

[Mr. White in the chair]

THE CHAIRMAN: Order, please, if you'd like. Good morning, ladies and gentlemen. We do have a special introduction this morning in that we have a new member. We actually have two new members, as introduced in the Legislature last evening. We have but one of them here with us today. We have Dr. Don Massey. Welcome aboard. I think you can follow along for the first 10 minutes and find out exactly how things are run here. It's not formal.

We have an agenda that was presented to you earlier in the week. Might we have a motion to accept that agenda?

MS BLAKEMAN: So moved.

THE CHAIRMAN: Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

Now we have approval of some minutes you'll see on the agenda as presented. The secretary apologizes for not having those done earlier, but the workload in the last session was such that the minutes just could not be kept up as we would have liked. There were priorities elsewhere in her life, and with the chairman's permission it was agreed that we could put them off until now. The minutes have been delivered to your offices. I believe you may have copies. Might we have a motion to accept those minutes as presented?

MR. HERARD: So moved, Mr. Chairman.

THE CHAIRMAN: Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Carried.

We have with us this morning, as we do many times unless he is off in parts unknown, in Tuscany and riding bicycle hither, thither, and yon – he parked his bicycle and agreed to sit with us today. We have with us Mr. Peter Valentine, the Auditor General of the province of Alberta, to review his report under his signature but with all the work of the assembled legions we have today. He will be with us today and a week hence.

Mr. Auditor General, might you like to introduce your staff that you have present, sir?

MR. VALENTINE: Thank you, Mr. Chairman. My colleagues at the table are four of the office's Assistant Auditors General, and I think they're well known to you. Nick Shandro is on my extreme right. Nick's primary responsibilities have to do with the health and wellness and learning areas. On my immediate right is Merwan Saher, who is responsible for the office's professional practice and the production of our annual report. On my immediate left is Ken Hoffman, who has overall responsibilities for performance measurement and, as well, looks after the portfolios of Infrastructure and Children's Services, amongst others. Lastly is Brian Corbishley, who is responsible for the office's systems auditing methodology. Also in the room, as you've made mention, are some 20 members of my office staff, who are here to observe the committee's examination of the government's management and control of public resources.

I'd like to note that I'm pleased we're meeting today in a committee room. I understand that new committee rooms are being

prepared and it is likely this committee will use them next year. Physical surroundings and facilities do have an effect on committee proceedings, and a less formal setting than the Chamber will, I hope, enhance the working relationships of this committee.

On October 12, 2000, I released my 1999-2000 annual report. Its purpose is to assist you, the members of this committee, in holding the executive accountable. Real accountability is the obligation to demonstrate continually improving results in the context of fair and agreed expectations. Accountability is synonymous with cost-effective government, thus our annual report also serves to assist government and public agencies in improving their performance.

The other primary inputs to your deliberations are the ministerial annual reports and the government of Alberta annual report, together with the province's consolidated financial statements and Measuring Up. These are performance reports through which the government shows its cost-effectiveness.

We believe that this committee should include certain matters in its examination of the government's management and control of public resources, so we'd like to draw them to your attention. The government continues to accept over 80 percent of our numbered recommendations, but acceptance of a recommendation does not ensure results. Effective implementation of recommendations does. Continued attention is required until results are achieved. Saving tax dollars, improving programs and operations, and providing better service to the public are the bottom lines of my office's systems and performance measurement audit work, but it is action on the recommendations, not the recommendations themselves, that help the government work better at less cost.

With these thoughts in mind, we'll draw your attention to our follow-up work, that shows an unsatisfactory rate of progress on some recommendations. As of today there are 14 recommendations made more than three years ago that have not been implemented. The rate of implementation is unsatisfactory for four of these older recommendations; they are numbered 17, 22, 30, and 43 in this year's report. You'll find a detailed status report on the recommendations on page 331 of my annual report.

Mr. Chairman, with your permission I'll have Nick Shandro comment on the most significant recommendation in the health section.

MR. SHANDRO: Thank you, Peter. Good morning.

Recommendation 17 on page 125, accountability for the cost and quality of health services, is a critical recommendation. It consolidates several past recommendations going back to 1994-95. Our purpose is to encourage an effective process to deal with an issue outstanding since restructuring and reform of the health system began.

The recommendation is

that the Department of Health and Wellness further develop a process for defining and reporting the respective accountability of those affecting the cost and quality of health services.

Establishing accountability around physician payments is a significant unresolved issue. Lack of information and unclear accountability relationships between the health department, health authorities, and physicians increase the risk of Albertans not obtaining value for money.

Let me illustrate the risks we are talking about: the risk that full accountability is not rendered for over \$1 billion of publicly funded services in the form of physician payment and prescription drugs; the risk that costs will escalate without corresponding assurance of improved results; the risk of a growing disconnection between health authorities and physicians, creating uncertainties as to the rights and responsibility of physicians; the risk that incentives are not in place

for making the best use of resources; and the risk of physician fees not corresponding with the relative value of services provided.

I can express these risks as questions. If there are better ways of designing fee rates or alternative methods for paying doctors, who is responsible for making that happen and reporting on it? If promised savings in drug costs are not measured or realized, who is accountable? What are the respective responsibilities of the department, regional health authorities, and physicians for reporting on the quality of health services?

Our point is that answers to such questions remain unclear. Therefore, there is an incomplete system of accountability. We believe it would be most useful for the Public Accounts Committee to inquire into the government's progress in making better use of limited resources.

I'll ask Brian to brief the committee on the accountability for Wellnet results.

MR. CORBISHLEY: Good morning. Mr. Chairman, ever since the Alberta Wellnet initiative was conceived and launched in 1997 we have reported the need for the Department of Health and Wellness to co-ordinate information resources, avoid unnecessary costs, and ensure that systems meet stakeholder needs. In our view, the department is responsible for cost-effective investments in health information systems.

For our follow-up work this year we examined how the accounting for Wellnet might evidence benefits being realized. We reasoned that if expenditures were being recorded as an asset, then that would reflect the expectations of future benefits. This is a good example, we think, of how accounting reflects decisions that management is making.

We discovered that out of some \$36 million spent on Wellnet during 1999-2000, about 10 to 15 percent was considered an asset, so more than 80 percent was charged as a current period expense; in other words, reported as having no future benefit. So by expensing costs, it appears that stakeholders now funding Wellnet do not yet see how benefits will accrue to them. The accounting is signaling that Wellnet is not seen as relevant to the delivery of future health services.

Since Wellnet is a major business change initiative of considerable scope and importance to the health system in Alberta, we draw recommendation 22 to the committee's attention. We have recommended on page 149 that the department

and the Alberta Wellnet Project Office review the alignment of accounting, funding, and accountability for Wellnet to better ensure the achievement of benefits for costs incurred.

Ken Hoffman will now update you on progress regarding cost allocation.

8:40

MR. HOFFMAN: Thank you, Brian.

Mr. Chairman, many government organizations do not pay for all the costs of their operations since central agencies pay the costs for them. There's nothing wrong with costs – for example, accommodations – being paid by a central agency. However, knowing the full costs of outputs is essential to decision-making, and therefore there has to be a simple means of determining full cost.

Back in 1994-95 we recommended that the government develop systems to allocate all costs that are material to organizations responsible for delivering outputs. This recommendation has not yet been implemented, and it has been repeated in our latest report on page 266. We are convinced that if acted upon, this recommendation will bring about higher quality performance reporting by the government. Therefore, we have worked face to

face with Treasury officials to better understand why the government has been unable to move forward with this issue. We have presented them with what we believe to be an imaginative proposal to achieve the principles we are adhering to. Our purpose in singling out this recommendation is the request of the committee to examine the implications of this continuing deficiency.

Now back to Peter.

MR. VALENTINE: Recommendation 30, "that the Department of Justice report the results and costs of its fines collection activities," was first made in 1994-95, my first year of office. Until such time as the recommendation is implemented, neither the Legislative Assembly nor the public can determine how well and how cost-effective the department is in collecting fines imposed by the province's courts. Clearly progress on this matter is not satisfactory, and I would appreciate the committee exerting some pressure for remedial action.

Finally, Mr. Chairman, I'm going to ask Merwan Saher to summarize for you our introductory comments that appear in section 1 of this report.

MR. SAHER: Thank you. We used section 1 to analyze our recommendations in relation to the province's accountability framework and also to comment on issues that we believe should be brought to the attention of the Assembly. There are two messages this year about two critical elements of the accountability framework that remain unfulfilled. On pages 6 through 10 we set out the strategy and remaining steps for the office to be able to "provide a high level of assurance on non-financial performance measures"; for example, the information in Measuring Up. "A high level of assurance" is the technical term for a conventional Auditor's report.

We are currently assessing the relevance and sufficiency of the performance information that will be reported in Measuring Up 2001. This step is a prerequisite to determining whether the government and the office of the Auditor General are ready for a conventional audit.

On pages 10 through 12 we make the point that the full potential of the Government Accountability Act will only be realized when results are evaluated and acted upon. Evaluating results and providing feedback is the responsibility of operating entity heads, cabinet, Members of the Legislative Assembly, and the public. If results are not evaluated in relation to planned performance, how can we know if progress was made and value was received for money spent?

Last week I read a private-sector vision of a new order of accountability. It read as follows:

The accountability cycle is an integrated management planning and control system. The difference from old systems is that new measures inform it, a revitalized board digs into it, empowered workers and managers draw new intelligence from it, and stakeholders become involved in it.

That vision could be fully operational here in Alberta so long as we plan to advance our use of performance information.

Over to you, Peter.

MR. VALENTINE: Mr. Chairman, members of the committee, one of an Auditor's basic objectives is to have his or her work make a difference, but that can only happen if recommendations are acted upon. We've drawn four specific recommendations to the committee's attention on the basis that progress in implementing them is unsatisfactory. We trust that this information will assist the committee in determining potential lines of inquiry in meetings with the management groups of the various ministries.

It would be of considerable assistance to my colleagues and me if you can provide us with the page reference of the report when you're asking your questions. I should note that Jim Hug is not with us today due to a prior long-standing commitment. His portfolio includes the ministries of Treasury, Resource Development, and Agriculture, and it may be that we'll not be able to provide you with the complete answer to questions in these areas today. If so, we'll carry them forward to next week when Jim will be here.

With that, Mr. Chairman, we're ready for your questions.

THE CHAIRMAN: Thank you, sir and staff. Prior to that, I'd like to introduce to the other committee members and to those assembled a new member, a brand spanking new MLA, but I can assure you he's not brand spanking new to politics and will demonstrate that shortly, I'm sure. He's often been described as a politician that once drove a bus for awhile. He's known well in this city as being a centrist who centred left, advocate of many a group, and in fact a very active politician in our city, for those that don't come from our city. Brian Mason has joined us on this committee. Welcome to Brian and welcome to Don Massey. [some applause]

MR. MASON: Thank you, Mr. Chairman.

THE CHAIRMAN: That'll be the last time you hear a thumping for your presence, sir, I can assure you. As nonpartisan as this Assembly is, it does have its taints.

The form will be the same, starting with the opposition and moving on. We have Ms Blakeman, followed by Mr. Lougheed and Dr. Massey.

MS BLAKEMAN: Thanks very much. Wonderful to see the Auditor and his team again. I've learned so much from my years on the Public Accounts Committee. I'm a big fan now. I'm particularly pleased to see the other members of the Auditor General's team that have joined us today. Usually I can't see them because they're sitting up in the gallery behind me. Great to see everybody.

Now, I'm following up on some traditional themes that have developed with me over the years, and I will direct the Auditor General's attention to page 28 of his report, where we're talking about governance of agencies, boards, and commissions. The Auditor General has identified a lack of consistent governance principles for the appointments to agencies, boards, and commissions, and I believe I have seen this comment or recommendation prior to this year. Understandably, there have to be performance expectations in order to have something to measure against and therefore to be accountable with and therefore to improve performance. My first question is: how many of the government ministries are continuing to use the directive that was introduced by the Premier in 1993 on appointments to agencies, boards, and commissions?

MR. VALENTINE: I'm sorry. I don't have the arithmetic number, but we can get the number.

MS BLAKEMAN: Okay. All right.

As a supplemental question to that, I'm wondering if the Auditor General can provide an example of a government ministry that has established an effective selection process for appointments of members to agencies, boards, and commissions.

MR. VALENTINE: I think that it's in a pretty refined process in Community Development now. They have brought together a number of foundations and other organizations in a manner that provides certain efficiencies with respect to administration and at the same time dealt with the board appointment issue.

MS BLAKEMAN: Okay.

THE CHAIRMAN: Mr. Lougheed, followed by Dr. Massey.

MR. LOUGHEED: Thank you. Something I've been wondering about for awhile is your workings with other Auditors General from Canada or other provinces and if you meet regularly with them, if you compare notes, and maybe a completely objective evaluation of your performance relative to the way those other Auditors General perform.

MR. VALENTINE: Well, dealing with the last first, I like to think we're the best office in Canada, and I have reason to think that too.

To your first question, Mr. Lougheed, we meet formally twice a year. The organization is called the Canadian Conference of Legislative Auditors, CCOLA for short. We meet in the fall in formal proceedings in two languages, a prior agenda committee working. I happen to be on the committee that sets the agenda now. Then in the springtime we meet again and discuss issues of technical matters, issues of accounting and auditing that have arisen and that we all have a mutual interest in.

Let me give you one example. The recent funding of health from the federal government to the provinces calls for some provision of performance measurement information after the expenditure of those funds, and we as Auditors General and provincial Auditors across the country have established a working group, that Nick is the chair of, that will allow us to all be working from the same page on that particular assignment. There are certain areas where it would be nice if we could come to the point where we could rely on one another's work. There are some constitutional hurdles to get over in order to do that, but I think it's doable in the long run. We have a small project with the B.C. office in the agriculture area at the moment that we're doing.

As to ranking our work, we're working on a program whereby we will institute peer reviews of the professional work of the office and following up on some work that's been done in the same area in Australia, which has a similar group of colleagues encompassing New Zealand, Australia – the nine Auditors General of Australia – and we're working with some of their material on peer review.

MR. LOUGHEED: Okay. A supplemental then. You made some comment about accepting recommendations and so on. Can you give perhaps a more subjective evaluation then? How is Alberta doing in comparison to other provinces with implementing Auditors General recommendations or generally speaking?

MR. VALENTINE: I continue to believe that my office has one of the best environments in Canada to work in, and I would say that Alberta is in the lead of the acceptance of recommendations. Now, having said that, that's only a comparison. That's not an absolute measure. We have set and have had set for some number of years the 80 percent target, and that target, that acceptance level, is for recommendations that have been around for over three years. We think that's an appropriate measure of the validity of our recommendation on the one hand and the need for the implementation of it on the other.

THE CHAIRMAN: Thank you, Mr. Lougheed.
Dr. Massey, followed by Mrs. O'Neill.

DR. MASSEY: Thank you, Mr. Chairman. My reference is page 212, the special-needs education. This is the third report in a row where you've commented on the tracking of special-needs costs. My question is: during the audit was a satisfactory procedure for tracking the costs of delivering special education discovered in any of the jurisdictions?

MR. VALENTINE: Nick, can you answer that?

MR. SHANDRO: Well, first of all, our work in this area is that at the department level we are not the auditors of the school boards, and we have not conducted any examinations in the school jurisdictions themselves in order to determine what processes there are. The point that we're making in here is that the information in there that's reported to the department looks like it hasn't been compiled on an appropriate basis, and that leads to our recommendation here. The department itself is not confident that the information is sufficiently accurate to rely on it, and we have also anecdotal knowledge that there may be some difficulties in allocating costs to this program at the jurisdictional school board level.

DR. MASSEY: I guess my question was: at the department level has there been a satisfactory tracking that they feel confident of from any of the jurisdictions, or are they are all questionable?

MR. SHANDRO: I don't think there is a proper cost allocation methodology in place as we speak. That has to improve, and the department has indicated that it will continue to work in terms of establishing a proper allocation methodology. I know of no jurisdiction that meets the standard fully.

MR. VALENTINE: Mr. Chairman, could I just correct a number I gave to Mr. Lougheed?

THE CHAIRMAN: Please.

MR. VALENTINE: Our internal performance measurement is that 95 percent of the primary recommendations will be accepted, and we haven't met that target. It's 80 percent of the primary recommendations that have been accepted. So we fall short of our own established performance measurement by those 15 points.

THE CHAIRMAN: Thank you, sir.
Mrs. O'Neill, followed by Mr. Mason.

MRS. O'NEILL: Thank you, Mr. Chairman. Welcome, Mr. Auditor General and all members of your staff.

My question follows upon Dr. Massey's question, and it has to do with the Department of Learning, so I am on pages 212 and 213 of the report. In your recommendation at the bottom of page 212 you recommend

that the Department of Learning [needs to] work with school jurisdictions to improve the accuracy of information on the costs of delivery special needs [programs].

On page 213 you state that the information is being reported but is not being used because the department "is not confident [that the data] is being disclosed accurately or consistently" by school jurisdictions. My question is: do you have any suggestions for changes to the department that could help improve the reliability of financial and outcome-based information to assess those costs and

performance associated with the delivery of special-needs programs?
9:00

MR. VALENTINE: Well, previously – and I think it was about four years ago – there were a number of issues at the school board level in financial reporting that needed resolution. The Institute of Chartered Accountants of Alberta took some leadership in this together with the school business officers organization, whose name escapes me at the moment. Anyway, it's the organization of school business officers, which essentially means the school district CFOs. Out of that task force some very good work flowed. It was chaired by the now retired office managing partner of Price Waterhouse in Edmonton, Fred Barth. We had two observers in the group, and at the end of the day, I think that we established some rather good stuff, including dealing with the issue of school-generated funds. This issue was not dealt with. There's no reason that together with some support from the ministry a sort of process couldn't happen again if the department were to take the leadership in getting it, so far as I'm aware.

MRS. O'NEILL: Well, you state there that
the implementation of Management Information Reporting Schedules now provides the Department with outcome-based information,
but despite this, you say,
school jurisdictions continue to inform the Department that they do not have the systems in place to accurately gather and report cost information.

So my question, then, is: do you believe that the systems in place to gather and report the information are adequate?

MR. VALENTINE: Nick, you'll probably want to supplement this, but I would say that they're not. They're not good cost allocation systems, and the consequence of it is that when you look at one school jurisdiction versus another jurisdiction, the wide variance in the numbers will tell you that the application of the costing methodology is not uniform. If it doesn't come up in a uniform way to the ministry, then it's not going to be of any use to the ministry at the end of the day.

Would you like to add to that, Nick?

MR. SHANDRO: There needs to be some careful thought put behind the principles and practices of how cost allocation is going to be done. I don't think that there is enough incentive in the system right now to do that sort of thing, because there is a feeling that bookkeeping is low on the priority list.

THE CHAIRMAN: Mr. Mason, followed by Mr. Yankowsky.

MR. MASON: Thank you, Mr. Chairman. On page 5 of your report you refer to the financial statements being released contrary to the practices of the Audit Committee, and I wonder if you could elaborate a little bit on the problems that that may cause you and then whether or not there ought to be legislative changes to prohibit the practice by the Provincial Treasurer of releasing good news prior to the release of your full report.

MR. VALENTINE: The risk that's run with financial information which is being subjected to an attest audit being released in advance of the completion of the audit is that the Auditor may run across transactions which do not meet the test of having been handled in accordance with generally accepted accounting principles. Then the Auditor has no other recourse. Unless the client, the auditee, wishes

to change the numbers, the Auditor has no recourse except to qualify it.

This assumes that whatever was discovered has the level of materiality that's appropriate in the circumstances present, and it put us in the particular circumstances at hand when the figures were released. I believe it was nine days ahead of our conclusion of our work and the meeting of the Audit Committee. They ran the risk of our having to qualify something that was discovered in that nine-day period at the conclusion of the audit. In order to fulfill my responsibilities both under the legislation in the Auditor General Act and my professional responsibilities, I might tell you that I would have no hesitation at all in qualifying the report, and I think this committee knows that.

As to legislation, there is not any legislation in the private sector in the Companies Act type of legislation or Societies Act or whatever organizing, enabling legislation is applicable to the various entities, both federal and provincial. There are rules either in the Ontario Securities Commission or the Toronto Stock Exchange – and it's likely in both – that I remember caused people to have difficulty. Of course, if the preliminary figures are issued by a registrant in the securities world and they have to be changed by the auditor, then that inevitably gets some sort of notoriety in the newspaper. So the chances of it happening in the private sector, particularly where it's a listed public company, are remote because of the due process that has to happen with respect to audit committees and the approval of financial statements by the board of directors.

Now, in the case of the provincial government financial statements, that kind of approval doesn't occur and we don't have the same regimen, although in the Auditor General Act there is the requirement that the provincial Audit Committee meet and receive the draft financial statements and come to have an understanding of what is included in them. As you are aware, that did not happen prior to the release of the figures.

MR. MASON: Should there be some changes to legislation to prevent this practice in the future?

MR. VALENTINE: Legislation, Mr. Mason, is a policy matter, and I'm loath to go there.

MR. MASON: I take your point. Thank you.

THE CHAIRMAN: Mr. Yankowsky, followed by Ms Blakeman.

MR. YANKOWSKY: Thank you, Mr. Chairman. Good morning, everyone. On page 255 you recommend that "the Ministry of Resource Development consider whether the Alberta Petroleum Marketing Commission should be dissolved." You note there that while the APMC's positions are now filled by department staff, it still must incur the expense of preparing its own financial statements. My question to you here is: were you able to determine the precise cost of preparing those statements and fulfilling other legal requirements? It seems that this would indeed be valuable information for the ministry to consider in making and/or justifying its decision.

MR. VALENTINE: It's an excellent question, Mr. Yankowsky, and this is the particular area that Jim Hug is responsible for. I'm not sure that we did do any detailed cost determination, but I can respond to that next week.

MR. YANKOWSKY: Okay.

My follow-up question was on costs as well, but if you don't have those – I may as well ask the question anyhow, and then you may be able to get this for me as well. You mentioned that the APMC's contracts with the private marketing agents "were negotiated so that the Department [could] assume the contractual obligations of APMC." Now, if they're going to have to amend contracts, et cetera – that is, the department – to meet these contractual obligations of the APMC, it will no doubt involve the incurring of legal costs. So the question here again is: have you any idea of how big the legal costs may be, and could they indeed be greater than the cost of maintaining the APMC?

9:10

MR. VALENTINE: We'll get you an answer to the question, but I think you should be aware that so far as we're concerned – and we don't practise law, but we see lots of business transactions and business agreements – we believe that these contracts can be assigned without any great difficulty. So that's part of our recommendation, to have the APMC wound up and get rid of the administrative overhead to it.

THE CHAIRMAN: Mr. Yankowsky, I assume that a written answer to your questions prior to next week will be adequate. Would that be all right?

MR. VALENTINE: Well, Mr. Chairman, if I may suggest – we have a few questions that Jim Hug needs to provide additional information on. He'd just do it at the beginning of the session next week.

THE CHAIRMAN: Acceptable, Mr. Yankowsky?

MR. YANKOWSKY: Absolutely.

THE CHAIRMAN: You'll be so kind as to remind me of that, too, I suspect. Good.

Ms Blakeman, followed by Mr. Herard.

MS BLAKEMAN: Thank you. I'll refer you to pages 266 and 267 of your report, around recommendation 43. This was referenced in your opening remarks from Mr. Hoffman around the methodology to allocate significant costs to the entities that were responsible for the outputs. I'm curious. What are the elements of the proposal brought forward by the office of the Auditor General with respect to this issue of cost allocation, and what is the response of management to that proposal? It's the second paragraph at the top of page 267. It talks about proposals that have been recommended.

MR. VALENTINE: We recognize that cost allocation is easy to say and hard to do. Let me take Infrastructure as an example. The Infrastructure department manages all of the real estate that the government occupies, both owned and leased. That real estate would vary in its operating costs and rental charges from a very nominal sum for some remote and ordinary storage shed to something more substantial on Jasper Avenue. The question is that when you're allocating the aggregate costs of occupancy of premises to all of the participating departments and agencies, boards, commissions, and other organizations within the government entity that use those facilities, you have to come up with a system whereby the recipient of the cost believes it to be fair. So if you have a very expensive per square foot charge, let's say something in the order of \$20 in downtown Edmonton, is the agency that's located in Lacombe prepared to pay his or her share of it if you just put it all in

one pot and divided it by the number of square feet being occupied and sent the bill out?

By the same token, who should bear the risk of unoccupied space? Should it be all of the tenants, or should it be only the Infrastructure group, who obviously have some premises available but which aren't leased at the moment? Should Infrastructure really bear that? Because if they don't have something in reserve for a use that will appear around the corner in the next six months or year or whatever, how are they to manage the occupancy of the government as a whole? So there are a variety of difficult questions that have to be addressed in coming up with the methodology to allocate government costs.

In the case of telephone equipment and telephone charges it's a little easier to get your mind around that one, because generally that's on a usage basis, the number of lines or long-distance charges or whatever time on the WATS line. Those are criteria that you can use to allocate. I don't think many people would find it objectionable to use that kind of a basis for the allocation of telephone charges, although as we get into these high-speed and broadband communication devices and methodologies, then the costs go up, and I'm not quite sure how all of that would fare in looking at it in a detailed way.

Our issue is that there needs to be a rational and systematic process of allocation, and we would be happy to audit some rational and systematic basis of allocation if the government were to come up with a proposal. Now, we also recognize that the problem is not easily resolved, and we've been working with Treasury for some time in order to bring a resolution to it. I would say that we're closer today than we were a year ago and than we were two years ago.

With that, I might get Ken to make a comment on where we are with the allocation thing and SFO meetings.

MR. HOFFMAN: The specific alternative that we've suggested recognizes that there are two accountabilities here. First, there's an accountability for the full cost. We think that within the financial statements there could be another page, another statement that has the program costs and then the allocated costs. Then we'd see at a program level the full cost. That could be another statement, for example.

Now, this would also allow the operating statement, which is the current one where you match actual cost of budget – it would still stay as it is, because there's that fundamental accountability that, say, Infrastructure has, where they're responsible for managing the accommodations and they're accountable for that budget, that they can report back against that. So it would be an additional piece of information in the financial statements that would show the full cost. That's the way it would be displayed.

Now, as it stands in terms of our conversations with Treasury, we've provided that alternative to them. We've had a meeting with the Controller, and we're expecting by the end of this month to get a response back from them that says, "Well, here's how we think it might go," whatever that proposal is. We don't know at this time. When we get that, then we would look at that and say, "Well, how does that fit in with what we suggested?" and then we'd go back and chat with them. The overall goal is to actually have something decided by the end of December, so there may well be an opportunity to get this matter dealt with.

With respect to accommodation costs, for example, within Infrastructure, they know who occupies what space and how much they pay for that space, and they have a computer system that can really do that number crunch. Now, since it doesn't have necessarily a budget implication, then there's less of a concern around the

fairness issue. So that might be able to be dealt with that way, but that's where there's been a lot of conversation within the management of the government about how best to allocate the costs, what is the most appropriate way. They're trying to find a way of dealing with that particular issue. So the methodology in terms of displaying it will be there, and then you have to fine-tune what's the most appropriate cost to allocate.

Does that answer your question?

MS BLAKEMAN: Yeah, that was very good. Thank you.

Now, you mentioned that you were expecting a response or a reaction back from Alberta Treasury to your proposals or suggestions at the end of December, but I also note that this has been a recommendation or an issue for some time. I think you mentioned that '94-95 was the first time that the issue was raised. So I'm going to take a leap of faith here that in these five or six years Alberta Treasury has come forward with some other proposals – that's the leap of faith – and I'm assuming that they didn't meet your criteria or suggestions. Can you talk a bit about what wasn't working there?

9:20

MR. VALENTINE: I think this has really been a matter of work in progress over a period of time. I can't remember the exact date, but it's only within the last 12 months that the Canadian Institute of Chartered Accountants released a study on the issue of allocating costs in government. So it's a subject which is current, has been current for some time, and that a variety of people are interested in determining a solution to.

Now, the way it works in CICA is that study papers lead to position papers for the Accounting Standards Board to start dealing with. Then in the area of the public sector we have a separate accounting standards board called PSAB, that deals with accounting principles in the public sector. PSAB will eventually pick up this subject and move on with it and eventually make a recommendation, at which time then you have generally accepted accounting principles promulgated on the subject, and then that becomes the criteria against which you test the work of the various provinces and the federal government on how they do the allocation.

So I wouldn't say that anybody has been dragging their feet, because it's been a difficult subject. Wherever we go, we talk about full costs. Wherever we go, we tell people they should be interested in that because that's the only way they're going to know what the outcomes and the outputs of an organization truly cost. I'm not disappointed with the speed of the progress. I think it's been measured and it's moving on. When it gets stuck, we'll probably tell you more about it.

THE CHAIRMAN: Thank you.

Mr. Herard, followed by Dr. Massey.

MR. HERARD: Thank you, Mr. Chairman, and welcome again to the Auditor General and his staff.

I haven't been on this committee that long, but I've learned that when the Auditor General opens his remarks and points out certain recommendations, I should pay attention. This year you started with recommendation 17. I didn't get to write them all down, but 17, 23, and so on, so all my questions are dealing with Health and Wellness.

Now, I must admit that I have a certain bias in this whole area because it seems to me that most of the recommendations you're making would probably not have to be repeated or made again if in fact we had the system that we hopefully call Wellnet, that provides the accountability and the visibility of what's happening with respect to health care in this province. If that were in fact up and running,

then the bulk of these recommendations probably would go away, assuming, of course, that it's doing the job.

The biases that I have with respect to this go way back to 1994-95, when I co-chaired a committee on Alberta health net, which took us probably longer than a year to achieve any kind of consensus on with respect to the multitudes of stakeholders that are involved in health care. To try and agree on anything was extremely difficult with respect to, you know, standards of data and all those kinds of questions. But one of the things that did strike me quite significantly during that process, as anecdotal as it may be, is that there are people out there who claim to be experts in health care who feel that up to 30 percent of what's done and what's spent in health care doesn't make a difference. In other words, there's no way of being able to determine whether or not there's an improvement as a result of making the expenditure.

So that sort of drove home to me, as anecdotal as that statement might be, that there's a considerable amount that could be done with respect to best practices and clinical practice guidelines and all of those kinds of terms to determine why it is, for example, that there's a huge cost difference between regions in treating the same ailment. I can use another example that may or may not be valid. Why would one region, for example, do 60 percent of all hysterectomies in the province? Those kinds of questions.

It seems to me that over the last few years there has been I think some fairly serious discomfort on the part of the Auditor General as to whether or not this whole system of Wellnet is essentially going to eventually do the job. So the questions that I have deal with: what confidence does the Auditor General have in the process of system definition and implementation currently being employed to deploy Wellnet throughout the province? In other words, do you have some nervousness with respect to the entire process that's being used to try and get this job done?

MR. VALENTINE: Nick spends almost all of his time on health, and I'm going to ask him to respond, but the short answer to your question is yes.

MR. SHANDRO: I have a considerable amount of nervousness about this thing because, as you know, large systems development projects can be very expensive, and as we pointed out, \$78 million has been spent to date. Wellnet has been a concept that's been around for some three years, and we've spent \$78 million.

One of the things that I'd like to bring to your attention is that the whole idea of Wellnet is information sharing, but as we speak today, there still isn't a personal health number definition available to people to use for information sharing. So what's happening right now? For example, the Capital health authority is implementing systems to help transfer information amongst its own hospitals. They don't have the benefit of the health number, so they have to invent their own. Eventually, when we finally settle on that we need to have a number to use to share information – that's at least a year away by Wellnet itself's reckoning and will probably be longer than that.

I guess the message I have is that unless we can establish some very basic elements, like how we identify a patient for transmitting information about him – it's not rocket science, but it isn't moving very quickly. I mean, we've been in this game for a long time. That should have been one of the first things that was sorted out right off the bat. It hasn't been. It still won't be for another year. Those sorts of things are sure to trip up any systems development.

Now, the debate is: how do we prevent duplicates in health numbers from occurring? Well, I think that's more of a technical issue. If you can't agree that you're going to have a personal health

number, why are we debating about preventing duplicates of it? I guess there has to be sufficient management to get the processes done, and right now most of the regional health authorities themselves, while they're investing money in the Wellnet project, together with the department of health, don't see the benefits coming down the pipe, so they're expensing their money. In other words, they don't see any future value in their expenditures.

I think what we're trying to do is up front, before we wait until we've spent as a province, say, a billion dollars – I'm not saying it's going to go that high, but whatever it's going to be, it's going to be a large chunk of money. It's worth while to get the process on the right track, and some basic elements have to be established. I think Alberta Health has to take the leadership in this process. There may have to be carved-out areas of responsibility. If we need an infrastructure across the province, then probably Alberta Health needs to take ownership of that infrastructure. If there are systems which are basically in the domain of the regional health authorities and they want to collaborate, then that ought to be well established.

With those issues such as collaboration, questions are still being asked. Should we collaborate? Well, I find it almost amusing that we're asking a question three years later about whether we should collaborate when Wellnet was established on the principle of collaboration and information sharing. These seem to be coming round and round repeatedly, the same questions being asked. While those questions are being asked, dollars are also piling up, so we've got to find ways of making decisions much quicker. The health system not only in Alberta but across the country is notoriously slow in dealing with advances in information technology.

9:30

MR. HERARD: Well, I guess some things never change. I recall that back in '94-95 the issue at that time was a common database and a common definition. Of course, that involved the federal government as well, because it was felt there was a need to have standard databases across the country, so as people moved from region to region they wouldn't be comparing apples to oranges and those kinds of things. So I guess some things never change, if you're telling me that there still isn't a common definition for databases.

But what involvement has the Auditor General's department had in the planning of this Wellnet? Do they involve you at all in all of this? Do they seek your good counsel and your advice with respect to how this thing is being designed and deployed?

MR. SHANDRO: We are monitoring Wellnet on a yearly basis. When I say on a yearly basis, that means that periodically during the year we review the process relating to how they're going about deploying their resources and making progress towards our concerns of the past year. In addition, I also attend a technical co-ordinating group meeting to listen to their deliberations and try and keep myself up to speed in terms of what progress has been made. So there's ample opportunity for us to discuss the issues with them, but we're not management. They have to make those decisions themselves, and I think they have to align their governance responsibilities such that we actually know who is in charge and who's going to be making the decisions here.

As it is right now, I think it's been described as a partnership except that nobody gets a partnership statement, and the partnership itself isn't actively involved in the governance structure, so they have a sort of passive relationship. In an active partnership – that consists of the regional health authorities, the department, and others

like pharmaceutical and AMA representatives, nurses, and so on – all have to work together to make that partnership work, but while it's described as a partnership, I don't think it's working like a true partnership should. It's a sort of committee kind of thing where everybody throws in their input, and I don't know who makes sure that results are produced.

MR. VALENTINE: Mr. Chairman, in the organization of future meetings of the committee, you may want to create a subset and have Wellnet the subject of one particular meeting. It is an overarching issue through the health sector.

THE CHAIRMAN: The committee shall deal with the suggestion. A member may wish to make that motion, and I'm sure Mr. Herard will consider it.

Dr. Massey, followed by Mr. Cao.

DR. MASSEY: Thanks, Mr. Chairman. On page 211, at the top of the report and in the second paragraph, you looked at seven school jurisdictions and you say:

For example, for three of the school jurisdictions, there was not a complete match between the modernization, new construction and replacement projects identified in the education plan and those [identified] in the capital plan.

Then further up at the top you indicate:

Currently, Learning receives and reviews school jurisdiction education plans, while Infrastructure receives school jurisdiction capital plans. There is no process to ensure that the two sets of plans that are received are consistent.

Given those statements, are you confident that the precious infrastructure dollars we have are being appropriately allocated?

MR. VALENTINE: It's fundamental that capital plans be integrated with operating plans in order to achieve the end result. Let me give you an example. When the TD Bank centre was built in Calgary, you'll remember a generous donation was made by an Alberta family to create a park on the fourth floor of that structure, known as the Devonian Gardens. I was walking down the street with a colleague of mine one day who was very senior in the civic administration, and I said: "Gee, isn't that a wonderful thing? That family has given that huge, lovely indoor park. We're going to be able to sit there and have our hamburger at lunch time. We don't have to wear a jacket because we can get there on the plus 15." I said, "It's just going to be wonderful." He said, "It's a damn liability." I said: "It's a liability? It kind of looks like an asset to me." He said: "Yeah, but we've got all the maintenance to do. We've got all the security to do. We've got to keep the windows washed. We've got to keep the heat up. We've got to keep people that shouldn't be there out of there, et cetera. It's just a big liability."

So you see, what view do you have of a capital item as to whether it's an asset or a liability? There are people that would tell you that getting money to build things of a capital nature in fact may be a liability because they incur more and more operating costs. From their little world, from their operating world, it is a liability because they've got to put more resources into it that they might like to put somewhere else. That's why it's imperative that the capital asset planning run hand in hand with your operating budget planning. They just have to go like this, and this is another example of that kind of activity being important.

DR. MASSEY: Well, I guess I go back to my question. Are you confident that those infrastructure dollars are being appropriately allocated, given that discrepancy?

MR. VALENTINE: I think my answer, Dr. Massey, was no, I'm not confident. There needs to be a system to integrate capital expenditures with the operating budgets, and here we're describing situations where that didn't exist.

THE CHAIRMAN: Mr. Cao, followed by Mr. Mason.

MR. CAO: Thank you, Mr. Chairman. First of all, thank you very much for a comprehensive report. I think it's a very useful report for us as representatives of our constituents to look at the government overall. Probably my first question is regarding the office itself. I would like to know if your office has any issues or has any needs that we should discuss. Regarding that, you're talking about 80 percent of recommendations accepted and so on. My theory is that if the recommendations are prioritized in terms of impact to the public or in terms of the size of the dollars, then I feel that probably from my own perspective I can see which one can be implemented and which one questioned as to why it has a large impact and is not implemented, things like that. I wonder if you'd comment on that.

MR. VALENTINE: Speaking to your first question first, if the tooth fairy were to arrive tonight, the tooth fairy would bring me 10 qualified accountants. Strong and capable human resources are very hard to come by in the accounting field. The shortage of them is existent in the private sector as well as in the public sector, and because we have a buoyant economy in Alberta, we have a demand for those people that is outstripping the supply. So if you ask me what my problem is, it can be solved by the tooth fairy bringing 10 really good accountants.

9:40

To be serious, we work very hard at recruiting, and we're in the process of doing some additional recruiting right at the moment at more senior levels. We also, of course, are proud to annually tell you how our students do in the examinations, both in the program leading to the designation of certified management accountant and the program leading to the designation of chartered accountant. Annually we also are competitively recruiting on university campuses to attract brilliant young people to our office. We do that, and I'm proud of them. So I don't want you to go away thinking that we're standing there with our hands in our pockets doing nothing about the subject. We do, and we work very hard at that.

Coming back to prioritizing the recommendations, in a sense they are prioritized in that some are numbered and some are not. Some move from having not been numbered when they first appear to being numbered because the situation gets more serious. Some move in the other direction. Some things happen and the outstanding recommendation becomes less important than the numbered ones, so they no longer carry a number.

I think I would be reticent to prioritize the numbered ones in that I am then being asked to say that one is more important than the other, and they probably are at least equal in importance. One might be in Health and Wellness and the other one might be in Infrastructure. I don't think that I'm prepared to say which is more important. More and more as the government proceeds with a variety of initiatives that are what we call cross-government – and there's a chapter right at the front of our report this year entitled Cross-Government – we will find that there are recommendations that apply to a number of departments. Therefore it's not important that they appear in the single chapter of that particular department but rather more important that they appear cross-government. Those who are responsible for making the cross-government initiatives

happen need to pay attention to our recommendations in that area.

MR. CAO: Can I have a supplement here? I am a fan of continuous improvement and looking at efficiency and effectiveness, so probably in my mind and in vision is that any operation is like a black box that has resource input and outcome and output, but inside there's a machine that is running. I think most of our work is looking at that internal machine and tracing things accountable, but if we don't have new machinery or a new way of doing things, then we keep producing the old stuff, even though we try to do it more efficiently. My question probably is: is any auditing focused on best practices management, new management concepts or introduction of new structures so that the internal box works better in a way? That's sort of a thought. I'm thinking that if we're just tracing the dollar spending and making sure private or public dollars are not going to the wrong place, but the end of it is that maybe that's not a right expenditure—is there any initiative from an auditing perspective that focuses on that?

MR. VALENTINE: I'm going to ask Brian Corbishley to talk about the best practices work that we've done in the department of agriculture. In the report there's a fair amount of detail we went to in describing what happened, but I think this is a first step for the office and an exciting one in what it has brought to the surface.

MR. CORBISHLEY: Thank you, Peter. We did indeed focus on what we call good practice as well as areas where we thought improvement would be desirable when we looked at business planning and performance measurement and reporting in the department of agriculture. Because this is a box that is common to all ministries and departments and other entities in government, our intent was that although each has its own characteristics depending on the nature of their programs, there's a certain framework that all more or less have to follow. We wanted to identify, using this one example, some things that might be useful to other departments as well, so that's why we talked about good practices, best practices, and at the same time, of course, we were looking for ways to make improvements.

I think in a more general sense, because part of our mandate deals with improvements in management systems, we are always looking at that box. The systems are what converts the inputs into the apples; right? So we're always looking at that box to see if there are better ways of doing it.

THE CHAIRMAN: Thank you, sir.

Mr. Mason, followed by Ms Kryczka.

MR. MASON: Thanks, Mr. Chairman. I'm looking at the section on Health and Wellness starting on page 132. Just looking at the marginal notes, it says:

The pattern of prior years continues. [The] Health budget has increased more from interim funding than from annual budget increases. Health authorities usually submit deficit budget plans.

That tells me we've got a way to go before we can stabilize our health system.

What occurs to me in this section is that a number of recommendations have been made in the past and have not been acted upon, and I'm wondering what steps we might be able to take to try to ensure compliance with the recommendations. I know from my experience with the city of Edmonton that prior to the council considering an Auditor General's report, the administration is required to respond to the recommendations, indicate whether or not they agree with them and, if they do agree with them, then submit an

implementation plan. Is such a thing possible in this system?

MR. VALENTINE: Mr. Mason, the government will respond. I anticipate that the response will be forthcoming within very few days. That is the pattern that has been prevalent in my five and a half years in this position. So I don't have any reason to think the response from the government will not be forthcoming promptly.

Now I've forgotten what your first question was.

MR. MASON: Well, basically how we can ensure better compliance with your recommendations in this department.

MR. VALENTINE: Oh, how you can ensure better acceptance. Well, the procedure this committee will follow on the two mornings we have an opportunity to chat about the content of my report will be to call before you a variety of ministers and their staff to talk about their particular departments, and where there's an outstanding recommendation that's been around for a while, you may well want to request the views of the minister and the views of the minister's senior administration on that particular recommendation and what's holding up progress. That's the function of this committee, as you well know, and I'll be there at those meetings and hopefully they will achieve a measure of progress.

MR. MASON: Thank you.

9:50

MS KRYCZKA: Good morning. I appreciate sitting closer to you people. I mean, you're a clearer face instead of someone way across the room. I think I prefer this if we have any – and I have my glasses on.

I'm turning to Health and Wellness. I guess I'll try to ask a question and a subquestion together because they are related to Health and Wellness. I'm going to work up from pages 122 to 125. Looking at 122, I just want to make the point that I understand this was last year's cost of the health care budget, 33 percent, but this year with additional expenditures it will be significantly higher. I listened with interest also to your introductory comments and talk about this accountability cycle. What I heard there also was that not only does government – or looking at, say, management and our goals, we need to have empowerment of key stakeholders. What I'm leading to is looking at your recommendation 17.

Looking at page 124 first of all, it looks to me like the first bullet, where you say, "Accordingly . . . I recommend that the Department," and all that with the following bullets – the first bullet looks like No. 17, and I'm thinking: is this the key to some degree to the rest of your recommendations? But then I really looked at recommendation 17, which in my mind is pretty key. You are talking about two things mostly, I felt: the consumption of physician services cost in any human resources program is about, you know, 75 to 80 percent, and certainly we're looking at costs of physicians increasing, and also drug costs.

So my question finally. I have trouble defining what I'd really wanted to ask with this, but is your recommendation here based on the Alberta experience, or is there a component of research there, too, that maybe comes from other countries? Is it basically just the Alberta experience? Then I also had my subquestion . . .

THE CHAIRMAN: Only one question at a time, please. You had a whole question there.

MS KRYCZKA: He might answer it with a yes or no.

THE CHAIRMAN: Then it gives you more time to ask the second question.

MS KRYCZKA: Okay. Can I ask the subquestion as soon as he says yes or no?

THE CHAIRMAN: Of course.

MS KRYCZKA: Okay.

MR. SHANDRO: Yes, it's based on the Alberta experience. I have reason to believe that the same issues exist across the health sector across Canada to some degree or another, but I'd say they're more or less in the same camp because news travels fast in terms of who's doing what wherever we are. The systems we have have a large measure of commonality with the systems other people have as well. So I don't think you'll find a model of physician accountability in other provinces if you want to go searching for one that you want to implement here.

MS KRYCZKA: On page 121, the bottom half, the ministry identified key strategic challenges, and there are four bullets there. I guess related to two of those four bullets, the first and second one, my subquestion would be: why wouldn't you recommend Health and Wellness as a cross-department initiative or even as a seniors' cross-department initiative, seeing that Health and Wellness is our biggest government expenditure?

MR. VALENTINE: I think first of all it's for the government to decide what its cross-government initiatives should be and then go about implementing those. But I concur with you that there's a great deal of co-operation required amongst senior officials in a variety of ministries. I'm always struck by the number of ministries that in one way or another touch a child who is in care: justice, health, children's, and it goes on. The same thing is true, of course, of seniors as they use the health system, and there are other areas where their well-being is a matter of concern to another department. So I think governments always have that problem of making sure there's a relationship amongst the players that affect individuals' lives in the province, and the emphasis that has now been placed on the cross-government initiatives is a form or a measure of approaching those issues.

THE CHAIRMAN: Thank you.

The last question for the day, Ms Blakeman.

MS BLAKEMAN: Right. Thank you. This is again following up on a point you raised in your opening. Again, I think Mr. Hoffman might have phrased it. I'm referring to pages 199 to 204 in your report. You're noting that the Department of Justice "assembles listings of legal claims made against ministries," and then the next notation in the margin is that errors were noted in the listings. That's on page 202. So the department is responsible for assessing the likelihood of costs arising from legal claims against the ministry, but your staff picked out that the department doesn't seem to have a method to verify the entirety, the completeness of the listing. What management controls is your department recommending that the Department of Justice put in place in order to have the complete and accurate information they need to manage their own activities and to understand what's coming down the pipe?

MR. VALENTINE: I'm going to speak on behalf of Jim Hug, who is not here, and if we don't have a complete answer, then we'll pick

up on it next week at the opening of the session. As I understand the issue, they don't have a good management system for managing all the legal claims that are prevalent in the government entity, and we're encouraging them to get one and get it operating. It's very important that the government and all its entities manage the legal issue. As we move to a more and more litigious society, you need to have the straw boss looking after what's going on, and if you don't, the chances of you managing your legal matters in a cost-efficient way are remote. But we will supplement that answer for you on Wednesday next.

MS BLAKEMAN: Okay.

The second part of my question is about recommendation 30, which is specific to the Department of Justice reporting "the results and costs of its fine collection activities." Again an issue that you raised earlier. I'm looking for what strategies or methodology your staff has determined would be best for the Department of Justice to adopt and pursue. Are there examples in front of us?

MR. VALENTINE: I'm going to ask Merwan to give you some detail on this.

MR. SAHER: Ms Blakeman, Jim Hug in fact met with the department at the end of last week with a view to progressing implementation of this recommendation. Were he here today, I think what he would tell you is that the department has expressed a commitment to resolving this issue and is putting in place a plan which will define what systems changes should be made. It's their intention to have such a plan by February or March of next year, at which point they would like us to comment on the plan.

So I think we have highlighted this recommendation as one that requires remedial action. It's been around for too long. We're pleased that some action is forthcoming, and that's good. We'll just progress the matter from there. But essentially it is up to the department to decide how it will implement the recommendation. The signal is that they are committed to that implementation, but the first stage is to develop a plan of what they will do to progress it.

10:00

THE CHAIRMAN: Thank you.

I suspect we will commence next meeting as a continuation of this meeting, and Mr. Hug will then be here to answer specifically Mr. Yankowsky's questions and anything further, and Ms Blakeman also. Is that your understanding, Mr. Auditor General?

MR. VALENTINE: Yes. To the extent that those things can be amplified on, we will provide it.

THE CHAIRMAN: That would be terrific.

Recognize, committee members, that we will again be in this room next week, and following from that is one observation and a question of the government members. In that this is a continuation of that meeting, we still have two government members that are on the list and were unable to get their questions put forward. I suspect those questions will remain next week. Is it reasonable that those two members go to the top of the list for next week's questioning? Yes? So we'll continue with the list we have for questioners at this point. Generally agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The second observation the chair has is that this

room allows the chair to see how each individual manages their paper. It's with some great deal of difficulty that I see members trying to manage with one arm to hold the Auditor General's report open, and I see that others, some of the staff and several of our staff, have a cerlox binding. It would be advantageous for the members to have those as opposed to trying to do the one-armed bandit kind of thing and hold it down while keeping a place.

MR. VALENTINE: Now, Mr. Chairman, I must interrupt, because the regular price for the fixed edition you have is \$16.95, but if you want the special edition, it's \$21.95. So we're in a cash-and-carry business here.

THE CHAIRMAN: This comes right to the nub of the matter, that when you do have management systems and management structures, the efficiency of the committee with the limited time available – I suspect it would probably be well worth the time and effort to do that. That's right. A decision has then been made, I believe.

MS KRYCZKA: Paper clips work really good.

THE CHAIRMAN: Is that right? Well, you may continue to do so, but I notice that three or four members had difficulty keeping a spot. A box of paper clips might suffice.

MR. CAO: I can't do this without spending government money.

THE CHAIRMAN: Well, a management decision has been made. A motion to adjourn, if we might? Mr. Amery. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: We stand adjourned.

[The committee adjourned at 10:04 a.m.]

