are you saying, then, that there's no predetermined amount of testing that would be done on races? That's contrary to my understanding of the practice.

DR. WEST: Well, there is a certain protocol on testing, but the volume of horses might vary from year to year. The number of races, race days, and all types of things could affect this. I'll have to get you a list of what actually happened in reality, but it's not a fixed constant.

THE CHAIRMAN: Thank you.

Peter.

MR. SEKULIC: Yes. My question is on page 203, once again note 10. In particular, the second line is office and administration; the budget was $64,700, I believe, and the actual expenditure was $135,000. I'm just wondering: what was the cause of that variance?

DR. WEST: Again, I can't give that to you. I'd have to look that up. Or if anybody else can give us that . . . I couldn't give you the answer to that here this morning.

MR. SEKULIC: I have no supplementary, thank you.

THE CHAIRMAN: Are there any more questions for the minister?

MR. KIRKLAND: Looking at public accounts, volume 2, page 117, on your dedicated revenue, vehicle registration/licensing, it shows an amount of $122,439,000. I'm looking also at your annual report, and in attempting to compare vehicle registrations and licensing revenues to the preceding year, there's no amount listed. Is there a reason why it could not be separated out in '93-94 for comparison purposes to '94-95?

DR. WEST: Again, that's the same answer for the change in reporting that was done. It used to be in Municipal Affairs and Treasury, and the licensing was brought forward to transportation to demonstrate a net budgeting profile. Is that the question you're asking?

MR. KIRKLAND: Well, I'm attempting to determine whether the privatization model was successful. That would give me a quick snapshot view of that, but I understand the accounting principle you speak of there.

DR. WEST: This had nothing to do with privatization in that sense.

MR. KIRKLAND: My supplementary would be along the same line as that privatization mode. You had an opening comment about the success of privatization in the outsourcing of highway cleaning, and also you alluded to that same comment in your annual report. In light of the recent privatization initiative, I wonder how you determine and arrive at the term “successful.” Is that comparative dollar savings from what it cost the department in the previous year as to what privatization costs in '94-95?

DR. WEST: I guess if you want it in the bluntest of terms, as you asked, the answer is yes. I mean, in the total transition in transportation we will demonstrate a $40 million savings which will be reinvested backwards into capital programs. That's one way to say it's been a success. The other is that the transition to the private sector has demonstrated also that highways can be maintained out there and not in government. So there are several key points which we will demonstrate down the line: that we not only can save money and build better highways with the privatization dollar saved but we can keep the operation going. Again, we will also demonstrate that the full-time equivalents needed in government on long-term pension plans and everything else are not needed.

The true test of privatization, of course, is the numbers that are left on your pension plan at the end, not just a book transfer of people. The true test of any privatization if you're downsizing is to look at your pension plan at the end, because that goes on forever. You're going to fund that forever in that package. Now, if the private sector takes that over, that's a savings.

THE CHAIRMAN: Debby.

MS CARLSON: Thank you. My questions are on volume 3, the Alberta Resources Railway Corporation, page 207. As of this time period, the first payment that was due on the sale of that portion of the railway was not collected. My question is: was it collected soon after the closing date?

DR. WEST: I'll turn that over to the finance people.

***9:50***

MR. HEMPSEY: There is a schedule of payments laid out. It's paid over – I forget, but I think it's in the order of magnitude of 17 years. There was a downpayment made that was received in cash. It was shortly after this year. Thereafter it will be an annual payment.

THE CHAIRMAN: Supplementary, Debby?

MS CARLSON: No.

THE CHAIRMAN: Any further questions at this time?

MR. KIRKLAND: I'm looking at volume 2, page 122, under transportation and utilities revenue. Perhaps the minister answered this in the information he provided this morning and I overlooked it, but is there an explanation for the decrease in lottery licence revenue from $4.4 million down to $3.7 million in '94-95?

MR. PETERSON: I don't have any specifics on that. I believe it's primarily the volume of the licences that were issued in that particular period, but I'll get you an answer.

THE CHAIRMAN: Supplementary?

MR. KIRKLAND: No, that's fine, Madam Chairman.

THE CHAIRMAN: Because of the hour and a lack of indication for more questions, I'd like at this time to thank the hon. Minister of Transportation and Utilities and all other responsibilities you have for your openness in answering questions, and also to your staff and, once again, Mr. Peter Valentine, our Auditor General, and his staff.

Hon. minister, if there is further information coming on any of the questions. I'd ask if we could do it through Diane to ensure that all members of Public Accounts get that information.

DR. WEST: There will be a follow-up, I'm sure. There's been notation made, I expect.

THE CHAIRMAN: Thank you.

I would bring to your attention that there was a letter attached to the agenda that was circulated to all members. I believe it was from the Deputy Auditor General, dated April 17.

Also note that the date of the next meeting is Wednesday, May 8, and it's the Hon. Walter Paszkowski, Minister of Agriculture, Food and Rural Development.

We stand adjourned. Thank you.

[The committee adjourned at 9:54 a.m.]