

[Mr. White in the chair]

THE CHAIRMAN: Ladies and gentlemen, we are gathered here today in continuation of our meeting of last week and the questioning of the Auditor General and his staff on the annual report. You'll recall that when we left off, Mr. Hug in absentia was asked some questions, and I suspect he has a number of answers. As well, the Auditor General has some other full and more complete answers to questions that were asked last week. We are going to continue from the list we had last week, starting with Dr. Massey and Mr. Johnson.

Mr. Auditor General, if you have some additional information from last week.

MR. VALENTINE: Mr. Chairman, I'd like to have Jim Hug respond to in fact three questions. We've looked at the minutes, and there questions with respect to Justice, the APMC, and governments on board appointments. Ken Hoffman will take the question on board appointments, and Jim will look after Justice and the APMC. Thanks, Jim.

MR. HUG: Thanks, Peter. Last week a question was asked about ideas our office may have to improve the accuracy and completeness of the Justice department's legal claims information. As indicated in our report, Justice is responsible for assembling the listings of legal claims made against the various ministries. Client ministries use this information for financial reporting purposes at the year-end. We've observed problems with the completeness of the listings, accuracy of the claim amounts, and the indicated likelihood of costs arising from the claims.

Justice currently provides two listings to the ministries on an annual basis, one at the date of the fiscal year-end and a second immediately prior to the completion of the financial statements of the ministries. The second listing provides updated information about changes to cases that may have occurred during the period subsequent to the year-end. We believe that the accuracy of the claims listings would be improved if Justice reported the claims to the ministries throughout the year. Quarterly reporting of claims would enable the ministries to monitor and consider the financial implications of claims on an ongoing basis. As a result, errors could be detected and corrected throughout the year, and the accuracy of the listing of the claims at the year-end would likely improve.

We were also asked questions about the cost of the administration to continue the Alberta Petroleum Marketing Commission and if the legal costs of amending APMC's existing contracts might be greater than the costs of maintaining APMC. There are two administrative costs related to continuing APMC. The first is the cost of the annual financial reporting, including the cost to support an annual audit of APMC's financial statements. The second is routine corporate maintenance costs such as recording commission decisions, minutes, preparing corporate filings and returns, et cetera. These activities and the costs to amend the existing contracts have not been specifically costed by the department. We understand that by the end of March 2001 the department will prepare a cost-benefit analysis of continuing APMC. At that time, questions regarding the comparative costs of maintaining or dissolving APMC can be answered.

MR. VALENTINE: Thank you, Jim.
Ken?

MR. HOFFMAN: Last week we were asked how many ministries follow the published guidelines for selection of board members. The

short answer is that we do not have the information in our files on whether or not all relevant ministries followed the guidelines in 1999-2000.

There is a more complex answer, however. First, we looked at this and had a numbered recommendation in our 1998-99 annual report. This is the one where we suggested that they look at the governance principles. I would like to draw members' attention to page 28 of this year's report where we indicate that the government has not completely addressed this recommendation.

The guidelines in fact list all significant organizations that the government felt the respective ministers should consider using in selecting board members. It should be noted that most ministries will have some form of committee. However, we can say that from our work in various ministries, ministries such as Health and Wellness, Learning, Children's Services, Community Development, and Agriculture do follow the guidelines.

MR. VALENTINE: Thank you, Mr. Chairman.

THE CHAIRMAN: We do have some administrative matters. We previously distributed through the week the minutes of the meeting. After those have been reviewed, perhaps we could have a motion to accept those minutes as delivered.

MS BLAKEMAN: So moved.

THE CHAIRMAN: Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Carried.

We also have a thank you to the Auditor General for speedy work in getting the new binders. We actually don't have to use a left elbow to point to an item. We'd like to thank the Auditor General and staff for that prompt response.

We have some questions. Dr. Massey, followed by Mr. Johnson and then Dr. Nicol.

DR. MASSEY: Thanks, Mr. Chairman. I'd like to reference pages 172 and 173, the Department of Human Resources and Employment and the rather extensive treatment that was given to memorandums of understanding that are used to outline the agreements between suppliers of programs for the skills development program and the government. There's a comment that a contract would be better than using the memorandum of understanding, yet they're going ahead with continuing the memorandum of understanding. I guess my question is: how would a contract be better?

MR. VALENTINE: Well, my understanding, although I've successfully not practised law for 40 years, is that a memorandum of understanding is not an enforceable contract. So if you want to have a relationship with a supplier that contains provisions that are enforceable at law, you should have a contract. It's fine to have the memorandum of understanding to come to agreement and that becomes head of the agreement, but at the end of the day you need the agreement.

DR. MASSEY: Then why did the department persist in using the memorandum of understanding?

MR. VALENTINE: Jim wants to supplement that.

MR. HUG: Actually, our understanding is that they will use both.

As indicated in the third-last paragraph on page 174, they're developing a new memorandum of understanding, and that will be supplemented by new contracts as well. So both types of documents will be in place hopefully once the process is finalized.

DR. MASSEY: Thanks.

THE CHAIRMAN: Mr. Johnson, followed by Dr. Nicol and Mrs. O'Neill.

MR. JOHNSON: Thank you, Mr. Chairman, and good morning to all. My question is taken from page 88 of your report, from the Economic Development section entitled Branch plans. You mention that "35% of the Department's budget was not included in branch plans" and then provide the example of the regional development branch not indicating how any of its \$3.2 million budget was spent. Now, I expect that the \$3.2 million is not all of that 35 percent, so I'm just wondering if you might comment on other cases that would be included in that 35 percent; in other words, kind of expand on that.

MR. VALENTINE: I'm not sure we have the details with us today. But, Ken, we'd undertake to get them?

MR. HOFFMAN: Yeah.

MR. VALENTINE: We'll get you the figures for next week.

8:42

MR. JOHNSON: Okay.

Then in the next paragraph you mention that "not all significant areas of operation were included in branch plans," and you use the example of the international offices branch. My question there is similar. Are there areas other than the international offices branch that might be included here, and if so, what other areas? It's kind of a similar type of question.

MR. VALENTINE: Okay. The figures we bring you next week will agree to the financial statements of the ministry.

MR. JOHNSON: Thank you.

THE CHAIRMAN: Dr. Nicol, followed by Mrs. O'Neill.

DR. NICOL: Good morning. On page 39 you recommend that the ministry of agriculture basically alter their business plans to put them around a structure of core business and goals. They're undertaking a reorganization right now. I was just wondering: have they consulted you at all in terms of this possible restructuring they're talking about now and how it would fit in with this recommendation and whether or not it was consistent with the recommendation?

MR. VALENTINE: Jim, can you answer that?

MR. HUG: Okay. When we carried on with this . . .

MR. VALENTINE: Brian did the systems work there, so maybe we'll have him respond.

MR. CORBISHLEY: Thank you, Peter. Again, the short answer is: no, they haven't. They have not consulted us on the restructuring in terms of the organizational structure. We are certainly aware that

they are undergoing that exercise. At the same time, they are looking at their entire planning process, which is what we were addressing here. We are aware that they are making sure that the two exercises are co-ordinated in such a way that they're trying to address our recommendations at the same time as they're looking at their organizational structure.

DR. NICOL: Effectively, though, you make this recommendation that you feel it would be better business if they would structure it in a certain way, yet they haven't come back to you and got you involved with this, asked for your involvement in what they're doing.

MR. CORBISHLEY: We use the term "structuring" here, but we're talking about structuring their plans around core businesses and not the reporting relationships within the department, and they are looking at both aspects. If you say were we consulted, we certainly were consulted in the sense that we did this systems audit, and they are taking that into account in their own look at the process.

MR. VALENTINE: I would think, Dr. Nicol, that after they have completed their work, we then have the opportunity to go back in and update what we've done in the systems work and make further comment on the department.

THE CHAIRMAN: Dr. Nicol, might we have you move the microphone a little closer? If you could speak into it – we're down at this end having difficulty hearing what was transpiring there.

Mrs. O'Neill, followed by Ms Blakeman, please.

MRS. O'NEILL: Thank you, Mr. Chairman. Good morning. I'm going to begin to reference page 131 in your report, Mr. Auditor General. It has to do with the regional health authority business plans. Your recommendation 18 does suggest an implementation of a joint strategy between the health authorities and the Department of Health and Wellness. Then you have proceeded to suggest a specific deadline, et cetera. My question is: could you clarify what other measures from your perspective of accounting and accountability could be implemented to address this recommendation?

MR. VALENTINE: I'll let Nick Shandro take that question.

MR. SHANDRO: Well, the issue we have in coming to this recommendation is that to be effective a plan has to be there at the beginning of the trip, so to speak. If you're at the beginning of a year, you ought to know where you're going, and what we notice right now is that the trip is basically halfway or more done before you decide where you're going. So we hope the business plan becomes less of a negotiating tool for how much money is required and more of a tool for deciding what services and how they're going to be delivered as such. Leading up to the business plan needs to be a process sufficiently rigorous to understand the financial position the health authorities are in, what money is required, so that when the money is finally released in the last months of the fiscal year, there's less pressure for quick decisions on unanticipated events and, therefore, the potential of unwise spending.

We don't think that the process of what we call onetime funding and so on is conducive to good planning. I know that it certainly relieves the budgetary pressure of unexpended funds in the Department of Health and Wellness, but it transfers that to the health authorities if they are not in a position to utilize the funds that have been provided to them late in the year, therefore resulting in a surplus when they have been arguing all year that they didn't have

money for certain requested activities. It's difficult to explain your financial circumstances when you're left with a surplus, which is different than what you had throughout the year argued contrary to. Hopefully there can be more analysis done up front and a good plan put forward together before the year has begun or at least as close as possible to the beginning of the year.

MR. VALENTINE: We're concerned that if a business plan isn't approved until the fifth month of the fiscal year, we know that five months of that fiscal year operated without an appropriate business plan. If you don't have an appropriate business plan, how do you know what goals you want to reach? So it really is incumbent on the RHAs with the leadership of the ministry to ensure the business plans are in place prior to the commencement of the fiscal year.

MRS. O'NEILL: I have a supplemental, then, to the Auditor General. We know that there are 17 health regions operating with varying degrees of sophisticated reporting, and while you mention – I believe it's on page 137 – about the reporting of the costs of key service outputs, I'm wondering: rather than painting all of them with the same brush, if that's so, can you identify that that's what's happening in terms of the variation in their cost reporting or their business plans in place? Or is there a variation from these key service outputs? What I'm asking is: are you finding a difference, a noticeable difference and a noticeable variation among the different health regions?

MR. VALENTINE: The answer to your last question is yes, and there are some examples of less than adequate performance. Some examples of less than adequate performance have had their names in the paper. But to give you a rank list, we could certainly amplify on the report in writing to you, but we don't have it here.

MRS. O'NEILL: Not a list as much as: is it a gross variation or the spectrum is . . .

MR. VALENTINE: We could give you the spectrum of it.

MRS. O'NEILL: Thank you.

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

MS BLAKEMAN: Thank you very much, and once again, thank you to the Auditor General for sharing his wisdom and observations with us and also to the staff that have come out and joined us: fun seekers and sports fans.

I'm looking at the cross-government section around business planning that appears in your report between pages 17 and about 22. The report is pointing out that the government business planning process continues to be deficient in that performance measurements are not clearly defined. In some cases over 60 percent of government ministries "do not relate goals to the ministry's core businesses." Targets were "not explicit enough to enable stakeholders to use the targets as a way of monitoring performance," and it seems many ministries do not have targets for the measures they have expressed in their business plans and fail to quantify targets, choosing vaguer expressions like ongoing improvement and "increase over time." So my first question is: what explanation has been given to the Auditor General and his staff by the ministries to explain this ongoing struggle to define these core measures and targets in their business plans? What's being identified as the problem?

8:52

MR. VALENTINE: I don't think there is any particular item that is symptomatic of the condition in each ministry. Don't forget that the whole concept of business planning in the public sector is relatively young. Then also don't forget that the private sector may not be all it's cracked up to be either. So what we have found here is perhaps what we might have expected to find in a management tool that is under development. I guess in a sense we're not all that surprised, and we bring these matters to your attention and to the various ministries' attention so that we can bring the process and prove it and make it work better.

Ken, you may want to supplement that.

MR. HOFFMAN: Actually that's a pretty good answer as it stands, Peter. The fact is that I think the ministries certainly are working hard to try to improve their measures and refine targets. It is a struggle. It is a challenge for them. What is a reasonable number for increase in GDP, for example, or what have you? So they're really wrestling with how to do that and what's a reasonable target. To that end it is developmental. What we're trying to do is continue to encourage the development and continue to encourage the emphasis to get it better and improve it so that when the business plans are filed with the annual estimates, the Legislative Assembly will have good information.

MS BLAKEMAN: Okay. On page 20 there is a sort of listing of further improvements that would be desirable. What I'm sensing from this – but it's not actually here, so I guess I'm looking for clarification. Does the Auditor General recommend, for the business planning and performance reporting to be more effective, that the targets in the business plans should be quantified with specific dates of expected achievement? The government ministries are now putting forward, you know, three-year business plans, in some cases five years out, and they do tend to get more vague so that by the fifth year it's something that's really difficult to quantify in any way. I'm wondering if the Auditor General is recommending or would like to see specific dates tied to those targets.

MR. VALENTINE: No, we're not asking to see specific dates. The plan is the plan of the ministry, and we recognize as well as anybody else that the further out in time you go, the less precise your view of the world can be. But that doesn't say that you shouldn't put the appropriate emphasis on determining what the picture might be for the third year out. The three-year business planning is the method adopted here. Five-year planning obviously is going to be much less precise, but the exercise of going through it and coming to understand what risks will be faced in the future period and then starting to develop the remedial action that you would take or should take if events unfold in a less than favourable way – so we aren't suggesting any particular dates. Management should be suggesting the dates, when they anticipate things, and by its nature that's what the business plan does.

THE CHAIRMAN: Thank you.

Mr. Herard, please, followed by Dr. Massey.

MR. HERARD: Thank you, Mr. Chairman. Good morning all. I'm going to be asking a question with regards to pages 69 and 70, which deal with the area of Children's Services. Now, there's an interesting sort of scenario here. You mention on page 69 that the funding formula for children's services is inadequate because of its simplicity, and that's kind of different in this kind of work because

we tend to deal with funding formulas that are so complex that they defy logic sometimes. So this one is too simple from what I see here. Contrasted with the high variability of needs of families from year to year in a given authority – and I guess that’s the reason it’s too simple, because the needs change quite a bit. But I’d like to know if you’ve got any recommendations or good counsel with respect to how we deal with that. How should the funding formula be amended to be more effective?

MR. VALENTINE: Well, I think the short answer to that is that the funding formula has to give recognition to the intensity of the needs of the residents of the various regions and, as well, recognize that in a number of situations the service is provided by a regional authority other than the one the individual is normally resident in. I’d say those are the two significant things the funding formula needs to take into account.

MR. HERARD: Okay. On page 70 it’s mentioned that the department does not have the systems it needs to adequately forecast these costs in order to provide, you know, appropriate budget proposals. Could you clarify what these systems are and how they would help to improve the ministry’s budget forecasts?

MR. HOFFMAN: What we are expecting them to do is get a better handle on what their costs are at the case level. They don’t have a good feel for how much a case will cost. When you look at the various regions, some have information, some have costs per case and projected costs per case, and others don’t. When you look at the funding that’s needed, you need to understand what your expected costs are going to be over the next year or two years, and that’s where the root problem lies. That’s where they need information, and that would be built into their forecasting systems. If you have a good feel for what your expected costs will be, then that aggregates to your overall funding needs. That information isn’t available, but it really starts at the CFSA level in managing their costs.

MR. HERARD: Thank you.

THE CHAIRMAN: Dr. Massey, followed by Ms Kryczka.

DR. MASSEY: Yes. I’m still on Human Resources and Employment on page 174. May I ask: what explanation was given to the Auditor General by the department of human resources for not conducting on-site audits of the educational institutions supplying programs? You make the recommendation on page 174, and there’s a marginal comment: “Further audits of educational institutions are necessary, but no audits are planned.” What explanation did they give you?

MR. HUG: We weren’t really given an explanation. I think it was probably just a resourcing problem. Up to this point in time they were able to accomplish that but didn’t have any plan in place yet as to how and when they would do the remaining audits.

DR. MASSEY: All right.

Following that, Learning did a pilot audit, and you reference it at the top of page 174. Have you given them advice in terms of what those audits should include?

MR. HUG: The short answer is no. I mean, it was done prior to our involvement on this particular work that we were doing.

9:02

THE CHAIRMAN: Thank you, Dr. Massey.
Ms Kryczka, followed by Mr. Mason.

MS KRYCZKA: Thank you. Good morning, and good morning to your staff again. Are all your staff here too?

MR. VALENTINE: My outstanding staff.

MS KRYCZKA: Outstanding. In the early morning. Impressive.

I chose a question actually that has to do with an area that I to date have known very little about, but in reading on gaming and the horse racing – it starts on page 111, but I guess the questions specifically are on page 115. I find this really very interesting, and it certainly has perked up my ears. I appreciate that you started off this section on page 111 complimenting or actually acknowledging the difficulty of the ministry in what they have to do. I think a key word is “integrity,” having just been through the business planning meetings and listening to the minister in those. I have to say that with the horse racing it’s very, very interesting what I’ve read in your report. The two recommendations you’ve made relative to Alberta Racing Commission on pages 115 and 116 have to do with strengthening accountability measures in tracking the use of public resources to the horse racing industry, and also you’ve recognized the Minister of Gaming as working to put new agreements in place to better manage this program. Is it your recommendation that this Alberta Racing Corporation come under the Government Accountability Act in order to make it a more accountable organization?

MR. VALENTINE: No, I’ve not made that recommendation. The Alberta Racing Corporation is an entity that has been established under the Societies Act and is not controlled by government. Its board of directors is nominated from within its own organization, and they have a structure of having representation from the various sectors of the industry: the standardbreds, the thoroughbreds, track owners and operators, and so on. That organization is the organization by which the racing industry in this province is governed. However, because the racing industry in Alberta involves gambling, the only people that have the authority to regulate the industry are the government, under the Criminal Code of Canada.

So what we have here is the devolution of a management process to an organization that’s outside the government entity. Therefore, what used to be the portion of the racing handle that went to the Alberta Racing Commission to manage the process now goes to the Alberta Racing Corporation. Short of getting an annual report back from them, you’re getting no accountability, and there’s no agreement in place at the moment for you to get any more accountability than that. Frankly, I don’t think that’s appropriate, because I believe they’re using public funds.

MS KRYCZKA: Thank you. I found really interesting many things, but in particular at the bottom of page 116 there’s a supplement that “the Corporation has used only 80%.” Originally it was intended to use all the funding it received under the racetrack program for purse supplements, but they’ve only used 80 percent, and “the remainder has been used for promotional and other expenses.” I guess I really don’t have a question related to that, but the withholding of the interest earned – it sounds like it’s an area that certainly has to be thoroughly investigated and brought into line.

MR. VALENTINE: Well, I think the short message in this section of the report is that there is inadequate governance over the

management of these funds, and I do know that we have the attention of the ministry.

MS KRYCZKA: Yes. That's the bulk of your report – isn't it? – on gaming.

Thank you very much.

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

MR. MASON: Thank you, Mr. Chairman. That's also the subject of my question. I'm looking at page 114 of your report. It indicates that illegal revenues were retained by Edmonton Northlands and the Stampede board. I did some quick math that in two years it totals \$18 million. You clearly state that this is not in compliance with the legislation, and then you're suggesting that the ministry might "wish to obtain legal advice to determine whether legislative approval is required for amounts already spent under this program." Now, that surprised me. I would have thought you would be recommending that we take action to recover those amounts.

MR. VALENTINE: No. I didn't recommend that you take action to recover the amounts.

MR. MASON: I know you didn't, but I would like to know why.

MR. VALENTINE: What I think you have here is, under the racing renewal initiative, an attempt to reorganize the racing industry in Alberta, and had they been aware of the fact that failure to obtain legislative approval for the expenditures would result in payments that are contrary to the legislation, they might have gone a different route. I don't know.

In any event, my charge is to bring to the attention of the Legislature those payments that are not made in accordance with legislative authority, and I have done that in this paragraph. If you read section 19 of the Auditor General Act, a copy of which you'll find at the back of this report, our responsibility is to bring those matters to the attention of the Legislature. Then I think the Legislature has to decide what it wants to do about it, and I recommended in this particular instance that they seek appropriate legal counsel before proceeding.

MR. MASON: I appreciate the policy attempt to, as you put it, reorganize the racing industry. I would suggest it's more trying to prop up or subsidize a declining sport. I really am wrestling with why, if money was illegally transferred to nonprofit organizations, the Auditor General of the province would not suggest that we ought to recover that money rather than provide legislative approval retroactively for an illegal transfer of \$18 million.

THE CHAIRMAN: Mr. Mason, that's the same question. He's given you the answer. Section 19 seldom recommends action that is outside the jurisdiction of accounting principles. This would be venturing into the law, and recognize that the Auditor General is not legal counsel. If you have a supplemental question, another question in the same vein, that would help.

MR. MASON: I appreciate that. No, I don't have a supplemental question, because I'm still not satisfied with the answer to the first one.

THE CHAIRMAN: If you're not satisfied with the answer, if you want some further action, at the end of each meeting there's time available for a motion. If you wish to put a motion to recommend

something to the Legislature proper and if that motion is then passed, then it gets forwarded through the normal channels.

MR. MASON: Thank you very much.

THE CHAIRMAN: Did you wish to supplement?

MR. VALENTINE: Mr. Chairman, I'd just like to set some words that have been used in their proper context. Number one, I have not used the word "illegal." I have used the words: that the payments were not made with legislative approval.

Secondly, I can ask that something cease, but I don't think I have any authority to ask for retribution. That's for the Legislative Assembly to decide.

9:12

THE CHAIRMAN: Thank you, sir.

Mr. Johnson, followed by Dr. Nicol.

MR. JOHNSON: Thank you, Mr. Chairman. My question comes from your report on page 187 relative to infrastructure management systems and your recommendation 27 on page 187. You suggest that the Department of Infrastructure is not doing enough to ensure that the infrastructure management systems are being developed in the most cost-effective manner and that the systems may not be able to fully support the department in capital asset management. I'm wondering: where exactly is the department being negligent in the development of these systems?

MR. VALENTINE: This is not a new subject. We have made comment with respect to the capital asset management system for a number of years now. I'd ask Ken to make comment about the progress that's been made.

Before we get too far into it, I want to say that substantial progress has been made, but then at the same time there's a ways to go. The distinction between capital and operating in the concept of how government budgets its affairs has always been present, and it always causes some concern when the two budgets are not properly linked in that an investment in a capital asset also means that there's a continuing obligation to maintain the asset. Of course, that continuing obligation becomes an imposition on the operating budget.

Ken, do you want to expand on that?

MR. HOFFMAN: With respect to this particular recommendation, when we examined the systems that are being developed – and we've listed a number of them, and also in this section we've cited a number of the problems that we saw. For example, one of their major systems is the transportation information management system, TIMS. On page 188 in the first paragraph we cite some information that came out of a consultant's report. Also, we indicate in here that there is a particular vision that senior management had, and as we spoke to different people in the department, there wasn't a consensus.

While this is still fairly early in the establishment of the capital planning initiative, which I think was a cross-government initiative of government in the 1999-2000 business plan, we felt that at this time there were some indicators that there's a potential problem and thus the recommendation. So we wanted them to go back and look at their plans and look at their cost-benefit analysis and make sure it will work. As I say, this is still early in the process, so if they do some remedial work at this time, I think that will mitigate the risks they're facing in terms of long-term development. The processes are in some of these cases just starting.

Did that answer your question?

MR. JOHNSON: Yeah. A further question, and maybe you've partly answered it. It seems that the department is wrestling with the possibility of adopting a single integrated management system versus separate systems, and I'm just wondering if you have any comments further on that.

MR. HOFFMAN: The issue here is that with capital asset planning, you can't look at what a single organization does; you know, roads or hospitals or what have you. You have to look across the government in order to understand where the priorities are and to understand the implications on the operating budgets that Peter talked about. When you build a hospital, you incur additional costs on an ongoing basis. In order to do that, they need information about the cost of construction, the potential impact on operating costs. They need to understand the state of the condition of the current infrastructure. Where are the pressure points? Those kinds of things. As I think we've said in here, there are three key indicators that would be used across the infrastructure. Systems that provide that common set of information would be more useful than a series of separate systems where you really can't bring the information together in a very effective way. So part of the solution looks at either a common system or common data definitions or a common data warehouse or whatever the language is of the day in IT. So that's what they're struggling with.

Now, the overriding problem is that when individual management groups look at something like managing highways or managing office towers, they have specific interests and needs as well. You've got to service that, and obviously maintaining a building, you need a different kind of information than maintaining highways. So you need both similar information and different information. It's trying to find a way to do that in the most cost-effective way, and that's what they're looking at here. They think that certainly with a common information structure, common data definitions, and a common system they can achieve that and then adapt it for the individual management needs. They're still working on it. Okay?

MR. JOHNSON: Yeah. Thank you very much.

THE CHAIRMAN: Thank you, Mr. Johnson.

Dr. Nicol, followed by Mr. Herard.

DR. NICOL: Thank you, Mr. Chairman. Mr. Auditor General, there are a couple of places in the report where you make references to how the government handles their bank accounts in dealing with other agencies. One was in Children's Services when they had some trouble with the bank accounts with the new authorities. Another one was in Economic Development when there was a bank account established with a partner to deal with some of the activities in one of the expos that were going on in Europe. In the context of that, have you been working with the government to establish some acceptable procedure that develops consistency and openness as these accounts are created so that these kinds of incidents don't occur on a regular basis?

MR. VALENTINE: Yes, we have, and we encourage them to use less in number of bank accounts than more. The child and family services issue was one of, I think, early days and people without experience. Otherwise, they might never – well, they should have known how those transfers were working.

In the Economic Development case the payment was made and then accounted for as a grant. In fact the grant hadn't been expended and should still belong back in the department's records, and the

control over the account should have been properly in the hands of the department. That was just a bad call, I guess.

Nonetheless, we take seriously the work on bank accounts and the reconciliations of significant other accounts. Those are essential internal controls which need to be working at all times in order to safeguard the assets of the government. So we're always looking at that area of risk. It's not surprising we find something on an annual basis; it's a big operation here.

DR. NICOL: I guess within the mandate of your act, do you feel that you have enough power to watch those bank accounts? You know, more and more our government is operating with arm's-length partners for the delivery of a lot of their services. Do you feel now that under your act you have enough of a jurisdiction to monitor what happens to the public dollar while it's in those bank accounts and as it leaves those bank accounts?

9:22

MR. VALENTINE: Well, if we have a concern, like the concern that exists in the Alberta Racing Corporation, you will find it being the subject of a section in our report. I think the control over those funds and the flow of those funds is probably one of the more risk-oriented areas of the audits that we do. As you know, we spend our time (a) identifying the risks and then (b) following the audit trail through those risks.

Have we seen them all? No. It would be an impossible job to rewrite the books of the province in order to do an audit, and it's not the way you would go about it. Are we satisfied that we know where the significant risks are? Yes, because we spend enough time understanding the business, understanding the activities, studying the controls to determine how they were designed to work, and then testing them to make sure that that's in fact the way they do work.

THE CHAIRMAN: Thank you.

Mr. Herard, followed by Ms Blakeman.

MR. HERARD: Thank you, Mr. Chairman. My questions are on pages 194, 195 and deal with Innovation and Science, in particular recommendation 29. There it's recommended that

the Ministry of Innovation and Science obtain an appropriate level of assurance that information technology service providers are maintaining effective controls to protect the confidentiality and integrity of IMAGIS data.

I guess the question becomes: what do you mean by "appropriate level of assurance"? Could you tell me what that means?

MR. VALENTINE: There are two forms of assurance you can get with respect to the controls over the information that's processed by a service provider. The first one is a report that is done by the auditor of the service provider, and that report is then made available to all organizations that use the service provider. That kind of a report and that kind of reliance on other people's work has been in existence for a long time, particularly in the area of custodians of securities. A trust company that is a custodian of a large number of securities for a large number of, say, pension funds will have an auditor do a report on the internal controls within that organization and make that report available to all who rely on it; in other words, all those organizations that have a pension fund being managed by that organization or the securities being controlled by it.

There's also another form of system review that can be done, and that is a more recent development within the standards of the CICA. It has some attraction in certain instances where that kind of a report could be done on an easier, more facilitative basis.

In any event, you have one of the two reports coming to you on an annual basis so that you understand that there are controls in place and that they're working in the organization that has in effect got control over your data.

You remember a couple of years ago we had an issue involving the loss of a tape. The service provider was located in Calgary, and a tape got destroyed inadvertently. At the end of the day when we looked at that, we were satisfied that the data didn't go somewhere else, that it got destroyed, but we were concerned about the control. The organization improved their controls, and so far as I know, that organization continues to provide service to the department that was the client.

MR. HERARD: Thank you for that. My supplemental, Mr. Chairman. It's also recommended there that controls over the Imagis system be improved, and you specifically mention that the system does not prevent unlimited attempts to sign on to the Imagis processes. I would have thought systems in use today would have dealt with that kind of situation. Are there other specific instances where controls should be improved with respect to the Imagis system?

MR. VALENTINE: I've asked Jim to make a comment on that. But before he does, the access issue. I think you will find that prevalent in almost every circumstance where a new system gets installed because you have so many people working on the installation and then somebody fails to cut it back, or it allows you a number of hits to get in, more in number as you're experimenting with the installation of the system, but then that should change. Now, I don't know how many times it is on internet banking – I've never done it – but instead of pointing and clicking after I put my password in, I continue to press enter. Then I get the message back that they don't know who I am, because you have to click the little radio button as opposed to pushing enter on your keyboard. Otherwise you don't get in. Now, how many times you do that before you're denied access, I haven't experimented with. I'd still want to get into my bank account.

AN HON. MEMBER: Three.

MR. VALENTINE: Is it three? Is that what it is? There you go; three. I've only done it twice.
Jim.

MR. HUG: Thanks, Peter. The observations we've got here are the ones we noted during the course of our work in the various ministries. The Imagis system does have the capability to implement these types of controls. It's just a matter, as Peter was indicating, of turning on these controls. We also indicate in the agriculture section that segregation of duties around activities which deal with processing of data which is then processed through Imagis can be improved as well. So that's just an indication of another area where we've observed controls could be improved.

MR. HERARD: Thank you very much.

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

MS BLAKEMAN: Thank you. I am looking at the Health and Wellness section starting on page 134 to 137. On 134 there's a bolded section; it doesn't have a background in green, but it's bolded, so that means something. I'm not sure what the ranking is, but it says:

We recommend that the Department of Health and Wellness, in cooperation with health authorities, continue with implementation

steps for improving performance measurement and reporting on the quality of health services.

Then I note on page 136 there is some detailing of the measurement of the quality of health services. In particular I draw your attention to the quote, "There are opportunities to improve measurement of the quality of health services." Could the Auditor General help me to understand what's being said here? What does the Auditor General regard as concrete opportunities to improve health service quality measurements?

MR. VALENTINE: I'm not sure where the word "concrete" comes into it, but having said that . . .

MS BLAKEMAN: I put it there. That's what I'm asking for.

MR. VALENTINE: We listed four examples here. I'm going to have Nick take you through them and maybe supplement them with some others if they're readily available.

MR. SHANDRO: The home care reporting system isn't fully developed, and therefore information on the home care delivery service isn't available as to the criteria that is in that system. So we need to get that system working. I don't know if that's concrete enough or not.

MS BLAKEMAN: No.

9:32

MR. SHANDRO: What would you like?

MS BLAKEMAN: I'm struggling to find the information that would help me be a better legislator as I, in various opportunities offered to me, examine proposals brought forward by the government and where they look for approval of plans that they've done. Reliable information on home care is not available: what does that mean? Does that mean that we don't know how many there are or where it is? Or what's missing?

MR. SHANDRO: I think it means all of that.

MS BLAKEMAN: Okay. Maybe I'll listen for the rest of the list.

MR. SHANDRO: Okay. We don't know the number of surgeries in terms of whether there are increases or decreases in what's happening out there. We don't know why surgeries are being canceled, and right now the measurement of wait times is a meaningless number until we develop proper standards for it.

MS BLAKEMAN: When you talk about baseline data on surgery so that increases or decreases could be reliably determined, what regions?

MR. SHANDRO: All of them.

MS BLAKEMAN: This is a concern with every region?

MR. SHANDRO: Sure.

MR. VALENTINE: The fact of the matter is that the information systems to manage the health care sector in this province are inadequate. That's not a new story though.

MS BLAKEMAN: No. Okay.

THE CHAIRMAN: We're moving right along here. Mr. Klapstein, followed by Dr. Massey.

MR. KLAPSTEIN: In Agriculture, Food and Rural Development on page 37 there's a sidebar note that says that "the planning process is authentic." I need to know what that means and whether or not I should infer from that that the planning processes in other departments are not authentic.

THE CHAIRMAN: Mr. Klapstein, perhaps you could move your microphone a little bit closer.

MR. KLAPSTEIN: Do you want me to repeat it?

THE CHAIRMAN: No, I think I got it mostly. They got it back here too.

MR. VALENTINE: Mr. Chairman, I didn't hear the question.

THE CHAIRMAN: Perhaps you could then.

MR. KLAPSTEIN: In Agriculture, Food and Rural development on page 37 there's a sidebar note that says that "the planning process is authentic." I need to know what that means and whether or not I should infer from that statement that the planning processes in other departments are not authentic.

MR. VALENTINE: Brian?

MR. CORBISHLEY: Just addressing the second part of your question first: no, it does not mean that, because this is the first example where we've looked in detail at the entire planning process within the department, the way they manage internally as well as what they present externally.

The word "authentic" refers essentially to the fact that they present their business plans, the business plans that you see, and those are in fact what they are using to manage the activities of their department. They are a roll up of the detailed plans at each level in the organization, and those plans are literally being developed internally and implemented internally so that the entire planning process is a legitimate tool of management. That was one of the things we wanted to determine, if that was in fact the case.

MR. KLAPSTEIN: You also said that one of the strengths of the planning process was how long-term strategies were set and communicated, and you gave particular reference to the Ag summit. I want you to give me an example of how the priorities identified in the Ag summit emerge in the ministry strategy or vice versa.

MR. CORBISHLEY: I don't think I can do that mainly because the Ag summit was ongoing at the time that we were doing the audit and the recommendations from the Ag summit had not actually come out at that time.

MR. KLAPSTEIN: Well, I have to call you to the second bullet under that same section on page 37: "Long-term strategies are set and communicated, particularly this year as a result of the Ag Summit." So I want you to tell me how the two are tied together.

MR. CORBISHLEY: The Ag summit is used here as an example of how the department and the ministry are involved in long-term planning and strategy setting. They did this several times over the last decade, and this is the last example of it, so that's why it's cited.

There were earlier consultation processes with the industry that were used in the planning process of the ministry.

THE CHAIRMAN: Mr. Klapstein, please. One supplemental is supposed to . . .

MR. KLAPSTEIN: Well, I want clarification. I didn't get an answer. Okay?

THE CHAIRMAN: That may be so, but we do have to move along here. You're welcome to question privately if you wish.

Dr. Massey, followed by Mrs. O'Neill.

DR. MASSEY: Thanks, Mr. Chairman. On page 70 under Children's Services there is a discussion of the lack of systems to forecast the cost of service delivery by the department. My question is: what explanation did the department give for not having a forecasting model for Children's Services?

MR. VALENTINE: I'm not sure we asked them that question. The fact of the matter is that they have a responsibility to forecast this stuff, and they're not doing it.

DR. MASSEY: All right. I don't have a further question. I'm stymied, flabbergasted.

THE CHAIRMAN: Well, Mrs. O'Neill does have questions, and she's ready to go. Mrs. O'Neill, followed by Mr. Mason.

MRS. O'NEILL: Thank you, Mr. Chairman. I'm looking specifically at page 120 with respect to Government Services, and my question surrounds registries. You mention at the top of the page in your 1998-99 report that you made 21 recommendations and they were accepted. Then you proceed to identify the fact that there was a request for more time needed for the implementation of five of those, which you then identify on this particular page. I'm looking at the one that relates to the application of the Freedom of Information and Protection of Privacy Act to the motor vehicles registry services. I'm asking if you could identify what you see as what is left to be accomplished for satisfactory progress in this one recommendation. It's the first bullet there.

MR. VALENTINE: It's the one that's the most controversial of all of our recommendations. It's essentially the recommendation of the Information and Privacy Commissioner, not of our office. Recognize that we did a joint audit. It was the first time that we'd ever participated with another office of the Legislature to audit something. It was extremely successful, but this one remains a difficulty. I'll ask Jim to give you more details if we can, and if we haven't got them today, we'll bring them for you next week.

MR. HUG: I don't believe that there's a particular problem. In our discussions with the ministry the belief is that they can adequately deal with this particular recommendation, and it's just a matter of an opportunity for introducing the legislation. My sense is that the issue will be dealt with ultimately.

MRS. O'NEILL: If I may, Mr. Chairman. You also say on this same page that legislative changes are needed for the recommendation to be fully implemented. Is that what you just referenced?

MR. HUG: That's what I'm referring to, yes.

MRS. O'NEILL: Then could you tell me what you mean by the

legislative changes? Do you mean to the FOIP Act for inclusion? If you could just give me some direction as to where you're positioning.

9:42

MR. HUG: Right. Originally it was either for the FOIP Act to include it or to enact similar standards. Now, what we understand is that through the motor vehicles legislation they will be trying to adopt standards which are similar to those that are contained in the FOIP Act.

MRS. O'NEILL: Thank you.

MR. VALENTINE: The issue has to deal with the kind of information that's at the registry office. When you go in to renew your driver's licence, you have to proffer up some form of ID, and they take down a note of that. Then they're supposed to destroy it when they've concluded that you are the person that's renewing their driver's licence. So your Visa number or whatever other ID you've proffered up should be destroyed then.

There were not clear rules about what was happening to that information. Some people were retaining it and so on. That information needs to be further protected so that people can't use it for another purpose.

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

MR. MASON: Thank you, Mr. Chairman. Getting back to the racing contracts, you quote a section from your Auditor's report on the financial statements on the commission for the year ended March 31, 2000. This starts on page 113 and carries over to 114. It says that in your opinion they should have been transferred to the lottery fund.

MR. VALENTINE: Right. I think then they would have received the approval of the Legislature.

MR. MASON: Right. I just want to check my facts here. The lottery fund is used exclusively to fund charitable and community projects. Is that correct, or are there other expenditures that are made from that fund?

MR. VALENTINE: There are a variety of items.

MR. MASON: So it's really in a sense general revenue of the government? Help me a little bit to understand the complexity.

MR. VALENTINE: No, it's not the revenue fund. It's the lottery fund.

MR. MASON: Okay.

MR. VALENTINE: Expenditures out of it must be approved by the Legislature. Had the funds gone in there, in order to get them out, you would have to have had legislative approval.

MR. MASON: So what things has the Legislature normally approved expenditures for, drawing from that fund?

MR. VALENTINE: Well, I would refer you to the financial statements of the lottery fund. They're all listed, and there's a

number of them. I don't have the statements here with me.

MR. MASON: Mr. Chairman, can somebody help me? It's just a very general question.

THE CHAIRMAN: There's a whole volume produced. If you wish to speak to me afterwards, I have one in the House at the moment. I can give you that one.

MR. MASON: Okay.

THE CHAIRMAN: It's a substantive document, and it's audited annually by the Auditor General and published. It's a separate entity with the estimates too. It's a separate fund. It's laid out quite well, actually, to read what it is. You may disagree with some of the expenditures, but they're certainly all there and verified by the Auditor General.

Perhaps, being relatively new – the Auditor General often offers any Member of the Legislative Assembly the opportunity to go over to his office and have a full review of how the structure is set.

MR. MASON: Just for my purposes today. I mean, I had thought that the lottery fund was used to fund the programs that are given to municipalities to disperse. Is that one of the uses of it?

MR. CHAIRMAN: I believe it's one of them, but it's not exclusive. There's the Wild Rose Foundation. There are a number of organizations that receive the funds directly, not just municipalities.

MR. MASON: Okay. Well, when we get to motions, maybe you can come to me. I have a motion to make, Mr. Chairman.

THE CHAIRMAN: You have a motion?

MR. MASON: Thank you.

THE CHAIRMAN: Mr. Johnson, followed by Dr. Nicol.

MR. JOHNSON: Thank you. My question arises from page 174, the section on Human Resources and Employment. Here we find a discussion regarding the memorandum of understanding between educational institutions and Alberta Learning and its limited ability to restrict potential overpayments to the educational institutions. As you define the potential for overpayments to be significant, I'm wondering: what are the specific shortcomings of the current memorandum of understanding between Alberta Learning and the educational institutions that leave the Department of Human Resources and Employment at risk, as you mention here?

MR. VALENTINE: Well, as I said earlier, the memorandum of understanding, as I understand it, is not an enforceable contract at law. It's only the understanding that you and I might have together with respect to a certain transaction or process or something. Flowing from that memorandum of understanding, you normally get a definitive agreement, and that generally is enforceable at law. Because of the difficulties that have been experienced with this skills development and similar type activities in the five and a half years that I've been in office, we feel rather strongly that these arrangements should be a matter of contractual agreement, not just a memorandum of understanding.

We had an investigation into an organization called Career Designs Inc. two or three years ago. The controls over the accountability for the expenditures in that program were less than adequate, and there were a variety of assertions made by various individuals about improprieties in how that program was handled.

My report is a matter of public record. We see some evidence that some of those practices are continuing, and we don't see a strong effort towards ensuring that these arrangements are, as I say, a matter of contractual agreement, which would be enforceable at law.

MR. JOHNSON: Thank you.

THE CHAIRMAN: A supplementary?

MR. JOHNSON: No.

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

DR. NICOL: Thank you, Mr. Chairman. Pages 218 and 219, under the Learning department, make reference to some questions that were raised in terms of not necessarily the accuracy but the consistency of the reporting in the postsecondary institution reports when they submit them back to Alberta Learning. Are the institutions now implementing appropriate changes to make sure that our next budget year will have consistency between the institutions or among the institutions and also in compliance with the mandate that they have to operate under balanced budgets?

MR. VALENTINE: I think we're getting there. It's not easy, because the origins of budgeting and the origins of management of resources in postsecondary educational institutions is one of cash and it's one of silos or envelopes of cash. Historically a budget officer had a variety of silos from which he or she could draw money if there was money available left in those buckets or silos or whatever you want to call them. In other words, there might be the roof repair bucket, so if the roof springs a leak this year, you go and look in the bucket. If there's no money in it, you can't fix the roof, and if there is money in it, presumably you do fix the roof.

We've gone from there to proper accrual accounting and proper cash management requirements. It's been a huge change for those people who are in managerial positions, particularly the finance ones, but I think it is fair to say that we're slowly getting there. Yesterday morning I was at an audit committee meeting of a foundation that's attached to a college, and they didn't used to budget for their anticipated donations received. This year they've done that. So they've now got all of the budget activities of their foundation being planned for, whereas before those activities were left out of the budget plan. If they took in a significant amount of donations in a year, obviously then, you know, there's no accountability to a budget if they just hope that maybe some money will come in the door.

9:52

DR. NICOL: The discrepancy that exists between the financial year and in some of the contract years that they work with, especially with their staff – does that compound this problem in any way, because they don't know what a settlement might be in terms of wage increases?

MR. VALENTINE: No. Well, they don't know what the settlement will be, but I'm sure that within their own organization and within their co-operative organizations in the sector they have some idea of what to anticipate. After all, that's what budgeting is all about. The date of the contract maturity shouldn't have an impact on their ability to budget, whether it's year-end or midyear or whatever.

Nick, do you want to add to that?

MR. SHANDRO: The single difficulty – well, I shouldn't say the

single difficulty. There are so many difficulties. One difficulty in budgeting is also not knowing what money is going to be received unexpectedly in March. That's one thing I referred to earlier. That also exists in education as such, and I think that's a challenge for institutions.

Now, of course, when we look at budgets, you make your best plan at the beginning of the year based on your information. It's not a sin to have a variation, particularly a favourable one, when it's necessary to have such. Some organizations can't tolerate any difference between what they plan and what the actual results are, but I think that a good explanation of those variances is the key to proper management.

I would say that some of the best institutions now fully recognize that they have to budget for some of these harder to budget for areas such as donations and the like. For example, NAIT has now gone to an advanced management model where they're looking at budgeting all of their donations and all of their income there. Some institutions are still dragging their feet in the area of amortization and accrual of the deferred capital grants for capital assets on the basis that these are noncash items. I think that most chief financial officers understand that amortization really is a cash cost, because you don't acquire equipment or any other items for no cash. It's just that the cash was spent in a prior period, and unless you recover that cash sometime downstream from your operations, you're downsizing.

So the model that's used in financial reporting is a full accrual model. It measures the financial performance. It tells you whether you're downsizing or you're maintaining status quo or you're building a healthier balance sheet. Under the old methods that were used by institutions, you couldn't tell where you were going with the thing. You could be thinking that you're upsizing where you're downsizing because all of your utilization resources weren't there and all of your revenues weren't there in a budget.

We have to move beyond just budgeting operations, because investment activities – that means investment in capital assets and the like – is an important part of operating, and you have to deal with it.

THE CHAIRMAN: Thank you for that full and complete answer of accrual accounting and the reasons for that. I'm sure it was all taken in by us.

MR. VALENTINE: Well, it's something we want you to study every night.

THE CHAIRMAN: I'm doing my best, sir, really. I was up late last night.

Ms Blakeman has decided that she need not have her question in order to have a motion by Mr. Mason. This committee, the members, are adamant that at 10 o'clock the bell goes off and we're out of here. So if this motion requires a substantive debate, a member may wish to table the matter until a subsequent week.

Please make your motion, Mr. Mason. If we can deal with it quickly, we will.

MR. MASON: Thanks, Mr. Chairman. I move that the Standing Committee on Public Accounts recommend to the Legislative Assembly that it urge the government to seek the recovery of approximately \$18 million of funds transferred to the Alberta Racing Corporation, Northlands Park, Rocky Mountain Turf Club Inc., and the Calgary Exhibition and Stampede in contravention of the Gaming and Liquor Act.

THE CHAIRMAN: Okay. It's moved.

MR. MASON: May I speak to it?

THE CHAIRMAN: Yes.

MR. MASON: Thank you. Well, Mr. Chairman, I was quite concerned when I read in the Auditor General's report that these agreements, which provided for substantially more return to these organizations than is the norm, were approved. I added up the figures over a couple of years, and it came to \$18 million. It says that these do not comply with section 26 of the Gaming and Liquor Act because this lottery revenue was not transferred to the lottery fund. In addition, these expenditures are not in accordance with the Appropriation Act, 1999, and therefore have not been approved by the Legislature.

I was concerned further that suggestion was there that we should ask the Legislative Assembly for retroactive approval for these extraordinary payments which are not provided for in legislation. So it's certainly my view, given that they should be in the lottery fund, which funds a wide range of very, very valuable programs including, you know, schools and the arts and community projects, even irrigation canals, that we should take the position here in the committee that actually these moneys should be returned to the lottery fund and not left with these organizations which are engaged in the promotion of horse racing. That's not, in my view, the appropriate place for these funds.

Thank you.

THE CHAIRMAN: The motion has been put.

Mrs. O'Neill.

MRS. O'NEILL: Thank you, Mr. Chairman. Just a couple of comments with respect to process.

First of all, I would seek clarification as to whether there's the need for a notice of motion. I'm not sure what the rules are here.

The second is that the motion that has been put here at this particular meeting of Public Accounts is very similar to the process that we have, and we have provision for that in the Legislature, for motions that are previously preordained, a process by virtue of our practice in the Legislature. That's done by a draw prior to the particular sitting of it.

The third thing I would like to say, Member for Edmonton-Highlands, is that unfortunately you haven't had the opportunity to be here and that we do meet in subsequent meetings with the ministers and the staff of various departments. Because this is one specific to the Department of Gaming and not addressed primarily to the Auditor General, whose business and department we are dealing with directly today, I would suggest that we give the opportunity to the Minister of Gaming to elaborate on what the plans are to address this recommendation from the Auditor General. The Auditor General in his comments today has indicated to us that the minister is aware of the concerns that have been highlighted here and that certain actions have been at least agreed to or undertaken.

So I would propose, Mr. Chairman, that this motion is out of place at this particular time.

THE CHAIRMAN: As to the questions of form and procedure, the member, Mrs. O'Neill, has made comment on the motion, but the motion is acceptable. In my reading of *Bourinot's* or any other authority on the matter, a committee structured by an entity to perform any function is, by virtue of the fact it's created to do something specific, obligated to report back to that parent body in any manner that that committee feels is fit. However, it is in the purview of the committee to ask that this motion be tabled to a date specific or general or be defeated or anything. We have the motion

before us, and it is in fact in order. It's debatable, and it can pass or fail as the committee feels it wishes to deal with it. The member may withdraw the motion at any time, but it is in order.

I think Ms Kryczka is first and then Mr. Klapstein.

MS KRYCZKA: Probably my comments are somewhat related to my colleague's. Personally, I would like to know what the mandate of this committee is. I understood it to be somewhat different than to make motions and take them forward as a committee, representing the committee concerns that we have that come out of business here. I would really like formal clarification of the role and mandate of this committee.

I also feel – this is my own personal interpretation – that if something were to come up within business conducted in this committee, there are other vehicles by which we can take concerns forward in government. Perhaps a new member needs to learn of those things. I'm not saying that this is not appropriate, because I'm asking for clarification on that, but there is question period, there is SPC, and there are government motions, as the member has pointed out.

That's my concern, and I would ask for a formal clarification of the role and mandate of this committee.

10:02

THE CHAIRMAN: There is one manner in which you can ask for a formal clarification, which is a challenge to the chair. I've made a ruling on the matter, and it's quite simple. There isn't any authority other than that which is provided in Standing Orders, in one item in Standing Orders, Standing Order 50, that says that the Auditor General's reports are referred to this committee. We have a long-standing history in parliamentary procedure dating from the 1500s that this committee is a standard committee, and it is an entity created by the Legislature. It's accepted that a Legislature would not create the committee or keep the committee in order if it did not want to have something coming back from that committee. It's been standard in the forum of this committee, from the time I've been here, that motions have not gone forward, but that was only because motions didn't meet the approval of the committee.

MS KRYCZKA: I don't want to debate this. I just raised that.

Thank you.

THE CHAIRMAN: Okay.

We have Mr. Klapstein and Dr. Nicol on the matter.

MR. KLAPSTEIN: I move to table the motion.

THE CHAIRMAN: Thank you. That's debatable as to time and place.

MR. KLAPSTEIN: No, Mr. Chairman. I disagree with you then. It's only debatable as to the appropriateness of the motion. What you're talking about is a motion to defer to a time and place, as a motion of deferral. This is to table, which means it goes on the table and only comes off the table if somebody makes a motion to lift it from the table. Quite frankly, we're past the hour. I have another commitment, and I don't want to miss the debate on this motion.

THE CHAIRMAN: Right. Okay. The tabling motion is debatable – the member is quite right – as to the appropriateness of it.

Any further debate on the motion other than Mr. Mason? Then we'll close if Mr. Klapstein wishes.

MR. MASON: Mr. Chairman, what are the chances that there's going to be another meeting of this committee before the Legislature adjourns?

THE CHAIRMAN: No one can answer that. We're scheduled next Wednesday. If the session ends on Tuesday, we will not have a meeting, but if it ends on Wednesday, we shall. That's the best I can tell you.

MR. MASON: So it could be after the next election that this discussion actually takes place.

THE CHAIRMAN: Quite frankly, yes.

MR. MASON: In that case I'm going to speak against the motion to table. I would rather have the discussion now.

You know, it is a motion from a committee of the Legislature making a recommendation to the Legislature. We ought not to be afraid of that, Mr. Chairman.

THE CHAIRMAN: Okay. Thank you.
Mr. Klapstein to close.

MR. KLAPSTEIN: Okay. Only to say that the meeting is set for 10 o'clock – I have another commitment – and that to carry on this discussion when I have to leave is unfair to me as a member of this committee. I think that the motion to table is in order and is appropriate. I'm not afraid of discussing it.

THE CHAIRMAN: Okay. All those in favour of the tabling motion, please raise your hands. Those opposing the motion, raise your hands. The motion is carried.

Might we remind you that the meeting next week, if we do have a meeting, is with Dr. Steve West, Provincial Treasurer. It will be in the Chamber.

A motion to adjourn, please.

MR. HERARD: So moved.

THE CHAIRMAN: Mr. Herard. Is it agreed? It's carried.

[The committee adjourned at 10:07 a.m.]