

8:33 a.m.

[Mr. White in the chair]

THE CHAIRMAN: Order please. Might we have approval of the revised agenda, which does not include the attendance of Minister Pat Black?

MR. ZWOZDESKY: I move that.

THE CHAIRMAN: So moved. Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Carried.

We have before us the minutes of February 18 and February 21.

MRS. DACYSHYN: The 25th.

THE CHAIRMAN: Oh, February 25. You were right.

Might we have a motion for acceptance of those minutes? Moved by Mr. Stevens. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

You'll note that we're still one week back in our minutes. Our secretary is still cleaning up from the committees of supply, and when that happens, hopefully next week, we'll be back up and running.

We have to send the regrets of the minister. She was unexpectedly called away, as I'm sure many of you will know, and prevailed upon the chairman. On your behalf, I agreed that perhaps dealing with a Treasury Board matter, dealing with some money in the future, might be more important than dealing with money in the past that's not going to change that much. So it was the chairman's prerogative there, and I hope you don't mind that.

We are, as agreed between Mr. Zwozdesky and Mr. Shariff at the time we spoke with the minister, continuing on and dealing with these motions so as to move on to other business and not disrupt other meetings.

We have Motion 5 that, as I recall, was laid over by Ms Blakeman. Might we have a motion to lift it from the table? So moved. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

Now, the speaking order. Ms Blakeman is not here to continue.

MR. ZWOZDESKY: I was going to speak on her behalf, if the members would allow. She will be here. She's just running a bit late this morning.

THE CHAIRMAN: Okay. Mr. Zwozdesky.

MR. ZWOZDESKY: Thank you. I'm dealing with Motion 5, which indicates that

the Standing Committee on Public Accounts prepare reports on its findings and recommendations on an annual basis, submit these reports to the Legislative Assembly, and have the government table a comprehensive reply to each of the recommendations contained in the reports within 60 days.

What I'd like to draw to the committee's attention in support of this motion, I hope, is that I think we have made significant progress

in this Assembly with respect to openness and accountability and reporting, at least since I've been elected in 1993. I note that there are consistent comments made throughout several departments. I'll speak about one in particular which I'm involved with, that being Public Works, Supply and Services, wherein one of their objectives is a very laudable and appropriate one: to improve the public's image of the process and of public servants. Indeed, elected officials are rolled in with that. Nowhere do we have a greater opportunity than here, as we see before us, in Public Accounts to move that process forward in a fashion which I think is desirable to the government and certainly to all members of the Assembly, by allowing this committee to actually exercise some additional suggestions and put them forward on a very concise basis that would improve the system of openness, the system of accountability, certainly transparency, all of it with the aim of providing as much honesty as we're all capable of, which I would suggest should be 100 percent.

In this instance, I note that there are comments from time to time which even the Auditor General makes with respect to openness and accountability. He gives credit where it's due, and I think he correctly points out shortcomings where they appear. If this committee were to be given the additional power, shall we say, of actually presenting reports and crystallizing those reports with some recommendations as to how to make the process even more transparent, why wouldn't we do that? I think, for example, in the studying we've done over the last few years of public accounts, we have projections that are now fait accompli. They are carved into history. There are suggestions on revenue projections that we've made in this House, things like the Minnesota model, which the Provincial Treasurer and I discussed yesterday in the House. Some of those particular recommendations from other models can and should be brought to the government's attention through different means. This committee has that means available to itself, and I think you'll find that's quite consistent with some of the recommendations that have been made through the Canadian Council of Public Accounts Committees.

So there is precedent, if you like, Mr. Chairman, where other committees in other jurisdictions do in fact present specific findings and recommendations. Now, those don't need to be negative ones; they would be, in my view, the types of recommendations our whole committee would agree upon. But at least we'd have the opportunity to present them in a formal sense and help improve the process of governance and in particular the most critical part, which is the reporting of facts and findings after the fact. So I would strongly urge the members on this committee to allow us this opportunity to exercise that particular power and move the process forward toward the greatest amount of accountability we can possibly provide.

THE CHAIRMAN: Mr. Hlady.

MR. HLADY: Thank you, Mr. Chairman. Unfortunately, I'll have to speak against this motion, for a number of reasons. I guess this motion really does go beyond the mandate of this committee in trying to make the government more accountable. I think we do that in many ways right now. The meetings we hold here are recorded, they're open to the public, and anyone can attend them if that's what they would like to do. The committee also prepares a report on its activities today. But I think the main thing is that this would be duplicating the role of the Auditor General; the Auditor General does a lot of what this is asking for. I would have to say that this would also increase the expenses in expanding the role of the committee to really fulfill what the motion is speaking to. So I have to speak against this, Mr. Chairman, and I do believe it is a duplication role.

THE CHAIRMAN: Any further debate?

MR. ZWOZDESKY: Could I just briefly supplement one point for the hon. member? I appreciate what he's saying, and I don't disagree that there might be some minor additional expense, but we're here as volunteers during session, so that part doesn't cost anything. I don't think we need to inundate staff with a whole bunch more work either. But I would just say that in looking at previous reports of this particular standing committee, hon. member, what the reports tend to be is a sort of listing of when we met and how many different items we dealt with, which particular aspects of the public accounts were dealt with. There's nothing really substantive, in my mind, about what it is that we report, other than in a cursory way general information. The substance of this motion would put a bit more teeth into our role and function. I think you'd find it's very consistent with the final point I'll make, and that is: in other jurisdictions they do say that "the Public Accounts Committee shall have the right to investigate or review all past, current and committed expenditures of government, organizations receiving funds from government and crown corporations." That comes about from the Guidelines for Public Accounts Committees in Canada. So it's in that vein that this motion is intended to be discussed and hopefully endorsed.

THE CHAIRMAN: You have the motion before you. It's been dutifully moved. All those in favour of the motion, please raise your hand. All right. All those against the motion, please raise yours. The motion fails.

We move on to another motion. Ms Olsen.

MS OLSEN: I'd like to move that

the Standing Committee on Public Accounts be given permanent referral of the public accounts of Alberta, the annual budget and business plans prepared by the government and the ministries, quarterly budget updates, the annual performance reports prepared by the government and ministries, and any reports prepared by the provincial Audit Committee.

In looking at what happens with the Canadian Council of Public Accounts Committees, one of the things that's noted and recommended from them is that this be provided for, and it provides for the referral of the public accounts and the Auditor General's reports. Also, the Canadian Council of Public Accounts Committees has a recommendation to allow for the examination of past and planned expenditures of all government departments and entities falling under government control.

8:43

Now, I can't see that this government would not want to improve accountability and performance within the government. I don't understand why these types of recommendations, especially coming from other organizations who have a great deal of influence, and recognizing that the role we play and public accounts committees play is an important one within the parliamentary system – we should recognize that and recognize that the public has the right to know what's going on within government and that we, as a Public Accounts Committee, are performing our tasks in a responsible manner. Given that, I move that we indeed adopt this motion.

THE CHAIRMAN: Ron.

MR. STEVENS: Thank you, Mr. Chairman. There's absolutely no doubt that everyone in this Assembly, and certainly this government, consider it important to ensure that we properly measure accountability and performance. The issue really is how we go

about doing that best. In my view, this particular motion is not furthering that goal. Accordingly, I will be speaking against it.

By way of background, I think it's important to underscore the fact that the mandate of the Public Accounts Committee under Standing Order 50 is that "Public accounts, when tabled, [shall be] referred to the Public Accounts Committee." Under this mandate the committee's focus must be on the review of government and ministry actual results compared to government plans, not on any government policy or budget questions. Any change to the mandate of this committee must be agreed to by the Legislative Assembly and reflected in the Standing Orders, and the Legislative Assembly has not suggested changes to the committee's mandate.

Now, I would like to also make some specific comments with respect to some of the components referred to in the motion, specifically budget and business plans, performance reports and provincial audit committee reports. Dealing firstly with the budget and business plans, I would note that ministry business plans are reviewed in the Legislative Assembly as part of the budget approval process. Expanding the committee's role to include scrutiny of plans would be unnecessary duplication.

Dealing with the issue of performance reports, I note that the committee already has the authority to review performance reports starting with the '97-98 fiscal year and that the public accounts of the province will include ministry annual reports beginning in the fiscal year of '97-98.

The Government Accountability Act specifies the following requirements for ministry annual reports that include most of the existing requirements for volumes 2 to 4, plus much more, including the following: consolidated financial statements of the ministry, which I understand is a new requirement; actual performance results compared to the business plan, which once again I understand is a new requirement; a message from the minister providing an overview of results achieved, yet another new requirement. Then we have financial statements of each entity in the ministry, and also summary of expenditures under each appropriation. The government's annual report, including the companion document Measuring Up, is also part of the public accounts and referred to the committee.

My last comments deal with the aspect of provincial Audit Committee reports. In that regard it's my understanding that the annual report of the province's Audit Committee, which is to the Lieutenant Governor in Council, is in fact tabled in the Assembly and, as such, available to all MLAs and to the public of Alberta. Therefore, it is unnecessary for it to be referred to this committee.

In summary, I believe there are a number of reasons why this particular motion cannot be supported. Thank you very much.

THE CHAIRMAN: Thank you, Mr. Stevens.

Any others to speak on the matter?

Ms Blakeman.

MS BLAKEMAN: Sure. Thank you. I've heard Standing Order 50 raised a number of times as a reason why, given that the powers given to this committee under Standing Order 50 restrict it to very specific duties, and the other reasons the hon. members have used as to why none of these motions are being passed. I'm more than willing to bring Standing Order 50 up in the Legislative Assembly and put it forward. I just really want to see this committee – I don't feel that it's being effective. This is the second year I've sat on it. We take 90 minutes to scrutinize a department, and I don't feel we're really able to get to the heart of the matter in reviewing the public accounts on behalf of the citizens of Alberta and, hopefully under that, being able to be helpful to the government in ways that it could be more accountable. It's a great irony to me that we are debating accountability motions and having them consistently defeated in this

exercise when we are with a government that supposedly is open and accountable.

I understand the very well spoken words from the hon. Member for Calgary-Glenmore about why permanent referral of various budget and business plans and the quarterly updates cannot be brought forward. I still feel very strongly that this committee is not effective in being able to find where money was not spent in the most advantageous way and to look for ways in which it could be spent more advantageously. I think that's what this motion is trying to do: look for additional information that could be brought before the committee that we could be using to be a more effective committee.

Having said that, I obviously speak in support of the motion.

THE CHAIRMAN: No others? On the motion, those in favour of Motion 4 as it is read into the record and spoken on, please raise your hand. All those opposed, please raise yours. The motion is lost.

Do we have another motion? Yes, Mr. Zwozdesky.

MR. ZWOZDESKY: Thank you, Mr. Chairman. Well, let's give another one a try here. We're making our points. I would like to move that

the Standing Committee on Public Accounts be given the authority to conduct a review of the existing loan and loan guarantee portfolio of the province of Alberta to ensure that there are adequate monitoring procedures in place and Alberta taxpayers realize maximum value of the disposition and/or termination of these financial arrangements or obligations.

THE CHAIRMAN: That's number 6?

MR. ZWOZDESKY: Yes, it would be Motion 6 as circulated.

THE CHAIRMAN: Please proceed.

MR. ZWOZDESKY: Thank you. It's difficult to know where to begin on this one, because I have quite a burning passion for this particular issue that perhaps surpasses some of the other points we oftentimes discuss in the Assembly. But I would give four quick reasons – and there are many more than that – as to why we should be doing this. Number one, we are dealing with huge amounts of moneys in this area. Number two, I sincerely am convinced and believe that the general public does want to know more information and detail about these loans and loan guarantees. Number three, I think it's absolutely in the government's best interest to open up some of these details to the public so as to prove that there is absolutely nothing there to hide. Number four, it would demonstrate quite an excellent gesture of co-operation and perhaps even helpfulness.

8:53

Let me go back and speak to the amounts of money now. We're tallying how much money the province has written off or forgiven over the last few years, let's say in particular since the Deficit Elimination Act and the Balanced Budget and Debt Retirement Act came into place in 1993-94. We're dealing with approximately \$2 billion to \$3 billion so far that has been written off or discounted or somehow else disposed of during the last several years. That's an enormous amount of money. It represents somewhere in the neighbourhood of 20 plus percent of an annual budget of this government. All I'm saying here is that because of the huge amount of money involved, there should be some additional reviews put in place to what we already have which simply explain in a better fashion what it is that has transpired.

I don't think the current citizenry of our province is always faulting the current government for these loans and loan guarantees, because there's a general recognition that the majority of these loans and loan guarantees took place before the so-called Klein government took over. We can argue as to whether or not it was appropriate for the government to in fact extend the loan guarantee on the Bovar loan, the Swan Hills waste treatment situation, eight days after the '93 election. We can argue about points like that and some others that we'll raise under another motion, but the fact is that there is already significant distance, I think, in the public's mind. All they want to know now is: what monitoring procedures are in place which guarantee that the taxpayers are getting the maximum amount possible by way of recovery from some of these loans? We recognize them as so-called sins of the past, but when we talk about some of the difficulties we had with the loan portfolio of Millar Western, where \$272 million or thereabouts was written off, or when we're talking about Al-Pac, where \$155 million is being discounted, surely the public deserves more than just token lip-service answers to those questions.

When we're talking about, for example, the reviews that have been done, let's talk about Al-Pac for a moment here. Goepel Shields has done a review, and I understand Toronto-Dominion Securities were involved. We know there were at least three cases put forward there – the pessimistic case, the base case, and the optimistic case scenarios – but we have yet to know which one of those the \$260 million price tag is based on.

So I'm simply saying that here's an opportunity for this committee to clean up a lot of things. I'm sure the government and the government members are just as anxious to get out of these situations as amicably and profitably as possible as the opposition and the general public are, notwithstanding the fact that we still have a number of other loans and loan guarantees on the books that need tidying up. I can't for the life of me see why there wouldn't be a spirit of co-operation in this committee to try and move the openness process forward and provide the kind of information that's there.

Finally, I would just say that on occasion I think government members would agree it is possible for other members of the Assembly to perhaps assist and be helpful in the deliverance of some of these deals and in the exit strategies that should be crafted to help get us out. I think of things like upside interest, an interesting point which my predecessor, Dr. Percy, spoke about on a number of occasions. While we didn't get out of the Husky upgrader deal with a whole bunch of money, at least on the positive side of what turned out to be a huge loss of \$392 million we do have an upside interest provision that allows us some participation in future profitability. It's not going to be huge, Mr. Chairman, but there will be about 3 million bucks coming in over the next perhaps two to three years, and at least that's something. So we have some precedent established there where opposition members brought forward some good ideas, the government grabbed them, and away we went.

I would conclude by saying that there is a good spirit that has developed since my time in this Treasury critic portfolio with the Provincial Treasurer's department, where we are seeing more and more technical briefings on bills. The issue that needs to be raised here is that that is a good move towards openness and accountability and co-operation, which is what we hear the Speaker of the Assembly talking about so much: why don't you members of the Assembly work a little more co-operatively toward the common good that advances good and/or improves on legislation? Well, here's an opportunity for us to in fact do that. So I hope members would accept the fact that this committee of public accounts should become a little bit more than just a perfunctory player in the larger game of accountability and transparency.

Thank you.

MR. KLAPSTEIN: Speaking in opposition to Motion 6, some of the comments I will be making will be similar to those made by my colleague from Calgary-Glenmore in regard to Motion 4.

The mandate of the Public Accounts Committee under Standing Order 50 is that the "public accounts, when tabled, [shall be] referred to the Public Accounts Committee." Under this mandate, the committee's focus must be on the review of government or ministry actual results compared to the government's plans, not on any government policy or budget questions. Any change to the mandate of the committee must be agreed to by the Legislative Assembly and reflected in the Standing Orders. The Legislative Assembly has not suggested changes to the committee's mandate. It is management's job to ensure there are adequate policies and procedures in place to ensure the loan guarantee portfolio is effectively administered and optimum values are realized. It is within the Auditor General's mandate to comment if management's procedures are inadequate. The committee can hold management accountable for any items noted in the Auditor General's annual report. Having the committee conduct its own review would duplicate the role of the Auditor General, and considerable resources would be required to expand this committee's mandate.

With those comments, I am in opposition to the motion.

MS OLSEN: I'd like to make a few comments. We're talking about Standing Order 50. We talk about the roles and responsibilities. The Guidelines for Public Accounts Committees in Canada are somewhat interesting because they talk about our role, our responsibility, as I said before. We play an important role in the parliamentary system. The other aspect of it – and I'm going to quote from Guidelines for Public Accounts Committee in Canada – is that

the Committee has to be able to provide assurance to the public that government is receiving value for money and that public monies and assets are being managed in the proper way.

My concern is that we have an organization that outlines some roles and responsibilities for us, and quite clearly this is our job. I am concerned that every motion we put forward that asks for more accountability, that asks to broaden the role of the Public Accounts Committee to ensure that the government is held accountable, is defeated for no real reason.

Every one of you cites that it would duplicate the role of the Auditor General. I beg to differ with you on that. I'll read another quote here on the role of the Public Accounts Committee. The "Significance of the Public Accounts Committee's Role in Relation to Our System of Democracy" is this:

Parliament has given the Public Accounts Committees the responsibility to hold government accountable for their management of the public purse, a task which must be accomplished if the parliamentary system is to be maintained in its present form.

So really you're spending billions of dollars, the government is spending billions of dollars, and we have a responsibility to Albertans to ensure that this government is doing it in the most appropriate manner possible. Yes, we're supposed to be here in a nonpartisan manner, and it's very clear to me today that that gets somewhat eroded as we bring forward these motions for accountability. I'm very concerned about what this government fears from being open and accountable. I, of course, support this motion.

9:03

THE CHAIRMAN: Mr. Hlady.

MR. HLADY: Thank you, Mr. Chairman. You know, I'd like to speak to the hon. Member for Edmonton-Mill Creek a little bit. It's

always interesting, because you can make statistics say whatever you'd like if you really work at them a little bit. I'm a little concerned.

I appreciate the member's comments in regards to saying that if you add up all the loan losses – and you're probably going back over a 12- to 13-year period – it adds up to 20 percent of a yearly budget. However, I'd just like to make the point that if you really analyzed it and broke down over the 13-year period that amount of money, you'd probably be looking at a loan-loss rate somewhere in the 2 percent area. Given that, Mr. Chairman, you're looking at the ability to obviously have a loan-loss rate as good or better than the charter banks in this country. I think that's a pretty phenomenal achievement in itself too. So I just thought I'd work on the statistics from a little different angle.

Thank you.

THE CHAIRMAN: Thank you, Mr. Hlady.

First we have Ms Blakeman and then Mr. Zwozdesky.

MS BLAKEMAN: Thank you. I do feel that the public does not understand what is happening with these large loans that are given out, and certainly I am not able to answer constituents' questions when they ask me: why is the government loaning and setting up loan agreements with huge organizations? I haven't really been able to get an answer to that so I can answer them. I can hear a rumbling behind me, so maybe there's another answer back there.

What this motion is trying to do is to be able to explore why those loans were given out, and are they being monitored in a way that is going to be beneficial to the people of Alberta? In my experience the information is not brought forward by the government when there's something that might turn out not to have been the best deal. It seems to come to light only when the opposition or the third party roots it out. It's an extraordinary amount of money for the average person trying to grasp why this happened. I take both points: that it's 20 percent and it's 2 percent of an annual budget. Nonetheless, these are huge amounts of money that we're talking about.

I feel that some of the well-known examples we have with loan agreements and – sorry, I'm missing the other word. There are loan agreements and something else. There are other interest agreements we get into with some of these organizations. Bovar, Millar Western, Al-Pac, all the rest of these come up. I think some of that is the fault of this Public Accounts Committee. We should have been able to deal with that better. We should have seen it coming. We should have been able to understand what was happening or to give advice. I hear the talk about this committee asking for these reports; it would be duplicating the role of the Auditor General. I'm sure the Auditor General will understand I'm not demeaning the work of him or anyone in his department, but as I understand it, essentially he is making sure there is no – please don't take any offence from this. I don't know how else to explain it. Essentially, we're counting beans here and making sure that beans are counted appropriately and that we're monitoring it. I see the role of this committee to supplement the work of the Auditor General, because the Auditor General in that bean counting does not necessarily hold the government accountable.

I think the work of this committee should be augmenting the work of the Auditor General to be able to hold the government accountable, and that doesn't need to be a hostile thing. I don't know why everyone is approaching it in that way. So I think this is an excellent idea. It would be on behalf of the people in the province and would help them to understand why this is going on and would be able to move us all forward in having better deals worked out or better recovery from them anyway. So I'm speaking in favour of the motion.

THE CHAIRMAN: We have Mr. Zwozdesky.

MR. ZWOZDESKY: Thank you. I just want to pick up on a couple of comments made by the hon. Member for Calgary-Mountain View. I know he wasn't attempting to defend the government being in the business of being in business, because both he and I, when we first came into this Assembly in 1993, were largely propelled by the strong desire to get government out of that business of being in business. So I don't fully accept the argument that just because the charter banks have a certain rate of loss or a certain rate of recovery, in fact that's some rule of thumb for the government to aspire towards or perhaps use in its own defence.

In fact, Mr. Chairman, the statistics I'm quoting are accurate. They're not twisted or torqued up or anything, because we know that to the end of last year, as an example, the record of recovery of assets was less than glowing for the government. When we look at failed loans, loan guarantees, and investments, out of \$1.8 billion in losses for that period, the government recovered some \$124 million. That's well under 10 percent. And now we see additional loans being written off and/or loan interest amounts being written off. Attracting something like 10 cents on the dollar on the Millar Western deal, for example, is hardly something to beat your chest for. We need to have a little bit more confidence and security that government is in fact maximizing the total leverage and the maximum leverage that it has under these agreements in order to ensure that taxpayers are getting the best deal possible.

I think in terms of the Al-Pac agreement, for example, one of the single largest features of that agreement is surely the forestry management agreement. Now, that constitutes a tremendous amount of leverage, because if you don't provide land with trees on it to these companies, they have nothing to harvest; there can be no pulp production. I know I'm oversimplifying this in the interests of time, but I would like to feel quite secure that the government exhausted every possible mechanism available to it, every possible leverage in the agreement, as poorly crafted as some of those agreements are, in order to ensure the maximum return for taxpayers.

I hope I have this correct, Mr. Auditor General. I believe in your management letter to the Provincial Treasurer on or about June 5 of 1997 you did make a comment that there were no viable exit strategies for project loans such as Al-Pac and Ridley Grain. Now, I would invite the Auditor General, if he has that particular document with him, to comment should he wish or to comment at a later time. But that type of comment, made very sincerely and very competently by the Auditor General, surely raises some concerns not just about the two project loans cited, Al-Pac and Ridley Grain, but in a general sense raises some questions about exit strategies for some of these so-called boondoggles of the past. And we recognize that they are from the past. All we're trying to do is move the system forward, get as much money as we can for it, and quite frankly waste as little time as we can in discussion and debate as to why this happened or that didn't happen or we should have done that or we could have done that.

It makes things much more accountable for everyone in the process if we on the opposition side are involved in that discussion somehow. This motion directly offers us an opportunity to get involved in the discussion of the processes and the procedures involved in maximizing the return of taxpayers' dollars at a time when taxpayers surely need those funds maximized. We have 16 out of 17 RHAs, Mr. Chairman, as you very well know, all in deficit positions. Yesterday in this House the Provincial Treasurer admitted at my prodding somewhat but did properly credit us with accurately reflecting that there is a revenue crunch happening. It's been denied and denied. We only have a spending problem: we've heard. Well, I've been saying for months and months and months since I took over this portfolio that we also have a revenue problem. Yesterday

the Provincial Treasurer himself admitted to that, and I thank him for that. That's honest speaking on his part, and I appreciate that. So let's not dismiss too quickly out of hand that maybe we do have a co-operative role to play.

I would urge support for this motion for all the reasons mentioned by myself and my hon. colleagues.

9:13

THE CHAIRMAN: All those in favour of the motion moved by Mr. Zwozdesky . . .

MR. ZWOZDESKY: A point of order. I just wonder if the Auditor General wanted to comment.

THE CHAIRMAN: He's well aware.

MR. ZWOZDESKY: Okay.

THE CHAIRMAN: If he wishes to jump in, he gives the high sign. It was not forthcoming, so we took your speech as the closing of the debate.

All those in favour of Motion 6 as presented by Mr. Zwozdesky, please raise your hands. All those not in favour of the motion, please raise your hands. The motion is lost.

We have another motion ready to present. Ms Olsen, please.

MS OLSEN: I'd like to move that

the Standing Committee on Public Accounts be given the authority to conduct a review of Crown-owned lending institutions – the Alberta Treasury Branches, the Alberta Opportunity Company, and the Alberta Agriculture Financial Services Corporation – with the objective of improving effectiveness and efficiency of service delivery to Albertans.

Again I go back always to what the guidelines for the public accounts committees in Canada do. They indeed do review – and it's one of their rights – the Crown corporations and any institutions receiving money, nongovernmental institutions. Again, it's to ensure accountability. Indeed, in 1993 in the March report of the Alberta Financial Review Commission it was pointed out: the need to review the mandate of Crown-owned lending institutions, such as the ATB, AOC, and the Alberta Agriculture Financial Services Corporation, in order to eliminate any overlap or duplicity. Again I go back to: why wouldn't we do that? Why would we not want to hold those institutions that control a great deal of money and are receiving funds or doing services where they're giving out funds from the government – I'm concerned that we put up far too many barriers to openness and accountability. You know, if a government wants to be open and accountable, then show us that by allowing the Public Accounts Committee to do the job that they are required to do.

We've even had a private member from the Conservative side sponsor a motion in this Assembly in relation to this particular motion a number of times, so you even have some concern coming from the backbenches. This motion will be consistent with the government's philosophy to achieve greater efficiencies in the delivery of services to Albertans.

I'm concerned again that if we're going to be open and accountable, then let's truly be open and accountable. Of course, that means support of this motion.

THE CHAIRMAN: Mr. Klapstein.

MR. KLAPSTEIN: Thank you, Mr. Chairman. Under our mandate, which is to review public accounts, this committee's focus must be on the review of government ministries' actual results compared to

the government's plans, not on any government policy or budget questions. And as has been stated, before any change is made to the mandate of the committee, it must be agreed to by the Legislative Assembly. The Assembly has not made this request. The public accounts contain the financial statements of the Crown-owned lending institutions, including those that are mentioned here – Alberta Treasury Branches, Alberta Opportunity Company, Agriculture Financial Services – so the committee already has the authority to review the financial results of these entities. Presently it is management's job to improve effectiveness and efficiency of service delivery, and it is within the Auditor General's mandate to comment if management's procedures are inadequate. This committee holds management accountable for any items noted in the Auditor General's annual report. So having the committee conduct its own review would simply duplicate the role of the Auditor General and would no doubt require additional resources.

I know the opposition members are working hard through this series of motions to convince us that the mandate of this committee should be changed. However, I am not convinced that it should be. If it should be, it should take place through the Legislative Assembly.

I speak against the motion.

THE CHAIRMAN: Mr. Zwozdesky.

MR. ZWOZDESKY: Thank you, Mr. Chairman. I want to say something here with respect to the Alberta Treasury Branches for starters that sort of speaks in support of this motion. The motion concludes by saying: "with the objective of improving effectiveness and efficiency of service delivery to Albertans." We are all reminded of the tremendous role the Treasury Branches played, particularly in rural Alberta, since the 1930s. Major banks pulled up stake and moved out and Albertans had no alternatives and the government moved in and established these local branches for good purpose. They're still alive and they're still doing quite well. I notice they are turning red figures into black now. The accountability has improved. I just want to remind hon. members, some of whom may be new to the debates that have happened here because they've only joined us since March 11 of 1997, that based on a lot of recommendations that were very thoroughly researched by the Official Opposition, working in some cases in tandem with government representatives, we were able to see some significant improvements made to the overall deliverance of services and accountability by the Alberta Treasury Branches.

I'm reminded of things like the annual reports that were requested and are now being presented to the public on an annual basis at another annual meeting, which was another suggestion. I'm reminded of the efficiency audits that we were calling for, which are now being done. There's improved accountability through that process to the board of directors of the Alberta Treasury Branches as well as to the public at large, the so-called shareholders who backstopped the operations of the ATB. I'm reminded of the expertise that has been attracted now to the Alberta Treasury Branches through the increased and improved arm's lengthness of the operations of Alberta Treasury Branches. I'm reminded of consistent lending policies and practices that have now been brought in to the Treasury Branches. There are a number of other suggestions that came out through committee discussions and meetings like this in which the opposition had what has turned out to be a very proud role.

I can't see why it is that we couldn't, at least in this case, do what the motion requests us to do and take that authority upon ourselves to assist with the review of some of these lending institutions. If we require the consent of the Treasury Branches to do that or the agreement of the Treasury Branches, then let's talk to them, let's

them bring them in and have a discussion with them. If we require that from AOC, the executive management people involved, let's do that. Let's bring them in.

What would be wrong with sharing some of that information here? I see nothing wrong with that at all. I think it speaks ever so clearly to what we're all trying to do, and that is to get the best governance possible, to get the best legislation possible, and not leave people in the dark on these issues, because again we're dealing with billions of dollars in these three entities, all of which assist Albertans in one way or another, all of which ought to be accountable to Albertans very directly, very openly, and all of which can only improve the image of governance. I sincerely want to believe that the government of the day here in the province is interested in improving that.

In fact, one of the government members a few years back actually sponsored a motion in this Assembly, Mr. Chairman, on the matter of the motion before us. I don't believe it succeeded either, but at least there was some indication of support from members opposite. I'm hoping that the members here today will at least allow this motion to go forward. There is nothing threatening about it. In fact, it's a tremendous stride towards improving the system and streamlining it and opening it up somewhat. I think they will find if they ever open that door that the public will rush in with them and give them support for it.

9:23

THE CHAIRMAN: Further debate on the matter?

Ms Blakeman.

MS BLAKEMAN: That was a very eloquent and passionate entreaty on behalf of the Member for Edmonton-Mill Creek. I appreciate it, and frankly I think I'd have a hard time topping it. That's exactly what we're trying to do here, and seeing as I can't say it better than he did, I'll stop talking.

THE CHAIRMAN: Thank you. No further debate?

On Motion 7 as presented by Ms Olsen, all those in favour, please raise your hands. All those not in favour of the motion, against the motion, please raise your hands. The motion is lost.

Do we have another motion? Mr. Zwozdesky, please.

MR. ZWOZDESKY: Thank you, Mr. Chairman. This is our eighth motion, and I have a good feeling about it, so let me get it on the floor. I would move to all members of the committee that the Standing Committee on Public Accounts be given the authority to request the superintendent and chief executive officer, CEO, of the Alberta Treasury Branches to appear with the Provincial Treasurer before the committee to account for the operations of the Alberta Treasury Branches during the previous fiscal year.

THE CHAIRMAN: It's number 8 on your agenda.

MR. ZWOZDESKY: Yes. Thank you.

Mr. Chairman, there have been a number of things said about Treasury Branches in this House, outside this House, in the media, and in the homes of Albertans for a number of years. I have already given an account of some of the accolades that are due to the operation of Treasury Branches because I do support what it is that they do. I grew up in rural Alberta. My parents owned a number of businesses – dairy farms, grocery stores, fast-food outlets, that type of thing – and I know firsthand the tremendous role that Treasury Branches have played in the development of our economic infrastructure in the province of Alberta. I want to go on record supporting them fully and wish them Godspeed toward even greater successes in years to come.

As I look at what has happened lately where some negative press has occasionally been attached to the Treasury Branches, I feel compelled to speak out on their behalf, because I know how hard the current group has worked over the past 18 or so months, perhaps two years, to try and improve their operations, to try and improve their profitability, to come on to a more level playing field, to become more competitive, to step up to where the big banks are already at and continue to provide the excellent services they do. However, in an attempt for them to continue on in that vein, I do think some explanations have to be made which they themselves would likely be more than willing to try and make because it's in their best interest to explain why it is that they deserve the ongoing backstopping and support of Alberta taxpayers to remain viable.

There are significant changes and improvements being made to banking on a virtually hourly basis with computer technologies that we haven't even heard of that right now are being designed to improve the flow of financial transactions to the point where we won't have to even leave our homes in the near future to do some of this stuff. Treasury Branches want to take up their role in that respect as well. They're going to need more of our support. I'm not talking about putting money toward it. I'm simply saying: let's help them in a spiritual way. One large way we can help them here is by helping them improve their accountability and their communication to the Alberta people who backstop their operations and want these community banks to continue to exist.

This, Mr. Chairman, was brought abundantly clearly home to me when I attended the first ever public shareholders annual meeting in Red Deer in June of 1997. I was very impressed with how that meeting ran. There was a spirit of openness and co-operation there. But again it can't all be dissected to the finest degree necessary, and here we have an opportunity to at least have these banking managers, the superintendent and the CEO, appear before us and provide some explanations which could only redound to their own accolade.

So I would say in support of this motion that the greater spirit of openness and accountability would truly be served because the Treasury Branches themselves may want it to be served through this Assembly process. It would be a historic moment, hon. members. You have a chance to ride into history on this motion, because if we're able to succeed in allowing them to come and be here with the Provincial Treasurer and the Auditor General, all they will do is provide explanations to us. And I'll bet you will hear thumping so loud that the buffalo herds of the early days couldn't overcome it, because that would truly speak to this government sincerely wanting to improve its openness and accountability for all. The management at ATB: it wouldn't surprise me if they favoured this motion. I don't think they have anything there to hide whatsoever. I think they've done a tremendous job of cleaning up some of these sins of the past. They've got a way to go, and there are a few more there.

I don't think there are any more large embarrassing moments to be faced by the Provincial Treasurer on this matter. I think this would be very consistent with the overall and overriding philosophy of a more level playing field aimed at greater competitiveness, aimed at sustainability for these Treasury Branches, and I would certainly hope we could support it because they are in a battle for some of their own turf and are fighting the giants in the banking world. This our own little Treasury Branch, for heaven's sake. Without them rural Alberta would still be back 50 years ago. So we need to support them.

The final comment I would make is that I would urge the committee to adopt this recommendation so the superintendent and CEO of the ATB could appear at least once a year, and they can appear at their own time obviously. We could have some discussion later as to how wide ranging the debate might be. If the government members feel somewhat nervous about this, we could put some

parameters to it if that helps ease their feelings, and I'll go on record supporting that. But I want firmly to encourage everyone to make history here today and support this motion at least to the next stage, which means that our committee reports it to the Legislature. We don't make the laws here, hon. members, we're pawns in a larger game, but we do have the ability to put a recommendation forward to the Assembly. It can be debated a little more fully.

On those arguments I will close my opening foray into the debate, asking members and urging members for their support.

THE CHAIRMAN: Mr. Ducharme.

MR. DUCHARME: Thank you, Mr. Chairman. In opening, I certainly hope that the intent of the hon. Member for Edmonton-Mill Creek was not to buffalo us on this motion.

Mr. Chairman, public service managers and/or executives are answerable to the responsible minister for implementation of policy, and ultimately the minister and the government are accountable to the Legislative Assembly. With these two levels of accountability I see no purpose in making public managers and/or executives answer to the Public Accounts Committee. Therefore I will be voting against the motion.

THE CHAIRMAN: Any further debate on the motion?

To close, Mr. Zwozdesky.

9:33

MR. ZWOZDESKY: Mr. Chairman, in the few minutes remaining let's be clear that the intent of this motion is not to do anything subversive. There is nothing clandestine or difficult that we're looking at here. This is a straightforward request, and it's only a request. This is not a demand. This is simply a request to put something new and different before the Provincial Treasurer, the Auditor General, the Assembly, and all Albertans that I think should be supported because it still would require the Legislative Assembly to have a debate on it. We simply put forward a recommendation. If it gets turned down, so be it; we'll live with that. But what would be wrong with at least offering the opportunity which has never been offered, Mr. Chairman? This opportunity has never been offered, and I will stake my ground on this: one day this will happen in this Assembly. You heard it here first.

I thought this committee would take the opportunity to act on it now and put the request forward, because I know that the Alberta Treasury Branches are just as anxious – they're the most anxious of all, I would suspect – to come forward and answer questions openly in front of all members here and in turn for the general public to see. They need the shareholders of Alberta to continue buying into their agenda. They're looking at expansion here. They're looking at the recommendations that were included in the Mazankowski report and other reports: to move forward. Why would we hold them back from doing that when they need public support, they need government support, they need members' support in this Assembly? Here's an opportunity for us to provide them with that.

I take it from the hon. Member for Bonnyville-Cold Lake's comments that this doesn't have a chance to succeed, and I will have to painfully accept his rejection of the motion. But I want to leave with him and other members the possibility that they will take this back to their caucus and in particular to the Provincial Treasurer and discuss this motion with him privately, if necessary, and see if he has any objection to it. I feel quite confident that the Provincial Treasurer wouldn't. I feel quite confident that the Treasury Branches wouldn't. I'm sure the Auditor General and his staff in their auditorial function would have no problem allowing it. So who's objecting to this and why?

I close my debate on that and ask for reconsideration of the hon. members' support.

THE CHAIRMAN: We have completed the debate on Motion 8. All those in favour of the motion, please raise your hand. All those opposed to the motion, please raise your hand. The motion is lost.

We have no further motions before us. I'd like to thank the Auditor General and the Assistant Auditor General for coming around today and being available to add some assistance to the debate.

I'd like to also mention that next week we have the Hon. Steve West, the Minister of Energy responsible for the Alberta Energy and Utilities Board, the Alberta Petroleum Marketing Commission. He will be here before us at the appointed hour.

If there is no further business to deal with, a motion for adjournment is in order. Mr. Ducharme. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Carried. We stand adjourned.

[The committee adjourned at 9:38 a.m.]