

8:32 a.m.

[Mr. White in the chair]

THE CHAIRMAN: Order please. Members of the committee, we now have a quorum. First of all, I should like to welcome some new members, both from that fair city south of us here, Mrs. Forsyth and Ms Graham. Pleased to have you aboard.

We also have our secretary delivering two documents. One is a response to a number of questions raised a week ago from the Auditor General, and you have that in your possession. If you don't, very shortly you shall. And we have a letter to myself, the Public Accounts Committee from the Provincial Treasurer. That's that department's response to the Auditor General's report.

That being done, we have with us the Provincial Treasurer. If you'd be so kind as to introduce your staff, sir, then we'll introduce the Auditor General's staff.

MR. DAY: Jim Peters is with me today.

THE CHAIRMAN: Thank you.
Auditor General, sir.

MR. VALENTINE: Good morning, Mr. Chairman. On my left is Jim Hug, who is the Assistant Auditor General with responsibilities for the Treasury Department, and on my right is Gerry Lain, who is a principal in the office with responsibilities for the Treasury Department.

THE CHAIRMAN: Mr. Provincial Treasurer, if you have some opening remarks, we'd be pleased.

MR. DAY: Thank you, Mr. Chairman. I congratulate the committee on good planning. It was almost a year ago to the day that I was before this committee last year. I want to assure you that I think this is one of the most important meetings I'm required to be at, and I look forward to it for the opportunity for input, scrutiny, criticism, suggestions, whatever may be forthcoming. I also appreciate the fact, again, that the Auditor General is here and the role he plays in the accountability cycle. We continue to be challenged by his input and observations, and while we don't always leap for joy when it is pointed out that we might be able to do better in one area or another, it's a necessary part of the process. We do look forward to it, and it keeps us sharp and keeps us pressing on to higher and higher standards of excellence. So I appreciate the work of the Auditor General and his staff and officials.

I think we'd all agree that '98-99 was a good year financially for the fifth year in a row. A surplus was posted. I use the word "surplus" carefully, recognizing that we still get the question, "How can you have a surplus when you still have a debt?" and that the more correct and accurate term is "economic cushion". So whether you say "economic cushion" or use the "s" word, we had that for the fifth year in a row. A payment of \$1.026 billion was made against the debt. A net debt of \$63 million was eliminated in the first quarter of the current fiscal year. I think members will recall that. Of course we still are looking at eliminating an accumulated debt of somewhere between \$13 billion and \$14 billion. Sometimes with the exuberance and the excitement of eliminating the net debt, there's a sense that in fact . . .

THE CHAIRMAN: May I interrupt? We're dealing here with the public accounts of '98-99.

MR. DAY: Right. I strayed into the first quarter.

THE CHAIRMAN: I thought you might. You may incite some questions to that, and we wouldn't want to do that.

MR. DAY: All right. I appreciate that. Thank you for that restraining comment.

We still need to reflect on the fact that looking at '98-99, there is and was an accumulated debt approaching \$14 billion, and we need to keep that in mind at all times as we did through the '98-99 year. Total spending on programs increased by \$647 million – that was a 4.3 percent increase reflecting higher funding for health, education, and infrastructure – and total spending for '98-99 was just over \$15.7 billion. I think, too, it can be acknowledged that those spending increases were done along the lines of priorities brought to us by Albertans. Onetime initiatives health spending was up 6 percent. Spending on infrastructure increased another 6 percent and education by about 3 percent. Total revenues for '98-99: \$16.9 billion.

What is often missed, Mr. Chairman, as we close out the books for last year and reflect on them, is the fact that revenues for '98-99 were down almost a billion dollars over the previous year. That's very significant. In spite of that, with our prudent budget planning and management, we're still able to see increases in the areas of priority where Albertans want to see those increases. Tax revenues in spite of overall revenues being down were up by nearly \$400 million, reflecting the ongoing growth of the Alberta economy.

It's also important to note, I believe, that though revenues overall were down, as taxes were decreased on a personal basis, although slightly, we still were able to see an increase in revenues overall. The basic provincial income tax rate was reduced by 1.5 percent, and the maximum benefit for families was doubled to \$1,000 for low-income families. Our personal income tax revenues increased actually by about 19 percent. So when you reflect on the lesser amount in terms of revenues, I think we can see that really '98-99 was a good-news story. Prudent budgeting indeed works.

We were also able to focus again on our debt servicing costs. To note that those costs for '98-99 were about just under \$1.2 billion, in '94-95 they had been up at \$1.75 billion. So when you aggressively pay down debt, you save money in interest savings and you're able to apply that money to increases in your priority areas. That money that you apply, of course, is not borrowed money.

The price of oil was around \$26 a barrel. We see the volatility, so that's an ongoing reminder to us in terms of staying on track.

We were pleased with the Measuring Up document. It reported where we measure up, but it also reported where we still have work to do, and that's an ongoing challenge.

Some other specific performance highlights for '98-99 include the fact that over 57,000 jobs were created in '98. They were not created predominantly by government; the vast majority of those jobs were created in the private sector. Albertans have among the highest life expectancies in the world. The rate of births to young women under 18 dropped again. However, our reporting does show that our rate is still higher than the Canadian average. Eighty-seven percent of Alberta's grade 9 students achieved acceptable standards in language arts, exceeding expectations of 85 percent. Math results: again, we are tough on ourselves here, and we're not as positive. Seventy-one percent of students achieved acceptable standards, but that was below the goal we set of 85 percent.

I just share those figures with you, Mr. Chairman, to show that we measure and we talk about not only areas where we have success but areas where we still have work to do, and we press on to that. Standard and Poor's upgraded Alberta's credit rating to AA plus. That's the highest of any province. That means we pay less as we reborrow and refinance the money that we are still refinancing as we pay down debt.

Alberta Treasury Branch profits increased by \$25 million to \$111 million. Debt servicing costs were affected by the fluctuation in the Canadian dollar somewhat. The Alberta heritage savings trust fund had a net income of \$932 million. That's also something that is a good-news story. We report it almost on a daily or weekly basis, but Albertans are not fully aware of the positive benefits of the fund. Probably because it's doing well and not badly, it doesn't get the reporting we would like to see.

That's an overview, Mr. Chairman. As you know, I could talk at length on any one of these, but I would much prefer to hear from colleagues across the way, and I submit those remarks to you as overview and highlights.

THE CHAIRMAN: Thank you, sir.

Might we have a motion on the minutes as presented at the last meeting? So moved. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

Mr. Sapers, please.

MR. SAPERS: Thank you, Mr. Chairman. Good morning, all. Thank you for the overview of last year's results from Treasury. I want to ask my first questions this morning about the risk management fund and the risk management and insurance division of Alberta Treasury. As I understand it, it's authorized to investigate, settle, or defend claims submitted for consideration in areas of general liability in some specific areas. Coverage has been established at \$35 million per occurrence, with a million dollar deductible paid by the Crown. I believe the policies are underwritten by Dominion of Canada General Insurance, and the broker is Reed Stenhouse. I have some questions about how that fund is being managed and utilized.

8:42

I note that as of March 31, 1999, there was just in excess of \$11 million in estimated claims payable through the risk management fund, \$2.8 million for general liability for claims incurred but not reported, while \$3.731 million is for general liability reported claims. I'm wondering if the Treasurer will explain the distinction between reported claims for general liability and unreported claims for general liability.

MR. DAY: Reported, in my understanding, are in fact exactly that: ones that have been reported but possibly not yet settled. I think that's the breakdown. You receive the claims. You have to report them certainly as possible liabilities, and then as they are settled, depending on which period of time or which years those claims are settled, they get reported. That's why they show, for instance, the comprehensive general liability, \$3.731 million. Those are reported claims. In terms of those, that particular area did pay out for March 31, 1999, \$2.8 million of the \$3.7 million. So we have to record as liability the ones that are reported, and then they begin to work through the system.

MR. SAPERS: I want to clarify something before I go on to my second question, Mr. Chairman.

THE CHAIRMAN: We have another round.

MR. SAPERS: I thought the 3.731 and the 2.8 resulted in a total general liability claim number of 6 and a half million. I didn't realize that one was a subset of the other. I just want you to clarify your response. I want to make sure I understood you properly.

MR. DAY: To get to the total in terms of claims reported, \$6.9 million, we have 3.7 in comprehensive general liability – these are claims reported – 2.4 on automobile liability, .65 on property, .04 on automobile accident benefits, and physical damage is .02. That all adds up. I've carried those two places. If you carry them three, it adds up to 6.9. I can give you a rundown here in terms of claims. In addition to that, these would be ones that would be paid out then. If you look on page 144 of the annual report and look at note 2, you'll see the reporting practices there, and under (a), "claims provisions, including provisions for claims incurred but not reported, are based on estimates made by management." These provisions "are adjusted in the period when more experience is acquired and as additional information is obtained." This is as far as we know to date as we closed out the books on those.

In terms of the claims incurred but not reported, again if you want to do a running list here, under comprehensive liability, \$2.8 million; automobile liability would be 1.1; property is .15; crime is .1; automobile physical damage is .05; and automobile accident benefits .005. If you add those two up, that comes to 4.2. Then adding together the reported claims, that previous number of 6.9 – add to this the 4.2, and that brings you to your 11.115. I can supply for the committee the actual list carried right out to the exact amount just so we're not rounding off.

THE CHAIRMAN: If you'd do that through the secretary so it gets disseminated, that would be . . . Thank you, sir.

Mr. Shariff, followed by Ms Blakeman, please.

MR. SHARIFF: Thank you, Mr. Chairman. My question is in regards to the Auditor General's report, page 23, recommendation 2. The Auditor General recommends that "Ministries work with Treasury to . . . improve the definitions of the components of business plans." My question is: what are you doing to address the recommendation?

MR. DAY: Well, Mr. Chairman, I can tell you that in general and specific terms we've accepted the recommendation. We say that clearly there's a science to business planning, a mathematical science, but there's also an art to planning, and this is a work in process. So we have a common set of these business plan components that we've already established, and we've communicated them to ministries. What we find as we move through time is that these best practices emerge from an internal culture of continuous improvement. That's a message that continues to go out to all departments and to all ministries in terms of ongoing improvement, and we will continue to work to clarify these definitions in these particular areas highlighted by the Auditor General.

I refer then directly to the one to Treasury on page 264 of the Auditor General's report, recommendation 47. The Auditor General continues to recommend changes to accounting policies to improve accountability. We have accepted again this recommendation in principle. We set corporate accounting policies we feel are appropriate and that increase accountability. When we set these corporate accounting policies, we mainly follow the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Those are the terms and the guidelines we work on that we use, and we also look to other areas: accounting authorities and literature and relevant live examples to add to the Public Sector Accounting Board where it's considered appropriate. I can inform you, Mr. Chairman, that we have established a process for the ongoing review of the government's corporate accounting policies involving ministries and the office of the Auditor General. So that continues to be a work in

progress also.

MR. SHARIFF: In your opening remarks you also made reference to the Measuring Up '99 report. You had asked Albertans questions in the Measuring Up document. What I would like to know is: what were some of the performance highlights, and in particular what are you going to do about the areas where the results didn't measure up?

MR. DAY: Well, as I said, measuring up is a constant challenge, and it's something we were very excited about when we started this whole process. At times when we see we don't make certain goals, the excitement starts to wane, but we continue to be challenged by the goals we've set for ourselves. Basically, that document tracks our progress against the goals and shows Albertans when we're doing well and also where we need improvement. We try not to be shy about that.

In terms of actual performance, along the lines of what the member has asked, I can just give some examples on the fiscal and economic highlights: another payment of a billion dollars on Alberta's net debt. Our credit rating is an actual target we have there by which we measure ourselves to see how we're doing. Credit rating is an area in which it's one thing to reflect on yourself on how you're doing; it's another thing to be judged by a very rigorous process by an external agency, as these international credit rating agencies are. We show there the highest credit rating and the lowest cost of borrowing among provinces. We continue to measure overall tax burden as a goal to which we measure up, and we continue to be the lowest overall personal tax burden in the country.

In a day when some people reflect on poverty levels and they argue about what should be the proper definition of poverty, we have moved beyond that argument and said: "Listen. Let's just pick an arbitrary level. We'll forget about arguing about how difficult it might be to live at that level. We'll just pick that level and measure that over time and say: are families moving up or lower than that level as a percentage?" We picked the \$20,000 level. I think there should be no disagreement that that is not a high level of income for a family to live on. There's a very small percentage of the population that lives at that, but it is a measurement. So once we draw the level, then we say: "Okay. Moving up or moving down? What's the percentage?" We actually have a target of 10 percent in terms of: we want to see how many families over 10 percent at \$20,000. In fact, we have bettered that target: 9.1 percent. So picking an arbitrary line, we continue to see that poverty level and the measurement of poverty drop in Alberta, and that's a very significant and important factor. The creation along with that of 57,100 jobs and the three-year average annual GDP growth of 5 percent, and our target range there is 4 to 6 percent – everybody agrees that a 5 percent GDP growth is very aggressive. How long it can be sustained? We hope that can continue, but that is showing a very robust economy.

8:52

Then we try not to just focus on fiscal and economic highlights. We look at health and education. The life expectancies in Alberta are among the highest in the world: the sixth highest for women, the fifth highest for men. Eighty-five percent of Alberta students reaching the grade 9 language arts exam achieved acceptable standards – I've already mentioned that – but in the area of math, we'd like to see it move upwards. We measure property crime as down by 33.8 percent. That's since '91, and that was the measurement done in the year in which we're looking here. The province recorded zero days of poor air quality through the monitoring that goes on.

I'm getting a signal from the chairman to hold back on my

exuberance. But that's just a sampling there of the measurements of performance we use, which ones we attained and which ones we still have to push harder to do.

THE CHAIRMAN: Thank you, sir.

We do have a number of questioners today that are eager to get their questions in, and they're questioning that which is not in the report. Between the Auditor General's report and your annual report a good deal of the information in the last five minutes of your answer would be therein contained. So if you work on the questions that we have no knowledge of but you and your staff would, that would be greatly appreciated, sir.

MR. DAY: I'll zero in on that, Mr. Chairman. The Measuring Up document is included in our annual reporting, but I'll continue to try and restrain my remarks. Thank you.

THE CHAIRMAN: Your exuberance, I think it is.

MR. DAY: Yes.

THE CHAIRMAN: Ms Blakeman, followed by Mr. Yankowsky and Dr. Pannu.

MS BLAKEMAN: Thank you. Good morning, everyone. Welcome to the Auditor General and staff and to the Provincial Treasurer and staff. I'm not sure if there's anyone in the gallery today. No? No fun seekers? Too bad.

Okay. My reference is the Auditor General's report, pages 267 and 268. I notice that once again there's a recommendation that the province's consolidated financial statements include regional health authorities, universities and colleges, school boards. I must say that I agree with the Auditor General. These organizations are accountable to government since the government appoints the majority of the board members and approves the business plans, provides standards for the program delivery and significant funding to these entities. So my first question to the Provincial Treasurer is: what assessments, if any, were prepared by Alberta Treasury during the fiscal year we're examining – that is, 1998-99 – as to the impact on the province's assets, liabilities, and net debt of including the operations of the regional health authorities, colleges and universities, and the delegated administrative organizations?

MR. DAY: Mr. Chairman, this is an ongoing issue in terms of the overall reporting, and it's something the Auditor General continues to quite properly express his views on. I agree with him that discussion has been helpful in terms of helping each other understand the points of view, and as he has indicated, this is an issue where actually when you look at it across the country, there is no common practice of reporting in this particular area. Again, we continue to look to the accounting standard setting body. I mentioned that body earlier, the PSAB. In terms of some ongoing involvement, we've had discussion throughout the year with them.

Trying to set aside all this terminology, the Auditor General's position is that the government should consolidate these organizations into the reporting entity because there's obviously some control there from government, and in his view it provides a picture which he feels should be provided. There's no question that we have accountability relationships with the RHAs. There's no question about that. But those organizations have very significant accounting relationships with their own stakeholders, and we don't feel that including those entities in our overall reporting entity is either expected by the public or in fact the best practice. Each of those agencies or organizations – they're far more than agencies – is audited, and they all have to account for the money spent. Those

dollars are there, it's audited, and their performance is recorded. But to confuse the issue by pulling that into the overall entity in our view is not the best approach in terms of the accounting practices we're using.

Again, I just have to repeat that we would be seen by the regional health authorities – and actually it doesn't apply just there; there's also a concern related to the school boards – as approving these individual budgets and managing their financial affairs in a very direct way that, I am clearly of the view, would undermine the autonomy of those regional health authorities. We consistently hear from not just RHAs but school boards also that they want us to continue to limit even the amount now which we are directive in terms of funds advanced to them through the granting process. I would greatly fear the treading on autonomy there and the erosion of community responsibility that they want to assume if we consolidate those. I think it would lead to some very fundamental and significant changes to the working relationships, and these would be adversely affected if they were considered part of the government.

Now, there's a perception problem there. If there's ever a problem of funding in those areas, it's still in the minds of many sort of coming back to government. The buck still stops somewhere over here. But it is not apparent that the government has sufficient control over these entities to warrant the kind of consolidation in accordance with recommendations of the Public Sector Accounting Board. So we believe that the relationship is proper here.

I'll repeat from a practical perspective that just managing to get information from these entities to meet certain legislated deadlines we are required to meet – for instance, our June 30 deadline for the province's financial statements – would be a very significant challenge. Technical issues with consolidation on such a large number of entities all lead to what we believe would be great concerns.

We have these divergent views with the Auditor General on this particular issue, and we respectfully acknowledge one another's divergence. The fact that other jurisdictions in Canada still have not even reached a consensus about the reporting entity shows that this is going to be an ongoing work in progress. We look to other provinces, we look to the various accounting boards to try and see the uniqueness of what we've done. The Auditor General – I don't know what his observation would be, but in terms of consolidative reporting, I think we are the most comprehensive in the country in terms of what we have to account for and base our final net picture and net numbers on. But we just continue to recognize the fact that regional health authorities are thoroughly audited. They have to account for every dollar they have, but to be included in our reporting entity is something we just fail to see as being beneficial.

It was dealt with at the joint session of auditors general across the country, with controllers general. There were two auditors general and two controllers who spoke on that particular discussion. And the Public Sector Accounting Board, whom we look to for guidance on this, has agreed to revisit this whole issue. We may see some resolution of that, Mr. Chairman.

9:02

THE CHAIRMAN: Further to report the different view, Mr. Auditor General, sir.

MR. VALENTINE: Well, I thank you for the opportunity to speak on this subject of great interest. For the record, I continue to believe that consolidation is the most appropriate accounting in the circumstances, and the reasons for that have been set out in not only the 1999 report but previous reports to that. I don't concur with the minister's arguments with respect to control, but I do acknowledge

that there is continuing work toward the pursuit of a resolution on the issue, and I and my colleagues in the office support that work with enthusiasm. That work, as the minister noted, is being conducted in PSAB, and it is also being conducted in a study group in the Canadian Conference of Legislative Auditors.

The final comment I would make is that as I understand the Nova Scotia scene with the new government there, their consolidation will be more complete than the Alberta consolidation when they publish the 1999 accounts. They've acknowledged what they're going to do; I don't think we've seen the published accounts yet.

Thank you.

THE CHAIRMAN: Mr. Yankowsky . . .

MS BLAKEMAN: Supplemental.

THE CHAIRMAN: Oh, I'm sorry. Racing on here. There are such full and complete answers.

MS BLAKEMAN: Actually I beg to differ with that. I was asking for what assessments had been done.

Second question. The Treasurer referred a number of times to control issues around this, and I'm wondering what policy and assessments were done during this fiscal year on control relationships of government approving contracts between RHAs and health care facilities in the private sector.

MR. DAY: You're talking about the year '98-99?

MS BLAKEMAN: Yes.

MR. DAY: Okay. When you said "this year," you mean the year we are presently considering. Right?

MS BLAKEMAN: We can only discuss the fiscal year before us, which is '98-99, in this committee.

MR. DAY: I know. I just wanted a clarification on that.

Overall, in terms of contracts themselves, the Auditor General again has properly spoken in his report to the issue of scrutiny there, making sure that proper processes are in place regarding contracts. That's actually how we see our relationship with these entities: like a contractual relationship in a way with a third party outside the government. We dictate the work overall that's required and the standards by which work must be completed and provide the funding for services. So there's some similarity there. Day-to-day operations and the delivery of the program, of course, are the responsibilities of the entity itself. Again, that shouldn't be reflected back into the government's operation.

Along with that in terms of a control relationship and even as you look contractually, first of all, each of these entities has certain assets, and the government in most cases cannot generally get hold of or access those net assets, which provides another difficulty in terms of the reporting entity. If we have difficulty with an asset under one of our departments, we can access that, we can get hold of that, but with a school board or an RHA it starts to become a very different issue. On the contract side we have a number of items that are in place in terms of expectations contractually. We continue to look at those and work with those, but the overall relationship is in fact that there are some strong comparisons to a contractual relationship. Again, the Auditor General spoke to the issue of contracts, and increased advice, scrutiny, if you want to call it that, has been applied and continues to be applied. That's an ongoing work in progress also. RHAs have the ability to contract and they

take that, but they do it along the guidelines and policy guidelines they're presented with.

THE CHAIRMAN: Thank you, sir.

Mr. Yankowsky, followed by Mr. Pannu.

MR. YANKOWSKY: Yes. Thank you, Mr. Chairman, and good morning, everyone. Looking at page 14 of the government annual report, I see that net income from commercial operations was up last year by over \$100 million to \$1.3 billion. Would the Treasurer identify for us the major components of this revenue and what created the increase?

MR. DAY: I'm just locating that page, page 14 of the annual report. The member is correct. Net income showing there from commercial operations is up by over \$100 million to \$1.38 billion. Just looking at some of the major areas of increase, for lottery operations we show \$770 million, liquor operations \$485 million. So growth in both these operations caused about \$85 million of the \$100 million in terms of those two operations. Alberta Treasury Branches make up \$111 million of that total income. The \$111 million from ATB contributed \$25 million to the actual increase. That shows the ongoing improvement at ATB throughout that particular period under the new management structure, the arm's length from government, having its own board, loan loss provisions, some of the loan losses not materializing because of an improving economy, all related to that. The balance would come under a variety of commercial operations – N.A. Properties, AGT Commission, et cetera – but those would be the main areas for that increase in net income on commercial operations.

MR. YANKOWSKY: My supplemental. I also see that after years of cuts the federal government is indeed loosening its purse strings, and we see that federal transfers actually increased last year by about \$150 million. What specific areas of Alberta's Treasury were these transfers slated for, and do you expect this loosening up of the federal purse strings to continue?

MR. DAY: Well, I'll comment directly on '98-99 and try not to stray into my area of expectations, or maybe I'll try to get away with what the chairman will let me. On the actual dollar amount for '98-99, if you look at '94-95 and take that through to '98-99, you'll see the federal government actually cut the CHST. That's the health and social transfer. They cut it by \$6.2 billion – that's their overall program – from \$18.7 billion to \$12.5 billion, a significant reduction. So the CHST fell from 18 percent to 11 percent of total federal revenues, a fairly significant drop.

In October '98 the provincial and territorial ministers released a health care paper that called for restoration of the CHST – I think you recall that – and also a cash escalator to cover some of the rising social program costs. At that point our Premier was in agreement that any new federal funding for health care would be spent on health care priorities within Alberta and that we would, I think the famous words at the time were, “sign in blood” that would go to health. So the federal government responded by a partial restoration of the health portion of the CHST with \$2 billion. That was for '99-2000, but the response was in '98-99. That would amount to a restoration of about 40 percent of that transfer. So there was a cut in transfer and then about a 40 percent restoration, and Alberta's share of the increase: approximately \$192 million. The federal government has said that the resulting \$15 billion – that's CHST – will remain flat until 2003-2004, and CHST will rise to 12 percent of total federal revenues eventually in 2001-2002.

So at the '99 conference the premiers and territorial leaders called

on the federal government to fully restore that CHST to the '94-95 levels. They have recently reiterated that, but that's this budget year, so I won't reflect on that. But that gives an idea of some of the shift in terms of the federal transfer that took place and is continuing to take place.

9:12

THE CHAIRMAN: Thank you.

Dr. Pannu.

DR. PANNU: Thank you, Mr. Chairman. I want to go back to the introductory remarks by our hon. Treasurer. He said that it's almost exactly a year since he appeared before this committee. I wonder if he would be willing to request the committee to appear before the committee more often. I certainly would like to encourage him to do that.

MR. DAY: I'm here at the request of the committee.

DR. PANNU: One of the striking observations he made in his introductory remarks was to draw the attention of Albertans and of this committee to a \$1 billion decline or drop in provincial revenues during the year under consideration. I want to draw the Treasurer's attention to two pages in the government's annual report and then perhaps ask him if he would give an account if that \$1 billion decline in revenues is in any way related to government policies that may be reflected in these columns.

I would invite the Treasurer to go to page 14 of the government of Alberta's annual report and draw his attention to the revenues column. On the top there is nonrenewable resource revenue, and that indicates a drop in revenues from \$3.778 billion to \$2.368 billion, a difference of \$1.41 billion, which calculated in percentage terms is a drop anywhere between 35 to 40 percent.

Now I'll ask him to go to page 24 and again draw his attention to the revenue column. There's a reduction in corporate tax in spite of the fact that our economy is booming – not the tax, the revenue – from '98-99 by \$189 million. Bonuses on sales of Crown leases: a reduction of \$608 million in spite of the fact that the oil and gas industries are booming.

MR. DAY: Sorry; could you repeat the last one? I was just looking at the corporate tax. The next one following corporate tax?

DR. PANNU: Bonuses and sales of Crown leases.

MR. DAY: Okay. Right.

DR. PANNU: We have been told by this government that the oil and gas industries have never done better before – at highest peak capacity of both exploration activity and extraction activity – and there is a reduction of \$608 million there. Then the royalty tax credit is \$250 million during the year under consideration, another drop. I put that together and, Mr. Treasurer, the reduction on page 24 comes close to \$1.1 billion if not more. A \$1.1 billion reduction, which some people would say are subsidies provided by this government to private enterprise in this province, and \$1.4 billion in reductions on page 14, again showing the same process. Put the two together and there are billions of dollars your government is giving away. Would you try to explain to Albertans how that \$1 billion drop matches against your own policies and decisions which have resulted in billions of dollars of giveaways to private corporations?

THE CHAIRMAN: I'm going to interject here. If we expect the Provincial Treasurer to be relatively brief in his answers, committee

members, being practised at this, should practise a little brevity in our questions. The question is well put, just a little long and more of a philosophical statement than a question. The Provincial Treasurer I'm sure is up to the task of answering.

DR. PANNU: Thank you, Mr. Chairman, but I wanted to give the Treasurer all the information that we need in order to answer the question.

MR. DAY: I appreciate all the information. I'm trying to assimilate it all. As briefly as possible and not wanting to oversimplify, '98-99 saw an incredible reduction in the overall year average of the price of crude oil. That, then, ripples right through a number of businesses. Certainly it has an effect on corporate revenue, and fellow colleague, you can see the numbers reflected there on the nonrenewable resource revenue. There were times in late '97, in fact, when we saw oil dipping under \$11 a barrel, a very significant drop. We used this to show that we are able and capable of handling volatility in our economy.

When oil drops below what we had, say, the year before – and I'm going to give approximate figures. For '97-98 the average for oil was about \$18.58, something like that. For '98-99 per barrel it averaged out to, I think, \$13.78. That is a staggering difference, and when that happens – you mentioned record drilling, et cetera. Well, that's happening now and is projected through the winter drilling season. But for '98-99 the oil sector was significantly impacted by these low prices, and that will be reflected right through these revenues. What is significant is that the economy still grew in spite of that, which shows that the base of our economy has very aggressively diversified, where we can take a hit in the oil sector now and still see the economy expand. Trying to keep it simple and brief, Mr. Chairman, the single biggest area of reduction was what we saw happen throughout '98-99 in the overall average oil price.

DR. PANNU: My supplementary, Mr. Chairman. Is the Treasurer then acknowledging that his government, in fact, is interfering in the market forces in order to protect and subsidize private industry during the volatile periods in the economy?

MR. DAY: No. We have royalty schemes that are price sensitive, which means we don't beat up on those companies when . . .

DR. PANNU: If there's subsidization, Mr. Treasurer.

MR. DAY: Well, as you know, there's some discussion about lowering – well, no. I'll stick to '98-99. When we lower your personal taxes, is that a subsidy? I don't know if it is. When we get a refund on your personal income taxes, is that a subsidy? When we give low-income families up to a \$1,000 refund based on their tax level, is that a subsidy? When we say to a particular industry, "We're not going to beat you up as badly when prices are devastatingly low," we're still going to try and squeeze some water from the stone, as it were, just like you're trying to squeeze – we say this to the oil companies – oil from the ground. But the price sensitivity and therefore programs like ARTC – it varies according to price.

We see that that has been eminently successful when you look in the area of synthetic crude. A synthetic crude operation, which requires billions of dollars of investment, needs some long-term comfort, and if they can see, as they're doing their projections, that when the price goes down, there's some sensitivity there in terms of the taxation side, then they can make their long-term investments. Frankly, I'm glad that policy is in place, because we have projects that were announced in '98-99, for instance, in the Fort McMurray

region, without naming any specific companies. They talk about 40 years of employment. We're hearing 50 years based on a price-sensitive oil regime. We don't apologize for that. It seems to work, and we still take a pile of money from those companies.

DR. PANNU: All I'm asking you . . .

THE CHAIRMAN: You had a supplementary question. It was a very brief question, and the answer came back no, and then we had a little longer philosophical question. As much as we'd like to get into philosophical questions of the past, quite frankly we're dealing with numbers here, and we're trying to get on with it.

Ms Graham, please, followed by Ms Olsen and Ms Kryczka.

9:22

MS GRAHAM: Thank you very much, Mr. Chairman. I'd like to refer to page 36 of the government's annual report, specifically to the guarantees table. It would appear that guarantees on the whole have declined in '99 over '98 by a substantial amount. In fact, it would appear that three company guarantees were reduced to zero over the year, that being Canadian Airlines, Pocaterra Development, and North Saskatchewan River Boat Ltd. I'm wondering if the Treasurer can provide some details as to what happened with each of those companies.

MR. DAY: Thanks, Mr. Chairman. Referring to that guarantees table on page 36, guarantees continue to be a source of interest to our taxpayers in terms of where we are at and what did we pay and did we get stuck with anything. As far as Canadian goes, the member may recall that in '92 a \$50 million loan guarantee was issued, and that particular \$50 million loan guarantee was part of a \$120 million loan guarantee package to assist Canadian with some interim financing at the time. Our share was \$50 million, the feds' was \$50 million, and B.C.'s was \$20 million. In the budget year under consideration Canadian repaid its loan on April 24, '98, and that, therefore, extinguished our guarantee at no loss to the government.

Pocaterra had a loan guarantee that was issued as far back as 1988. That was supporting a term loan of \$6 million for construction of a 50-room resort hotel, which is known today as the Kananaskis Inn. That was in the alpine village at Ribbon Creek. The Alberta guarantee was for 50 percent of the lender's loss incurred on asset liquidation to a maximum guaranteed liability of \$3 million. The hotel was sold. The guarantee was released in the budget year under consideration, and there was no loss on the guarantee. So no loss on that one, and that happened in June of '98. I'm reminding the member that these guarantees were policies in place at the time. We wouldn't be doing these now, but that was released, again, at no loss.

The riverboat guarantee. I can't say as happily that there was no loss. In fact, there was a loss of \$500,000 on the riverboat guarantee during the '98-99 budget year, and we don't have any obligation under that any longer. That particular loan guarantee, again, was pre '93, \$947,000 to finance the construction of that sight-seeing boat. If you remember, there was a program in place at the time, but a community agency was the one that would determine if the money should go there, so we acted on that. That overall loan guarantee of \$947,000, as I said, was discharged in '98, but it was a net loss of \$500,000.

MS GRAHAM: Yes. Thank you for that explanation.

Mr. Chairman, I just have one other question also related to that same table. Mr. Treasurer, you mentioned that the policy is for the government not to provide such guarantees at this time, but I see, in fact, that the feeder associations' guarantees have gone up as well as

the Securities Act guarantees. Now, I take it that those are something a little different than providing a guarantee to a business, if you could explain.

MR. DAY: Yeah, Mr. Chairman, it's a fair question. Some people might see that as an inconsistency, but it's there, and it does show as that. I think that when we look at the overall list of guarantees, clearly we're getting out of the business of being in business and reducing these guarantees. There's no question about that.

The ones the member just mentioned are ongoing or necessary because of certain business considerations. The feeder associations that the member talked about is an ongoing program. It's capped at \$55 million and is administered by agriculture. The '99 guaranteed loan amount was \$46 million, capped there at \$55 million. I can tell the member that the provisions of this legislation are subject to review every five years, and that's according to the provisions of the business financial assistance limitation act. When we brought that act in to limit ourselves getting into that business, we put that five-year close on these feeder associations' guarantees. So at that particular time, when it comes up for revision, I assume the member will be here and may want to get into the discussion on whether we should continue that one out when the sunset for consideration comes up.

Under the Securities Act there is a guarantee of \$2.1 million. There's a combination there. The Alberta Securities Commission, also the British Columbia Securities Commission, and the Ontario Securities Commission provided that guarantee for a line of credit with the Royal Bank for the new self-regulatory organization, the mutual fund dealers association. We wanted them to get into self-funding, and to do that, the three provinces provided that guarantee. Overall it's worth \$12 million. Our portion, as I said, is \$2.1 million, or just under 20 percent of that overall portion. B.C.'s is just over 20 percent, and Ontario's is about 60 percent. Each commission is responsible for its own portion, and all the funding comes from the security industry, but the deal at the time was put in by those three governments. So that's why those particular two are in place.

I should just close quickly my remarks on that, Mr. Chairman, by noting that for 1999, in terms of specific company or program guarantees, there's still \$652 million left out there for '98-99, but if you look back to '92-93, that was \$2.5 billion. So there's been a very significant reduction there. In the area of specific guarantees, \$655 million shows on the books for '98-99, and that's a reduction from \$3.6 billion. That's for the total of all guarantees and indemnities. That includes specific guarantees and the company ones that I mentioned. So moving overall from those totals, \$655 million was still on the books in '98-99 in terms of total guarantees and indemnities, but we've brought that down from \$3.6 billion. I think that's very significant movement.

THE CHAIRMAN: Okay. Thank you.

Ms Olsen, followed by Ms Kryczka.

MS OLSEN: Thank you, and good morning to the Treasurer and the Auditor General's staff. I have some questions in relation to cost allocation on page 266 of the Auditor General's report. It seems that the Auditor General is again recommending that the Treasurer's department "develop a methodology to allocate all significant costs to the entities responsible for delivering outputs." It seems that every now and then there are some recommendations that are repeated by the Auditor General. So I'd like to know from the Treasurer what recommendations did the interministerial committee make on cost allocations in '98-99 to identify the types of costs that should be allocated and how those cost allocations should be

determined.

MR. DAY: I appreciate that observation. Actually, I'm not supposed to reflect on this year. My critic asked me to also comment on that just recently through correspondence.

Back to the '98-99 year. Our response was that this is under review. We are looking at this; it's under review. The business case valued-added and how practical it is, the implementation of cost allocation to the extent that the Auditor General is suggesting, is something that we're looking at for the interim period. We do continue to provide what we call note disclosure on services provided by one ministry to another supposedly without charge. So that is noted. We feel that our policy there of providing that note disclosure for these costs is in accordance with generally accepted accounting principles. We are continuing to review the implications of fully implementing that along the lines of what the Auditor General has been asking. So we do note it. It is disclosed, and there is ongoing work on that particular end. We are actually in discussions with the Auditor General and his staff on that.

9:32

MS OLSEN: So there are no recommendations that came out of that?

MR. DAY: Well, the recommendation is that we need to continue to note this. It's got to be disclosed, so we do disclose it. We are working with the staff to try and look at the practicality, the cost, et cetera, of fully implementing and trying to comprehend to the full degree which he is asking. I think it's fair to say that that's an ongoing discussion. We're not by any means saying that we reject this. We're sharing some of the challenges that go with that in terms of moving to a different type of reporting, further than note disclosure, and we'll see what those discussions yield.

THE CHAIRMAN: Thank you.

Ms Kryczka, followed by Mr. Sapers and Mr. Cao.

MS KRYCZKA: Good morning, hon. Treasurer and Auditor General. I have a few questions. The Alberta government didn't reach its targets on a number of the core measures in the government business plan. For example, on page 63 the educational attainment target was missed, that being to "increase to 75% the percentage of students entering grade 9 who complete high school within six years." Was that goal unrealistically high? What does it tell us?

MR. DAY: I don't think unrealistically high. We did report on this in '99. We have the targets. We select them. We could be easy on ourselves and set easier targets, I suppose, but I think we'd be criticized for that and quite properly. Just as earlier I talked about a poverty line at \$20,000, that's a target level. But then what you do is say: where are you moving? Are you moving up or down? The Calgary Stampede had a target to win the Grey Cup. That was their target. Was it unrealistic? Well, who knows? We know that they did not attain that, so I'm sure they will adjust some of their planning for next year and see what they can do to get there.

A target is just that; it's something we aspire to. If we don't hit it, then it requires us to go back. There is some temptation – and I'll be open with you on this. On the targets that we don't hit, there's always a temptation to say that maybe we've set the bar too high and we should lower it. I think then we would be quite rightly accused of inappropriate action. So we're going to keep that target there and still have to respond to the challenge. It's the direction and the trend on those types of things that are probably more important than where

we actually hit each year. Are we improving? Are we going down?

So on Educational Attainment, the one that you asked about, hon. member, I don't think it was unrealistic, and I think we should keep that target there. Then that forces us to look at why we didn't hit it, and the Minister of Learning and all those involved, whether it's teachers or parents or administrators, can take that and be guided by it. Not only: did we miss it? But what direction is it going? Up or down?

MS KRYCZKA: Thank you. A second question. I note also in this same business plan that a few of the core measures, such as parks visitation on page 131, have no target. In fact, I think visitations are down from a high in '93-94. Also, on page 73, Albertans Needing Help, goal 5: there's no target at all. So I wonder if you could just provide me with some explanation.

MR. DAY: I think the member is correct. Actually, I don't know if you're correct in terms of visitations up or down for '98-99. I think you are, actually. Oh yeah, it's showing here on the graph; right. You're correct.

Well, again, with performance measurement in some areas it takes time to put everything together in terms of what would constitute a good measurement and then to get them all working well together. It takes a while for these to be developed and implemented. So that particular one is one that's under assessment. It's an ongoing evaluation: how do we pull that all together? I will certainly take that forward in terms of saying: what's the area of development there? How aggressively is that moving along? Even though it's difficult to determine what might be an appropriate target, it still is something that should bear some looking at, so I will pass that observation on to the pertinent department.

My colleague talked about goal 5 in the business plan, "Albertans not expected to support themselves fully will receive help." That goal was adopted by Treasury Board late in '96, and work has been ongoing there. It's a cross-ministry working group to develop a suitable core measure there, working with a number of ministries, and they're struggling a bit to determine a measure which really captures that range of Albertans that fall into that category. As you can understand, it needs to be determined in as accurate a way as possible, yet it's an area in which great caution is exercised in terms of putting a person in that category and then communicating to them: you are not expected to support yourself. So it's been, frankly, an area of challenge.

It's been referred to the standing policy committee on learning. They are going to review that particular one and make recommendations directly to Treasury Board, and we will see what comes of that. But you've correctly identified that it's an area which lacks a very distinct core measure. It's one which we have to have, because we can measure in large terms, for instance, caseloads dropping. But we want to make sure, if a caseload has dropped – that person, if they're off, let's say, the social assistance area, do we really expect that they will support themselves?

So it's an area of prime importance, and hopefully we will be able to report on that as the recommendation comes back to Treasury Board.

THE CHAIRMAN: Thank you.

Mr. Sapers, followed by Mr. Cao and Ms Blakeman.

MR. SAPERS: Thank you very much, Mr. Chairman. I note looking at the annual report for '97-98 that in what was schedule 10 last year to the financial statements, dealing with other loans, advances, and investments, there was an allowance for doubtful loans and advances to the tune of \$8 million. When I look in the annual report for '98-

99 at what is now schedule 11, "other loans and advances and investments," the allowance for doubtful loans and advances has grown to \$10,650,000. Page 99 of your annual report, schedule 11.

Last year I recall asking for a breakdown of the allowance for doubtful loans and advances, and I can't recall whether we eventually received it or not. So my question is a two-part question. First of all, it has to do with the \$2.65 million growth this year over last in the allowance for doubtful loans and advances. I'm curious about that. I would appreciate a breakdown. I'd like to know how much of that is in excess of \$10 million, which is what's on the verge of being written off. How much of that is for the Farm Credit Stability Fund Act, the board of governors of the U of A, the University of Lethbridge Students' Union, the U of C Students' Union, the University of Alberta Students' Union, advances under the municipal land loans act, and the Small Business Term Assistance Fund Act.

9:42

MR. DAY: I'd have to check my correspondence, first of all, to see if a breakdown was sent on that. I don't have my file in front of me in terms of whether it was or not.

The breakdowns historically – I'm just looking at the figures here on page 99, schedule 11 – are generally in respect of private companies, and it's not been made public previously on the basis that that is confidential commercial information, and doing that may have a negative impact on the companies. So that is generally what falls in that particular area. That's about what I can say on that.

I could pursue with those companies if they have any difficulty with that. As you know, sometimes when we can't give information out or we feel we can't because of involvement with a third party and therefore you're releasing confidential commercial information, it's been our view that if the company agrees, then we release it. Otherwise, we could be running into legal problems.

So I can do some work, Mr. Chairman, to see if we can release that data. Let me see if I can do that. I can't commit to that right now. When all these agreements were initially signed, if it was with private companies, a confidentiality agreement was always inherent at the time of those signings. These are deals and agreements which we don't do anymore, but at the time of some of these, that was inherent as part of the agreement in terms of the commercial confidentiality. We'd find ourselves, then, in a position of breaking that. So I'll ask for that breakdown, and I'll take a look to see what we can advance to the member through the chair.

THE CHAIRMAN: To the secretary of the chair would be much better.

MR. DAY: To the secretary of the chair.

THE CHAIRMAN: Thank you.

Mr. Sapers.

MR. SAPERS: Thank you, Mr. Chairman. I appreciate the undertaking to provide the detail. We've gone around the issue of the confidentiality agreements and what may or may not be in the public interest before, and I'm sure we'll continue to have that discussion. For the time being, I can accept that in relation to things like Centennial Food or Prince Rupert grain or some of the other commercial operations, Pratt & Whitney, et cetera. Mr. Treasurer, could you provide the breakdown as it pertains to things like universities and the municipal land loans act? These are in fact other public institutions and public entities. It seems to me that the kind of confidentiality agreements that you spoke of, which may justify keeping that information secret when it comes to commercial

operations, cannot extend to things like agreements with the University of Alberta, the University of Lethbridge, the University of Calgary, and municipalities who have received advances under the land loans act. I'd like to know, again: why the growth in doubtful loans and advances, and how much of it flows from those public entities?

MR. DAY: Mr. Chairman, I can pursue that for the member on those public entities. I think he's quite right. That should not be barred by any commercial confidentiality agreement. So for each one on that list let me pursue that and see what portion, if any, applies to each one and also why there would be some growth. If that applies in any of those areas, again, I'll get that to the member through the secretary.

THE CHAIRMAN: Thank you, Mr. Treasurer.

Mr. Cao, followed by Ms Blakeman, please, and then Mrs. Forsyth.

MR. CAO: Thank you, Mr. Chairman. First, I would like to commend all the people who have helped to put this comprehensive document together. Both in content and format it's very easy to follow. I also want to say that my constituents believe in accountability, and this helps me a great deal to answer their queries and questions.

I want to ask the hon. Treasurer one question regarding some expenses on page 14. I noticed that the debt servicing . . .

MR. DAY: Is that out of the government annual report, page 14?

MR. CAO: Yes.

MR. DAY: Thank you.

MR. CAO: In the consolidated statement of operations, page 14, I want to draw your focus to the debt servicing costs, the item on that line. What I see is there is an increase in spending from \$1.183 million to \$1.267 million, which is around \$650 million. What is this increase? What is it for?

MR. DAY: Well, that's a good question, because you'd expect that these debt servicing costs should drop. In that reference on page 14 you're looking at it moving from \$1.183 million to \$1.267 million. We maintain a significant portion of our debt in U.S. dollars because oil and gas revenues are either paid in U.S. dollars or they're dependent on the U.S. dollar price, so a portion of our debt is in U.S. dollars. When we hold those dollars, that U.S. dollar debt is a natural hedge of our U.S. dollar cash inflows and outflows. So when the Canadian dollar depreciates, that will increase the Canadian dollar repayment amount on the U.S. dollar debt that we hold. In '98-99 we saw a 4.3 cents U.S. dollar depreciation in the Canadian dollar from the year before. That resulted in a debt cost increase of \$155 million on those foreign exchange provisions. That was a factor there.

Those were offset by lower interest expenses that come from the debt repayment, and there are details on that in other tables. Now, it's not entirely negative, because when the Canadian dollar goes down, that has a positive effect, obviously, on our revenues. If we base it on the foreign exchange rate sensitivity in the '98-99 second-quarter update – here's a rough measurement, and we do post this in our larger budget document – where there's a 1 cent decline of the Canadian dollar, resource revenues increase by about \$54 million. That's a rule of thumb there. But the debt servicing costs will increase also by about \$44 million. If you want to round that out, we

still come out to a net positive position of about \$10 million with every 1 cent U.S. decline in the Canadian dollar '98-99. It's a little better than a wash, \$10 million to the good, but that does show why the debt servicing cost changed when you see that depreciation there.

MR. CAO: Thank you. My supplemental is more in a generic sense. What I notice is that in the Auditor General's report – and you have responded to that – there are 50 recommendations. I have taken a count. There are 40 that were accepted, seven that were accepted in principle, and three under review. Can you just give me a brief outline? What does "under review" mean, what is "accepted," and what is "accepted in principle"? What is the follow-up?

MR. DAY: Those are our good terms. When we say "accept," then the expectation is upon that ministry to fully implement what the Auditor General has recommended. When we say "accept in principle," we mean: yes, in principle we agree with where you want us to go, but we see some difficulties. What we say is: we'd like to share those difficulties with you and suggest that we can get, generally, to what you're saying here but maybe not by the exact pathway that you've suggested. "Under review" is a polite accounting way of saying: well, we have more than just some difficulties with how we march down that path. In fact, we don't even necessarily agree that that's the right path down which to walk.

I think it reflects the respect we have for the Auditor General and his staff and the work they do, but "under review" says: we need to have a serious talk with you about this. We don't want to just blatantly say: there's no way in the world we're ever going to accept that. We want to be open, but it suggests more difficulty than just "accepting in principle." "Accept" means: yes, sir. "Accept in principle" says: okay; let's work on it and see what we can come up with. "Under review" means: I think we have a problem; we're going to have to talk. So that's the basic breakdown.

9:52

THE CHAIRMAN: Ms Blakeman, followed by Dr. Pannu.

MS BLAKEMAN: Thanks. I'll refer the Treasurer to pages 108 to 111 in the Auditor General's report for my following two questions. The Auditor General has expressed concern with

recording the transfer of funds from the Department of Community Development to the Department of Health as though these were health insurance premiums payable by seniors.

MR. DAY: Can I just interrupt? We're on page 108 under Community Development?

MS BLAKEMAN: Yes.

MR. DAY: Okay.

MS BLAKEMAN: The health department records revenue and Community Development records an expense for the part that is determined to be . . . notional responsibility. The Auditor General has noted that this inflates revenue and expenses, because under existing legislation there is no premium obligation for these seniors and, therefore, nobody can have revenue from them.

My first question. Why in this fiscal year, '98-99, did Alberta Treasury not record a consolidation entry of the \$40.1 million to reflect the interministry transaction between Community Development and the department of health as it relates to these seniors' health care premiums? I note that Alberta Treasury did do that consolidation entry in the previous year, 1997-98. Why was the choice made and what was the reasoning behind the choice being

made not to show that consolidation in this fiscal year, that we are examining?

MR. DAY: I was just getting an update there, because it's a work in progress with the two departments. We've responded to that. We wanted that to show as a seniors' expense, and we're working, actually, with the two departments to try and fix the legislation to accommodate that. It's not all that straightforward and simple, but we do want to respond to that particular recommendation. It's an ongoing piece of legislative work that's in progress right now. That's where it is. We're not there yet. Our intent is to be there and to meet the intent of that recommendation and to deal with that through legislative changes.

THE CHAIRMAN: Does the Auditor General wish to comment on that?

MR. VALENTINE: Other than what you see in the report, that's the way the bookkeeping should go.

MS BLAKEMAN: My supplemental in this same area. This would be more specific to the end of that section, so pages 110 and 111 in the Auditor General's report. I guess I'm following up on your previous statements and asking if the government does intend to seek the amendment to require seniors to pay the same premiums as other Albertans by removing the two clauses, section 4 of the Health Insurance Premiums Act and section 8.2 of the HIP regulation, and then provide the full benefits to seniors with low incomes under the Seniors Benefit Act. The top of page 111.

MR. DAY: Yes, I'm just looking at the reference. I'm being cautious because I hope you're not indicating that we're looking to collect extra premiums from seniors. That is not our intent. Was that your concern?

MS BLAKEMAN: No. My first question was: why didn't you show the consolidation? The second question was: in order to address the other half of the problem, is the legislation going to be changed? The problem here is that there's not a match between the legislation and what's being done with the money.

MR. DAY: Exactly. That's exactly right. The match isn't there. I understand that the two departments' officials are working on that based on the recommendation from the Auditor General, and I would have to check with Community Development and also with the health ministers to get an exact progress report. Again, I'd be happy to do that and report back to the committee.

THE CHAIRMAN: Very co-operative.

A short snapper for the member of the third party, if you're able to get it in.

DR. PANNU: Thank you, Mr. Chairman. I'm cognizant of the fact that the time is running out. I won't ask a question to the Treasurer at this moment because it will be, I think, not fair to ask a question and then not give him the time to answer it. I would be willing to put this question to him in writing so long as the Treasurer commits to provide the answer, through the secretary, to all members of the committee and that you will make sure that the answer is recorded in *Hansard*.

THE CHAIRMAN: Could you quickly ask the question so that he can say whether he will or he won't answer it?

MR. DAY: I can't give a carte blanche. I don't know what your question is, but I always try to answer the questions. What's your question?

DR. PANNU: The question relates to page 13 of the Auditor General's report, Mr. Treasurer. I asked some questions of the Auditor General at our last meeting, and he was very kind to elaborate his position. That's recorded in the *Hansard* of the last meeting. I want your full and comprehensive response to those positions that he has taken, and they should come through the committee to us.

MR. DAY: I can commit to do that, Mr. Chairman.

DR. PANNU: Good. Thank you.

THE CHAIRMAN: At the next meeting, ladies and gentlemen, we have before us, if we do still sit in the Legislature, the Hon. Halvar Jonson, Minister of Health and Wellness.

A motion to adjourn? Mrs. Forsyth. Thank you. We stand adjourned.

[The committee adjourned at 10 a.m.]