

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Wednesday, October 26, 1977 2:30 p.m.**

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF VISITORS**

MR. HYNDMAN: Mr. Speaker, it's my pleasure today to introduce to you and the Assembly a distinguished guest in your gallery. Over two million Canadians owe their background to the country this gentleman represents. He is His Excellency the Hon. Patrick F. Power, the Ambassador of the Republic of Ireland to Canada. That fact is regularly reinforced by certain members of this Assembly, Mr. Speaker.

He has had a singular career of distinction for his country. He served the Irish embassy in Rome. Later in the 1960s he was assigned to and had an important position in Washington, following which he was representative of his country to the United Nations in New York. In the early '70s he had a senior position with the Irish Department of [Foreign] Affairs, until his appointment as Ambassador of the Republic of Ireland to Ottawa in 1974, a position which he still holds.

I'm very pleased indeed, Mr. Speaker, to have His Excellency here to reinforce the traditionally close and friendly links between his country and Canada. I would ask that he stand and that the Assembly accord a welcome to him at this time.

head: **PRESENTING PETITIONS**

MR. NOTLEY: Mr. Speaker, I beg leave to present a petition signed by some 160 residents of the Bonanza, Bay Tree, and Gordondale districts, asking the Legislative Assembly to urge the government of Alberta to request AGT to seek a negotiated agreement with B.C. Telephones to provide extended flat rate calling service between those districts mentioned and Dawson Creek, British Columbia.

head: **INTRODUCTION OF BILLS**

Bill 72
The Alberta Insurance
Amendment Act, 1977

MR. YOUNG: Mr. Speaker, I beg leave to introduce Bill 72, The Alberta Insurance Amendment Act. The primary purpose is to implement the recommendations of the Automobile Insurance Board in its report on no-fault insurance. This will be done by increasing the minimum required amount of public liability insurance and by providing a higher amount of weekly benefits to automobile accident victims. Mr.

Speaker, the bill contains a number of other amendments of interest to the insurance industry.

[Leave granted; Bill 72 read a first time]

Bill 84**The Statutes Repeal Act, 1977**

MR. DOAN: Mr. Speaker, I beg leave to introduce Bill 84, The Statutes Repeal Act, 1977. The principle of this bill is to repeal acts which have become inoperative, defunct, obsolete, or redundant. This bill intends to repeal five acts, and reflects the government's effort to streamline the statute books of Alberta and to remove unnecessary statutes.

[Leave granted; Bill 84 read a first time]

MR. HYNDMAN: Mr. Speaker, I move the following bills be placed on the Order Paper under Government Bills and Orders: Bill 72, The Alberta Insurance Amendment Act, 1977, and Bill 84, The Statutes Repeal Act, 1977.

[Motion carried]

Bill 250

An Act to Amend The
Landlord and Tenant Act (No. 2)

MR. MANDEVILLE: Mr. Speaker, I beg leave to introduce Bill 250, An Act to Amend The Landlord and Tenant Act (No. 2). The purpose of this act is to make it illegal for a landlord to terminate a tenancy where a judge rules that the principal reason for termination is that the tenant made application to the Landlord and Tenant Advisory Board.

[Leave granted; Bill 250 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. YURKO: Mr. Speaker, I beg leave to table with the Legislative Assembly the annual report of the Alberta Home Mortgage Corporation, required by the legislation governing the corporation.

MISS HUNLEY: Mr. Speaker, I wish to table the answer to Motion for a Return No. 134, required by the Legislature.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. DOAN: Mr. Speaker, on behalf of my colleague the hon. Mr. Foster, I would like to introduce to you, and through you to this Assembly, 50 students from Red Deer's Lindsay Thurber Composite High School. They are accompanied by their teachers Mr. Don Chambers and Mr. Dale Storbik. They are seated in the public gallery. I would ask them to stand and be recognized by this Assembly.

head: **ORAL QUESTION PERIOD**

Energy Policy

MR. CLARK: Mr. Speaker, I'd like to direct the first question to the Minister of Energy and Natural Resources. It flows from statements made yesterday by the Minister of Housing and Public Works. Is it the position of the government of Alberta that a continental energy policy between Canada and the United States is inevitable?

MR. GETTY: No, Mr. Speaker.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Will the minister assure the House that the comments on this issue recently made by the Minister of Housing and Public Works to the Canadian Chemical Engineering Conference do not represent the views of the province?

MR. GETTY: Mr. Speaker, my colleague the Minister of Housing and Public Works addressed a group of Albertans, and he's perfectly capable of speaking for himself on this matter.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. The minister is assuring the Assembly that the hon. Minister of Housing and Public Works was speaking for himself and not on behalf of the government?

Mr. Speaker, the hon. Minister of Energy indicates that I should ask the Minister of Housing and Public Works. Having regard to this government's desire to have ministers answer only questions they're supposedly responsible for, in light of the abdication of the Minister of Energy I'll ask the question of the Minister of Housing and Public Works. Was the Minister of Housing and Public Works expressing a view, when he spoke to the Canadian chemical engineers conference recently, that a continental energy policy was inevitable? Was that a position held by the Minister of Housing and Public Works, not reflecting the views of the government of Alberta?

MR. YURKO: Mr. Speaker, it was my honor to speak last night to over 1,000 delegates who met in Calgary at the 27th Annual Conference of Canadian Chemical Engineers, representing some 30,000 engineers across the nation. At this conference were chemical engineers from the United States and several other countries. I spoke fairly extensively on the growing energy interdependence between the nations of Canada and the United States in regard to various forms of energy: offshore energy sources, nuclear energy sources, the developing energy sources in regard to technological development of solar, wind, and hydro power. So indeed what I spoke on was not provincial government policy, but my own views in regard to the relationship between two nations that form virtually an entire continent.

My speech is available, and the Leader of the Opposition might do well to get a copy and read it in relationship to what the papers quoted from that speech.

MR. CLARK: Mr. Speaker, to the minister. Should we assume this is the second of the minister's books

where he publishes his speeches?

A supplementary question to the minister. When might we next expect another pronouncement by the Minister of Housing and Public Works on the North American energy situation?

MR. R. SPEAKER: Is this an ethnic book, or cultural?

MR. SPEAKER: Has the hon. Leader a second question?

MR. CLARK: Well, I was waiting for a first answer, Mr. Speaker.

ANDCO Management Review

MR. CLARK: Mr. Speaker, I'd like to direct the second question to the Minister Without Portfolio responsible for native affairs. I draw the minister's attention to a letter he sent on September 9 to Mr. Stan Daniels and Mr. Joe Dion, president of the Indian Association of Alberta, where in fact the minister said:

... time is running out. Either the independent audit and evaluation is to be commenced with your cooperation, and once and for all the cloud of suspicion [to be removed with regard to] certain public funds in the management of ANDCO is lifted, or we [will] have no alternative as [the] Government but to assume that ANDCO has something to hide.

It's signed by the hon. minister, Mr. Bogle.

My question to the minister, Mr. Speaker, is: what is the status of this study today?

MR. BOGLE: Mr. Speaker, I felt that I dealt with that subject at some length several days ago in this Assembly. However, if the hon. Leader of the Opposition was not in his seat, I will review it with him today.

The current position of the Alberta Native Development Corporation and the independent audit and the independent management review which have been requested by this government before any further funding of that organization will take place is this. The Indian Association of Alberta has written; I have a letter from Mr. Joe Dion, president of that association, in which he commits his association to full concurrence with the position taken by the provincial government, as outlined in a letter I sent in mid-July to both Mr. Dion as president of the Indian Association of Alberta and Mr. Daniels as president of the Metis Association of Alberta. The Metis Association of Alberta has not yet complied with our request.

However, I am pleased to inform the Assembly that I had a phone call from Mr. Dion some days ago. He informed me he had the president of the Metis Association in his office, and he requested a meeting among the three of us to see if the issue could be resolved. I outlined again the government's position, and said we were taking it on a matter of principle that if an independent audit and an independent management review were to take place, surely the people doing that had to be removed from those who were involved in the management and the board of directors of that organization. Mr. Dion indicated to me that he felt the meeting would be profitable and that we should have it. The meeting has been arranged and will take place later this week.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Quoting from the last paragraph of the same letter: "If I do not have a positive response by September 26, 1977, appropriate action will be taken." The letter is signed by the minister. In light of no concurrence by either the Metis Association or the Indian Association, what "appropriate action" was taken by the minister after September 26, in keeping with the threat in his letter?

MR. BOGLE: Mr. Speaker, I don't consider the last statement in the letter to be a threat. I think the House can recognize that this is a matter which has been given consideration by the Assembly for a considerable period of time. My point, in a very frank and plain way, to both presidents of the associations — the associations which are the parent organizations of ANDCO — was that unless the matter could be resolved, and resolved quickly, we as a government would have no alternative than to assume that ANDCO was not going to function as an economic development organization in the future, and that before we could provide public funds to an all-native organization certain matters had to be clarified as to the disposition of those funds in the past.

MR. CLARK: Mr. Speaker, just one further question to the minister. Have any further threats been made to ANDCO since the letter of September 26? [interjections] I can appreciate the members don't like to know what's going on, but has the minister made any further threats to the association?

MR. SPEAKER: Order please. The hon. Leader of the Opposition will know that innuendo — and rather plain innuendo — is not a proper component of a question that qualifies for the question period. However, the question having been asked, it would be less than fair if the minister were not permitted to reply in kind.

MR. BOGLE: Thank you, Mr. Speaker. As I've indicated to the hon. member and members of this Assembly, a further meeting has been arranged, at the request of the president of one of the associations involved. I believe he is acting in good faith and doing what he can to remove that "cloud of suspicion" which has been hanging over the head of the native organization for some time. As long as I'm the minister responsible for native affairs, I will do everything I can to assist native leaders to carry out their respective functions and to do the work for native people and for all Albertans in a positive way.

MR. NOTLEY: A supplementary question to the hon. minister. Can the minister advise the Assembly whether the call for an audit and a management evaluation was based on the concerns expressed, I believe, on September 7, 1976, by Mr. Cantera, the director of manpower programs?

MR. BOGLE: Mr. Speaker, we've been over this question a number of times in the Assembly. If the hon. Member for Spirit River-Fairview would like to check *Hansard* I'm sure he will find the answer to that question. But very briefly I will go over it, to refresh his memory.

DR. BUCK: We want to see if it's the same answer.

MR. BOGLE: Certain questions were raised on a departmental basis by the department then responsible, the Department of Advanced Education and Manpower, as to the disposition of certain funds. That, in addition to other information which I have already discussed in this Assembly, led this government to believe there was some reason to look more closely at the matter. Questions raised by the auditor during the audited statement of the organization were but a few of those concerns.

So as the minister responsible for native affairs, rather than talking to the board of ANDCO, I felt it my responsibility to speak directly with the presidents of the two organizations which are the parent organizations of ANDCO, and to seek their concurrence to clarify the situation. That is the process which we have been following. It's my hope and desire, as I'm sure it's the desire of Mr. Dion, to get this matter clarified at the earliest opportunity.

Following the meeting which we're having later this week, I hope I'll be able to report that the conditions as outlined by the government for an independent audit and management review will be allowed to take place, so that we can get on with the job of helping the native leaders in this province who want to help their people.

MR. CLARK: A supplementary question to the minister. In light of the minister being able to reach some agreement with the native leaders of the province on this question of the cloud hanging over ANDCO, as outlined in the minister's letter of September 9, has the minister given consideration to asking the Provincial Auditor to do a special investigation of the matter? I use as a precedent the request by the Premier for the Provincial Auditor to do the investigation into the area of special grants.

MR. BOGLE: Mr. Speaker, that was one of a number of alternatives which were examined by officials in the Department of Advanced Education and Manpower, the Department of Business Development and Tourism, and in my office in the Native Secretariat. We chose rather to go the route of consultation with the parent organizations of that company, so there should not be any suspicion that the government was trying to override or suppress the organization.

MR. CLARK: What's this letter then?

MR. BOGLE: That's why we've gone through the process, Mr. Speaker, of consultation with the elected leaders of the two major native organizations in this province.

MR. CLARK: Mr. Speaker, one further supplementary question to the minister. Has the minister discussed with the leaders of the two associations the possibility of asking the Provincial Auditor, who is an employee of the Legislature and not of the government, to conduct the kind of independent audit that in the minister's mind needs to be carried out? Has the minister discussed that possibility with both Mr. Daniels and Mr. Dion?

MR. BOGLE: Mr. Speaker, I thought I made myself clear when I indicated that although that was one option we ruled it out.

MR. CLARK: Why?

MR. NOTLEY: Yes, why?

Guards' Training

MR. TAYLOR: Mr. Speaker, my question is to the hon. Solicitor General. Does the department conduct in-training schools for security guards?

MR. FARRAN: No, Mr. Speaker, we don't, although some guards have been trained by the training divisions of the two city police forces. The only area in which we are involved in the security guard industry is in the licensing of both the companies and their employees. We only license when a check has been made to see whether they have any criminal record.

Due to a recent failure of charges against one particular company for employing security guards who had not been through this process — the charges failed in courts of Red Deer on a technicality — we are now addressing ourselves to a change in policy and opening up the licensing route, whereby if an employer employs security guards who haven't been checked through, he's liable to have his licence cancelled or suspended. He would then have a right of appeal to the Law Enforcement Appeal Board. So far we haven't used that route; we're going to in the future.

MR. TAYLOR: A supplementary to the hon. minister. Does the department carry out in-training schools for guards of our correctional institutions?

MR. FARRAN: Yes we do, Mr. Speaker.

MR. TAYLOR: A supplementary. Are all guards required to attend these schools from time to time, or is it completely voluntary?

MR. FARRAN: The training programs are comparatively recent, Mr. Speaker. They've been developed in the last two years, and we are progressively moving through the total force of some 700 men we have on staff. New recruits definitely have to be trained. We're moving through the older employees as time allows.

MR. TAYLOR: One further supplementary. Would the hon. minister have a ballpark figure as to the number of guards who have been trained or have taken the in-department training at this time?

MR. FARRAN: No, Mr. Speaker, I'd have to find that out for the hon. member. I haven't got the figure at my fingertips.

Agricultural Research

MR. MANDEVILLE: Mr. Speaker, my question to the hon. Minister of Agriculture is with regard to the minister's announcement on the farming for the future program. Could the minister indicate when the agricultural research committee will be set up?

MR. MOORE: No definite time frame, Mr. Speaker. I would expect to have the membership of that committee in place probably by the end of this calendar year.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Could the minister indicate how many members will be on the committee when it is set up?

MR. MOORE: No, Mr. Speaker, I can't. I did not want to finalize that matter before making an announcement, except to say that members of the committee would be drawn from all sectors of the agricultural industry, including our universities and other research areas. So we haven't made a decision on the exact number of individuals yet, but it would likely be in the area of 10 or 12 persons.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Could the minister indicate what portion of the \$10 million will be going to the private agencies?

MR. MOORE: No, Mr. Speaker. The figures really are \$2 million each year and \$2 million for the next fiscal year, as indicated in the heritage savings trust fund, capital projects division. The method of allocating funds from that particular vote will be by way of recommendations by the committee, which will be chaired by me.

I expect to receive applications from a variety of research organizations, both inside and outside Alberta. We will be reviewing those applications on the basis of the kind of research project being submitted for assistance, and the kind of value we see in that project to the long-term benefits of Alberta agriculture, as I mentioned earlier, with particular emphasis on northern agriculture. That's because of the view, that I think has been expressed well in this Legislature too, that in much of Alberta we have been living on borrowed varieties of grain and other cereals and forage crops, and that we need to make a determined effort to ensure that we do our best to develop new varieties suited to the northern regions. By that, of course, I mean generally north of Calgary.

Consultant's Contract

MR. R. SPEAKER: Mr. Speaker, my question is to the Provincial Treasurer. Could the minister advise the House whether the recent appointment of Ian Mac-Millan as a consultant in the Department of Hospitals and Medical Care was approved by the Public Service Commissioner or part of his staff?

MR. LEITCH: Mr. Speaker, as I remember, in that particular case there was an employment contract. Under our system the Public Service Commissioner's office does review employment contracts, and that occurred in this case.

MR. R. SPEAKER: Mr. Speaker, for clarification from the minister, was the contract approved as such by the Public Service Commissioner and recommended to the Minister of Hospitals and Medical Care?

MR. LEITCH: Mr. Speaker, I'm not sure what all is embraced in the member's question — whether the contract was approved by the Public Service Commissioner. Certain things fall within the Public Service

Commissioner's responsibilities with respect to contracts, and of course he performed those functions and approved it in that sense.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Were any concerns expressed by the commissioner when concerns were brought to your attention with regard to this contract?

MR. LEITCH: Mr. Speaker, I did have a discussion with the Public Service Commissioner about the term; that is, the length of time. One of the functions of the Public Service Commissioner is to consider whether it is appropriate for a person to be on contract rather than having the position filled by the person becoming a member of the public service. In that respect, an important consideration is the length of time the job for which the person is employed is going to last. That's the only item I can recall discussing with the Public Service Commissioner with respect to the terms of the contract.

MR. R. SPEAKER: Mr. Speaker, supplementary to the Minister of Hospitals and Medical Care. Could the minister confirm that Mr. MacMillan was appointed at the recommendation of the consultant in the department Mr. Jackson Willis?

MR. MINIELY: No, Mr. Speaker, that is not accurate. As a matter of fact Rev. MacMillan was my personal choice. I've known him for some time. I believe him to be a man of outstanding capability with an excellent following in the senior citizen, nursing home, and geriatric care area. I therefore felt it was fortunate to have a man of his calibre who was prepared to spend a minimum of two years, but up to three, working with the portfolio and developing approaches in the nursing home and auxiliary care area for senior citizen institutional care.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Could the minister advise whether Mr. MacMillan was hired solely on the actions of the minister, or were other ministers or the Premier involved in approving this decision?

MR. SPEAKER: It would appear to me that the hon. member is inquiring about things that would go on in cabinet. That clearly would not come within the scope of the question period.

MR. CLARK: Mr. Speaker, then a supplementary question to the Premier. Did the Premier approve the appointment of Rev. MacMillan to the staff of the Minister of Hospitals and Medical Care?

MR. LOUGHEED: Mr. Speaker, those are decisions made by the ministers in the course of their responsibility, not ones for approval by me.

MR. CLARK: Mr. Speaker, then a supplementary question to the Premier. Was the Premier aware of the appointment prior to it being made public?

MR. LOUGHEED: The answer is yes.

Grain Handling Tariffs

MR. BATIUK: Mr. Speaker, I'd like to direct my question to the hon. Minister of Agriculture. Since there have been numerous requests that public hearings be held prior to proposed increases in grain handling tariffs, could the minister advise whether he has had any communications with the federal minister or the Canadian Grain Commission regarding such requests?

MR. MOORE: Mr. Speaker, I'd have to check on it. But I'm sure that during the early part of this year I did write to the federal Minister of Agriculture, who has responsibilities for the Canadian Grain Commission, requesting that the minister ensure that public hearings are held with respect to rate increases granted by the Canadian Grain Commission in grain handling tariffs.

Highway — Grande Cache

DR. BUCK: Mr. Speaker, I'd like to ask a question of the hon. Deputy Premier and Minister of Transportation. Can the minister inform the House if there will be any commencement this year on Highway 40 north of Grande Cache to Grande Prairie?

DR. HORNER: Mr. Speaker, as the hon. member is perhaps aware, we've just completed an environmental review of the alternate routes relative to the so-called Highway 40, which in fact is the forestry trunk road. The priorities in the area are to pave the road from Grande Cache to Hinton to serve the people in the community of Grande Cache. Once that priority is accomplished we will be following through with some work on the balance, north from Grande Cache to Grande Prairie. I anticipate that the initial work would be done on the lower end. I think there are about seven or eight miles of pavement south of Grande Prairie on 40 and then the bridge. We would hook that lower end up to the present forestry road as the first stage in the development of that route.

DR. BUCK: Mr. Speaker, can the minister indicate if he has had any consultation with the people in Grande Cache as to what route this road would take, as it relates to the town of Grande Cache?

DR. HORNER: Mr. Speaker, over a period of a year or more, I think everybody in the area had an opportunity to have input into the various routes and to make their recommendations. Indeed, I had a very good meeting and spent a day in Grande Cache this spring. They generally agreed, not only with the route suggested but the priorities we've put forward.

DR. BUCK: Mr. Speaker, can the minister indicate to the Legislature what route that road will take?

DR. HORNER: The document is public, Mr. Speaker. But in the main it's the present forestry route, with certain changes. I think it's called the east route in the report. I'd be quite happy to make the report available to the hon. member if he continues to show an interest in northwestern Alberta.

DR. BUCK: For a Johnny-come-lately, the minister is doing pretty well. I think another government put that site into position. [interjections] You may have the same problem with the road as you do with the railroad.

AN HON. MEMBER: That's right.

MR. CLARK: Just about as slow.

DR. BUCK: Mr. Speaker, I'd like to know if the minister can indicate if the road will go through or in close proximity to Grande Cache.

DR. HORNER: The junction is at the location known as Muskeg. As far as I'm aware, that is suitable to the people in Grande Cache.

Liquor Regulations

MR. KIDD: Mr. Speaker, my question is to the Solicitor General. Mr. Minister, do the restrictions on the happy hour recently imposed by your department apply to private clubs?

MR. FARRAN: Mr. Speaker, happily for the private clubs, no.

Power Projects

MR. NOTLEY: Mr. Speaker, I'd like to direct my question to either the hon. Minister of Energy and Natural Resources or the hon. Minister of Utilities and Telephones, because this question really falls, in a sense, in both departments. Could either minister advise the Assembly whether Edmonton Power has formally made an application as yet to the Energy Resources Conservation Board with respect to their proposed Genesee power project?

MR. GETTY: Mr. Speaker, under the coal development policy which all members are familiar with, the sponsor of a project must provide a preliminary disclosure to the government for approval in principle, prior to applying to the ERCB. Edmonton Power has gone through the preliminary disclosure part of the coal policy procedure, has received approval in principle, and I understand will be making application to the ERCB sometime in the future.

DR. WARRACK: I could probably supplement that answer in this way — in fact, from today's *Edmonton Journal*, Mr. Speaker, where Edmonton Power indicates they will be making an application. That of course means they have not yet done so, but will in the future be making an application both for the power plant and the related coal mine.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Energy and Natural Resources. Could the minister advise the Assembly whether he as minister discussed with officials of Edmonton Power their particular proposal during the preliminary disclosure facet of the coal policy? Could the minister indicate whether there was any discussion of this project in light of the policy announcement made in July 1976 with respect to Dodds-Round Hill and the use of agricultural land?

MR. GETTY: Mr. Speaker, it's one of the matters considered by the interdepartmental committee which reviewed the proposal. I did not discuss it directly with any officials of Edmonton Power; however, I did discuss it briefly with the then mayor of the city of Edmonton.

The next step for Edmonton Power is to hold a public meeting in the area in which the development may or may not occur, to make sure the people there are fully familiar with the proposal. Then they must make application to the ERCB, which will then hold a public hearing on the proposal.

MR. NOTLEY: Mr. Speaker, a supplementary question to either of the hon. ministers. Did the government of Alberta express any concern to the mayor of Edmonton with respect to this aspect of agricultural land vis-a-vis the decision made a little over a year ago on Dodds-Round Hill?

MR. GETTY: I'd say it was given serious consideration in order that we would be satisfied as to reclamation procedures.

However, I should point out that the preliminary disclosure process, Mr. Speaker, is on purpose not as detailed as a hearing by the Energy Resources Conservation Board, or obviously we'd be duplicating the work. For coal developments, the Energy Resources Conservation Board is bolstered by a member of the Department of the Environment. At that time full details with regard to reclamation and impact on agricultural land or wildlife or water courses all will be considered.

MR. NOTLEY: Mr. Speaker, a supplementary to the hon. minister or ministers. From the preliminary disclosure discussions, could the ministers advise what the figures are as to the amount of agricultural land that will in fact be displaced over the lifetime of the proposal, which I believe involves as many as four plants, and how many families will be displaced?

MR. GETTY: Mr. Speaker, I think the hon. member, to get details like that — I just can't keep them in my head — should put it on the Order Paper.

MR. NOTLEY: I'd be glad to do that.

Mr. Speaker, a supplementary question to the hon. Minister of Utilities and Telephones. Can the minister advise the Assembly when the cabinet will be making a decision on Calgary Power's Keepphills project, or the south Sundance project?

DR. WARRACK: Mr. Speaker, the recommendation is yet to come by way of the necessary order in council from the Energy Resources Conservation Board. So it will not be for a bit of a period of time into the future. However, I would anticipate that we'd likely be dealing with that matter within the coming month.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Utilities and Telephones. Has the Electric Utility Planning Council recommended to the government a schedule and timetable for new power projects since the government made the Dodds-Round Hill decision in July 1976? Has there been a subsequent timetable and updating?

DR. WARRACK: Mr. Speaker, first of all I need to explain to the hon. member how that decision process works. The Electric Utility Planning Council involves electric utilities in Alberta. As a planning council, they report to appear as part of the hearings held by the Energy Resources Conservation Board under The Hydro and Electric Energy Act. So the kinds of matters the hon. member is bringing forth would be those the Electric Utility Planning Council would put before the Energy Resources Conservation Board, and would be considered by that agency as they make recommendations to the government of Alberta.

MR. NOTLEY: Mr. Speaker, a supplementary question . . .

MR. SPEAKER: Might this be the final supplementary on this topic.

MR. NOTLEY: . . . to the minister. I realize that these proposals are made to the ERCB. My question though is: has the Electric Utility Planning Council, in looking at the broad array of energy needs and various options for energy proposals, done any assessment or study at this time as to the timing, spacing, and location of power projects?

DR. WARRACK: The answer to that question, Mr. Speaker, certainly is yes. As a matter of fact, that's what the Electric Utility Planning Council does on an ongoing basis. They have particularly addressed this matter as a part of the Energy Resources Conservation Board hearings on the general matter of future energy requirements in Alberta, those hearings having been held the latter part of last month. So I do know, particularly in conjunction with that, as well as the specific the hon. member mentions, that that work has been going forward and put to the Energy Resources Conservation Board by the Electric Utility Planning Council.

College Boards of Governors

MR. CLARK: Mr. Speaker, I'd like to direct a question to the Minister of Advanced Education and Manpower, and ask if he could indicate to the Assembly the time line he is working on for the appointments of the boards of governors at the Fairview, Lakeland, and Olds colleges.

DR. HOHOL: Yes I can, Mr. Speaker, but with the clear understanding, because of the monumental job, that these are time lines and not commitments. We hope to have the appointments, through the procedures in place, by the end of the calendar year, and possibly the assumption of formal duties by boards of governors at the four institutions on April 1, the beginning of the fiscal year.

Geophysical Activity

DR. PAPROSKI: Mr. Speaker, a question to the Minister of Energy and Natural Resources. I wonder if the minister would indicate to the House whether he has information to indicate the geophysical activity in Alberta relative to last year?

DR. BUCK: We got that letter and we all read it, Ken.

MR. GETTY: Mr. Speaker, there has been a very gratifying increase, roughly 100 per cent, in geophysical activity in the province of Alberta. Of the geophysical activity in Canada, over 80 per cent is in Alberta.

Weather Modification

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Agriculture in connection with the weather modification program. Has the minister received letters of opposition to the weather modification program from the area in which it is being conducted?

MR. MOORE: Mr. Speaker, over the course of the last two and a half years I have received letters of opposition to the weather modification program and letters of support for it, both the program that is being carried out quite successfully by the Alberta Weather Modification Board under the Department of Agriculture with assistance from the Research Council of Alberta, and with respect to different programs sometimes confused with our hail suppression program, being carried out by a variety of weather modification co-ops recently established in southern Alberta. One should ensure, Mr. Speaker, that there is no confusion between what is being done by the government of Alberta — basically a hail suppression program in a selected area — and what is being done by the weather modification co-ops, which was intended to be a rain increase program largely using ground generators. They are two distinct and different projects.

Just to conclude, Mr. Speaker, I have had a great number of letters, pro and con.

MR. TAYLOR: A supplementary to the hon. minister. Are the McGill University Stormy Weather Group and the meteorological department of the federal government still participating in the program?

MR. MOORE: Mr. Speaker, I'd have to check, in terms of financial participation. If they are I don't believe it's very large. But certainly in terms of the technical and scientific aspects of weather modification — the research results that might be achieved — I think the answer is yes, they are still participating.

MR. TAYLOR: A further supplementary. Has the group in charge of the weather modification program made any study of possible liability outside the area because of what is being done in the area? Possibly a quick explanation of the question: some people claim that the hail suppression program is certainly preventing hail in the area, but that it's going beyond the boundaries of the treatment of the clouds. Has any study been made of possible liability in that regard?

MR. MOORE: Mr. Speaker, I can say that we have had meetings with officials of the federal government — Environment Canada, I believe — with respect to the liability that might or might not be there with hail suppression and rain increase programs. I don't believe any conclusions have been arrived at. Certainly this matter has received a great deal of interest in the United States. From time to time charges have been laid or actions taken. I'm not aware that any

results have ever been achieved that would indicate that some party or another to a hail suppression or a rain increase program was guilty of modifying the weather and thereby doing damage to someone.

I guess the answer lies in the fact that thus far we have not been able to prove without any shadow of a doubt that the seeding of clouds with silver iodide, either by ground generator or by aircraft, for the suppression of hail or the increase of rain did result in increased hail or rain.

To sum it up in layman's language, Mr. Speaker, we're safe as long as we don't prove it's working.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is the minister in a position to indicate to the Assembly whether the hail suppression program in central Alberta will continue in the 1978 crop year?

MR. MOORE: Yes, Mr. Speaker. I believe in this Legislature during this fall session I indicated that not only will it continue throughout 1978, which is the fifth year of a five-year commitment made to the funding, but I would expect it to continue throughout 1979. Because it will be well into 1979 before the Alberta Research Council, the Weather Modification Board, and others involved in the project have an opportunity to completely tabulate the results from the 1978 program, and an opportunity for us to get into a position of decision-making so that we can determine what would be carried forward beyond 1978. So really if we don't operate the program in 1979, it would be a year when no program at all is operating, because we simply would not yet have the total results of the five-year program.

Trucking Industry

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Labour and is with regard to truckers. I wonder if the minister plans on bringing amendments to The Labour Act to the Assembly which would grant owner/operators and dependent contractors the right to collective bargaining.

MR. CRAWFORD: That is not proposed to be brought before the House at this time, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is the minister prepared to study or review the legislation, I believe in Ontario, Manitoba, and British Columbia, with respect to collective bargaining opportunities for independent truckers?

MR. CRAWFORD: Mr. Speaker, we certainly have reviewed other provinces' legislation with specific reference to that. In dealing with it, those other jurisdictions have chosen to deal with the subject that they refer to as dependent contractors, and primarily deal with situations where a person who is a small businessman is deemed to be in a position where he's really part of the work force. We have looked at that. We've decided that any action in that regard wouldn't be appropriate for proposed amendments to The Labour Act at this time.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Is the minister monitoring the trucking

industry in the sense that a number of them are running into difficulty, and has he a liaison person who is continuing monitoring to see whether this type of legislation might be of assistance to them?

MR. CRAWFORD: Mr. Speaker, perhaps the hon. Minister of Transportation would add to it because of the close contact and consultation between the government, the trucking industry, and the independent operators in that respect. But the answer to the hon. member's question is that although I have met often with representatives of the truckers, the specific type of monitoring from a business point of view isn't done by the Department of Labour.

MR. NOTLEY: A supplementary question to the hon. Minister of Transportation. In light of some of the complaints of the independent truckers, has there been any review of their complaints about a cost/earning squeeze and a review of departmental rates for independent truckers?

DR. HORNER: The answer, Mr. Speaker, is yes. We did review those this spring. There was an increase in the so-called government rates that sort of set the basis for the independent truckers, particularly the gravel-haul operators.

We would encourage the independent owners to form an association, because we would welcome the opportunity to sit down with their representatives to have a look at the details and hear their representations. This we have done so far, Mr. Speaker, but it might be more helpful if a larger group were involved.

Nursing Home Construction

MR. MINIELY: Mr. Speaker, yesterday I said I would check the status of Salem Manor and report to the House. I would like to do that at the close of question period today.

The Salem Manor Society was advised by registered mail July 28, 1976, that the Hospital Services Commission had approved its application for a contract for a 100-bed nursing home in Leduc. The Salem Manor Society indicated its acceptance of the commission's approval in its letter of August 13, 1976. Preliminary engineering drawings of the proposed nursing home were submitted to the Alberta Hospital Services Commission on May 26, 1977, for review and approval in accordance with the regulations under The Nursing Homes Act. The commission reviewed the plans and responded to The Salem Manor Society on July 19, 1977, listing certain requirements under The Nursing Homes Act that needed attention, amongst which was a requirement that the final architectural drawings be sealed by the responsible architect. On October 25, 1977, the commission contacted the firm preparing the drawings for The Salem Manor Society and was advised that the deficiencies listed in the commission's letter were being corrected, and that the final architectural drawings would be sealed by the responsible architect and submitted to the commission for review and approval to go to tender.

The drawings for the nursing home are estimated by the consulting firm to be 99 per cent complete, and the project could go to tender upon receiving the approval of the commission. The Salem Manor Socie-

ty advises the commission that they are prepared to proceed with the project, providing they can secure adequate capital financing.

ORDERS OF THE DAY

MR. SPEAKER: With regard to Motion No. 8 on today's Order Paper, that subject having been debated to a considerable extent during second reading of the bill dealing with a similar topic, it would seem to be in order that the motion should be deleted from the Order Paper. If the Assembly agrees, that will be done.

HON. MEMBERS: Agreed.

MR. SPEAKER: With regard to the bill presented yesterday by the hon. Leader of the Opposition, it could be in a somewhat different situation from a motion that is still under consideration. I would hope to bring back word about it tomorrow, private members' afternoon.

head: **GOVERNMENT BILLS AND ORDERS** (Second Reading)

Bill 62 **The Auditor General Act**

MR. LEITCH: Mr. Speaker, I'm very pleased to be able to move second reading of Bill 62, The Auditor General Act.

In my view, the bill is of great importance and very significant benefit to all people of Alberta. Essentially, Mr. Speaker, it provides the means for improving the accountability of the government, not only to this Assembly but to the people of Alberta, with respect to the collection, management, and use of the people's funds.

I would like to make very clear at the outset that the introduction of this bill should not be taken as a reflection upon the effectiveness of the auditing system we've had in the province for many years, or upon the people who administered that system. There is nothing in the way it has been administered that has led to the new legislation. I think the system has served the people of Alberta very well, as have the persons who have occupied the position of Provincial Auditor over the past many years. However, Mr. Speaker, changing circumstances call for changes in the system.

I do want to draw to all members' attention that they ought to consider The Auditor General Act in the light of the provisions of The Financial Administration Act, which is also on the Order Paper, and I anticipate that second reading of that act will follow second reading of this act. The provisions of the two bills, Mr. Speaker, are very closely entwined, and the definitions in one are applicable to the provisions of the other.

Now, Mr. Speaker, I would like to comment on what I consider to be the four very important principles in the bill. The first that I would address myself to is the transfer of the pre-audit function, now performed by the Provincial Auditor, to Treasury under the pro-

posed Financial Administration Act. Under the system we now have in Alberta, the Provincial Auditor performs both the pre-audit and post-audit functions. Under the proposed Auditor General Act, the auditor general would perform only the post-audit function, with the pre-audit function being performed by Treasury.

The second important principle covered in the bill is the ways it reduces the possibility of government interfering with or restricting or limiting the auditor general's capacity to do his work. The third important principle is the establishment of an audit committee or contact point between the auditor general and management. The fourth important principle on which I will be making some comments is the very significant enlargement of the scope of the auditor general's reports to the Legislative Assembly.

Returning to those four principles, Mr. Speaker, I'd simply like to point out what the pre-audit function involves. Essentially it involves all activity leading up to, and in fact the actual issuing of, the disbursement. In short, the Treasury would be responsible for everything that occurs in connection with the collection of funds, the handling of them, the management of them, and the disbursement of them, including the actual issuing of the cheque and the preparation of the financial statements. In some respects, all of that is now within the functions performed by the Provincial Auditor.

I should simply call the attention of the members of the Assembly to the report that was requested by my predecessor, which was tabled in the Legislative Assembly on December 15, 1975, and which was prepared by The Institute of Chartered Accountants of Alberta. It is a report with recommendations on the role of the Provincial Auditor. It drew attention to the theoretical conflict, if you like, between the pre-audit role of the Provincial Auditor and his post-audit role; that is, in some senses it could be argued that he was really checking and reporting on work he had been responsible for in the initial instance. The recommendation was that those two functions be separated. This bill carries out that recommendation.

Mr. Speaker, I should comment on a question raised earlier in this Assembly, I believe by the hon. Member for Drumheller, when the question of the creation of the post of auditor general was debated; that is, whether this legislation and its companion, The Financial Administration Act, would lead to a substantial growth in staff. In my judgment that will not be the case. There will be a transfer to Treasury of a significant number of people now in the Provincial Auditor's office, and that transfer will involve all those persons now working in the pre-audit area. If and when this legislation is passed, they will work in Treasury. I anticipate an increase in the staff of the auditor general, in the sense that he will be doing more post-audit work. But the Assembly will remember that we have been moving in that direction anyway. There was an increase in the Provincial Auditor's staff last year in the post-audit area to enable him to do more work in that area. I expect that will continue; that is, I anticipate an increase there but not a dramatic one.

Of the four principles I spoke of earlier, Mr. Speaker, I would now like to comment on and call the members' attention to the very significant increase in the scope of the Auditor's reports to the Legislative

Assembly. If one goes through the current legislation, one will find very little about what the Provincial Auditor's reports to the Assembly ought to be. They are now covered in detail, in a very substantially amplified form, in sections 18 and 19 of Bill 62.

At this point, Mr. Speaker, I believe it would be appropriate for me to comment on the question of management auditing or value accounting or value for money spent — all those phrases having a similar connotation — and say to the members of the Assembly that while the role of the auditor general has been very, very substantially expanded over what is now provided for in the legislation, in my judgment it does not get into the area of encouraging or leading the auditor general to report on matters of policy. I doubt that I need say any more on the question of whether that is appropriate, because it seems self-evident to me that the auditor general ought not to be involved in reporting on or commenting on matters of policy. That is surely solely for the Members of the Legislative Assembly.

On the question of management auditing or value accounting, I simply want to draw members' attention to the fact that in this bill the concentration on matters of economy, efficiency, and effectiveness is related to the systems that are in place, or are not in place but should be in place, or that are in place but are not being followed, and that we would expect the auditor general to concentrate his comments on. In short, the auditor general would be examining whether management has systems in place to measure the economy, effectiveness, and efficiency of its programs and, if it doesn't have those systems in place, commenting on that fact, where such systems in the view of the auditor general would be appropriate or, if the systems are in place, pointing out to the members of the Assembly where they're not being followed.

I could use an example of the important distinction between the way those matters are dealt with in this legislation and in other pieces of legislation in the country. For example, the federal legislation refers to the Auditor General commenting on whether value has been obtained for money or whether it's been efficiently spent. In reviewing that legislation, the federal Auditor General drew this distinction between the former legislation and the bill then before the federal House by saying that under the former legislation if Parliament had decided to expend moneys to build a dock it was the role of the Auditor General to ensure that the money was indeed spent on the dock. He went on to say that under the terms of the then proposed federal bill, it would be up to the Auditor General to judge whether Parliament had gotten the best dock for the money spent.

In my judgment, Mr. Speaker, that is not the route we ought to follow because, as the Auditor General then pointed out, he would expect his office to be expanded and he would need industrial engineers and people like that working in his office. In short, with that kind of approach, the Assembly would vote money to build a bridge; the government would get on with building it; the auditor general would hire engineers, because no one's going to suggest that he or the people normally on his staff would have the capacity to judge whether you got a good bridge or built it the right way; they would in turn examine whether the bridge was built efficiently, effectively, or

what have you; and that would be reported to the Assembly. Surely it doesn't take very much contemplation or imagination to demonstrate the difficulty that's going to lead to. For example, the government engineers who built it are obviously of the view that it was built efficiently, effectively, and properly. Should the auditor general get a different opinion, who's going to say which is right? We're going to need more engineers to check on the engineers of the auditor general, who were checking on the government's engineers.

Mr. Speaker, in our view that is not the effective, efficient, or economic way to go. We think the preferable way is for the auditor general to examine whether we have systems in place to ensure that we've gone about the business of building the bridge in an efficient, effective, economical way. That's an appropriate role for the auditor general to play, and the people now on his staff can certainly do that. Where he is of the view that there are not effective systems or that they haven't been followed, it would be appropriate and expected of him to report that to the Assembly.

Mr. Speaker, the third principle in the bill, to which I would now like to turn, is the very significant changes which reduce or eliminate the theoretical possibility of the government in one way or another interfering with, handicapping, or restricting the auditor general in his work. I say "theoretical", Mr. Speaker, because there's no suggestion that I'm aware of, at any time in the past under this or the former administration, that anything was ever done by the government to restrict the capacity of the auditor general to do his work or his sense of independence.

The three ways in which the current system has been changed, Mr. Speaker, are: first, a new method of appointment. Under the current system the Provincial Auditor is appointed by the Lieutenant Governor in Council. In the proposed bill the Lieutenant Governor in Council would make the appointment, but only on the recommendation of the Assembly. The removal provision remains essentially the same, which is by the Assembly. Salary would also be set by the Assembly through the select standing committee which is proposed in the bill and again removes the government's control, if one likes, over the auditor general's salary, because it is now set by amendments to the applicable legislation from time to time.

There is also provision in the bill, Mr. Speaker, for the auditor general's budget to be set by the Legislative Assembly through the proposed select standing committee. That removes the theoretical possibility of the government limiting the effectiveness of the auditor general by not providing an adequate budget. That can now be dealt with by the Assembly in the fashion I have described.

There are also provisions in the bill, Mr. Speaker, whereby the Assembly, through the committee I've referred to, can change personnel practices or procedures which are being followed by the government and which the auditor general might feel would limit or reduce his capacity to properly staff his office.

In my view, Mr. Speaker, those are in principle very sound changes which ought to be supported.

The last point of principle on which I wanted to comment, Mr. Speaker, was the establishment of an audit committee, which I feel is very significant. It is

in essence a contact point between the auditor general and the management, or government, if you like. I think it very important to draw to the attention of the members of the Assembly that any information the auditor general gives to this audit committee is solely within his discretion; that is, he's the one who decides to what extent he wishes to confer with that committee. He decides whether any information should be given to them. So the decision on whether information is given to that committee is solely that of the auditor general.

But the reason it's important to government or management that there be a contact point there — and, to the extent the auditor general thinks reasonable and appropriate, we are aware of the scope of his audit — is simply this: we share with the auditor general and with the Members of the Legislative Assembly and, indeed, all the people of Alberta, a concern about whether our systems are working properly; whether the systems we put in place to properly collect, manage, and disburse the funds, to measure effectiveness, efficiency, in the economy are working.

So we want to know, in general terms, the scope of the auditor's review. Because it may well be that the audit committee will advise the government that they think there should be a different or enlarged kind of view, and may discuss that with the auditor general. Indeed one could foresee the theoretical possibility, if the auditor general didn't want to enlarge it, that we may wish to do it ourselves for our own purposes. I think that is going to prove a very valuable contact point between the management and the auditor general, because essentially we both have the same objective, which is what I outlined: to ensure that the funds are being properly collected, managed, and disbursed.

Touching on this area, I think, is the auditor general's capacity to comment on the systems we have in place for these various purposes, Mr. Speaker. The auditor general, in examining the systems, is really in a sense practising a little preventive medicine. Because it is not in his interest either, to find that something has happened which he thinks shouldn't have happened and which he thinks should be reported to the Assembly. His prime interest is looking at the systems we have in place to ensure that those things don't happen. Part of that will go on, I'm sure, between the auditor general and the audit committee.

Mr. Speaker, I'd like to conclude simply by saying that by this bill the government of Alberta is creating a system or procedure which will provide a significant and important check on itself. I'm very pleased and proud to have been able to sponsor it, and urge all members' wholehearted support of it.

MR. CLARK: Mr. Speaker, in dealing with second reading of Bill 62, might I say to the Provincial Treasurer that this bill is a pleasant change from the kind of legislation we've been dealing with, the last part of last week and the first part of this week; namely, the three Tory thrusts at centralizing power in the hands of the cabinet: The Planning Act, the ECA legislation, and the hospitals legislation.

I would say to the Provincial Treasurer that it's our intention to support Bill 62. We think the government, on this occasion — we may argue with the

timing, but basically we think it's a pretty sound piece of legislation. Mr. Speaker, lest my friends on the other side of the House become overly enthusiastic, I do have some concerns about the bill, but I'll come to those areas in a few moments.

At the outset I would like to say that as early as 1970 there had been discussion in the Legislature about the possibility of an auditor general or of someone taking on that function. On reflection I find very interesting Bill 134, The Taxpayers' Protection Act, which was introduced by the hon. Mr. Hyndman, who is now the Government House Leader. Mr. Speaker, I'll just read the first portion of Section 1:

The Provincial Auditor shall be the Auditor General of Alberta and, in addition to any [other] function performed by him under any other act, shall act as [the] protector [of] the taxpayer by examining, in such manner as he may deem necessary, the accounts relating to the General Revenue Fund and to the disbursement of Public [funds] and shall ascertain whether in his opinion And this is the one I want the members to listen to very, very carefully:

(a) there is any waste or needless expenditure

....

I raise this area, Mr. Speaker, because I thought the Provincial Treasurer, in his usual way, attempted to set up the defenses before the attack began. The Provincial Treasurer is very shrewd in recognizing that perhaps one of the major shortcomings of the piece of legislation he is putting before us today is that to some extent it restricts the auditor general from doing the very thing that was included in this bill presented in 1971 by the Conservative opposition of that time; really, to look at that area of waste and needless expenditure.

I enjoyed very much the way in which the Provincial Treasurer went about how the auditor general couldn't become involved in these areas. I think the Treasurer used the example of the dock. If the auditor general was to investigate whether we got a good dock, he'd have to take on his own industrial engineers. Then if he didn't agree with the government engineers, someone would have to take on a third bunch of industrial engineers to arbitrate this investigation. Mr. Treasurer, I have enough confidence in you, sir, to remind you that Maxwell Henderson didn't need reams of industrial engineers to draw to the attention of the Members of Parliament numerous shortcomings of the federal government over the past number of years.

DR. BUCK: It's like putting a horse on the payroll. You don't have to be an engineer.

MR. CLARK: Yes, we didn't need engineers, veterinarians, or experts on nutrition or anything else to look at that particular area.

MR. NOTLEY: Is that a holdover from Wacky Bennett's time?

MR. CLARK: The point at issue clearly is this: I would like to have seen the bill give the auditor general a bit more elbow room in this area of looking at the question of value for dollars spent. I think that would have been a reasonable thing for the government to do.

I'd go on, Mr. Speaker, and say this: the major

concern I have about this bill would really be found in Section 24. That's the part that deals with the audit committee. In the course of his comments today, the Provincial Treasurer pointed out the need for an audit committee, using it as a contact point for the auditor. Fair ball. I think that's reasonable. But the part dealing with the audit committee that does give me some concern is that provision of the act that makes it legislatively essential for the auditor to give to the audit committee a copy of any report the auditor general is going to give to the select committee.

We have a situation in this legislation, Mr. Speaker, where the Provincial Auditor will be responsible to a select committee of the Legislature, and in turn to the Legislature. Yet the Provincial Auditor is being directed by this legislation that he can't give his report to the legislative committee, the group he's responsible to first. He has to give his report first of all to the government's contact point. After that he can give it to the members of the Legislature.

I find this strange. I find it inconsistent with what the Treasurer told us this afternoon the government is really trying to do. If the auditor is to be independent, as the Treasurer said, if he's to be responsible to the Legislature, as the Treasurer said, then isn't it reasonable, Mr. Speaker, we would at least trust the auditor that he could give either his annual report or any special report to the members of the Legislature and to the members of the select committee first, rather than have it mandatory that he give this report to the government's audit committee prior to giving it to members of the Legislature? I find this perhaps the most glaring weakness in the proposition being put before us today. I look forward to a discussion with regard to Section 24 when we get into the particular sections of the bill.

I would say to the Provincial Treasurer and to all members of the Assembly that now we are moving to a situation where the pre-audit function will be handled by Treasury, the position of Provincial Treasurer becomes an increasingly important office in the cabinet. There will be times when various departments will want to put all the pressure they can on Treasury to short-cut or end-run certain portions of the pre-audit function as it's being done by Treasury in the future. I think it's fair to say the former Provincial Auditor, Mr. Huckvale, and the present Auditor, Mr. Rogers, have likely saved the former government — and I suspect the present government — a considerable amount of embarrassment on occasions by the vigilance with which they followed up the pre-audit system. Now that we're moving pre-audit over to Treasury, it will be increasingly important that the Treasurer have the intestinal fortitude to stand up to pressure from his colleagues and from senior officials in various departments to short-circuit the pre-audit function, which now is going to be done by Treasury, and is much more vulnerable to pressure than when pre-audit is done by the Provincial Auditor, who is an employee of the Legislature.

So I point that out to the Provincial Treasurer. I think it's essential that we retain the concept of pre-audit, and certainly continue with the post-audit function which should be carried out by the new auditor general.

One other area I'd like to deal with, Mr. Speaker, is the question of accountability for government agencies which will fall outside the purview of the auditor

general in this legislation. It's interesting that the Provincial Auditor now accounts to the Assembly on the operations of both the eastern and western irrigation districts, despite the fact that we as a province have no equity at all in them. Yet we have a situation like the Alberta Energy Company, which will be completely exempt as far as the Provincial Auditor's responsibilities are concerned. They are now, and will be, completely beyond the scope of the auditor general.

On more than one occasion we've tried to get this government to build in some accountability as far as the AEC is concerned. Obviously the auditor general legislation isn't going to deal with that. What does have to happen, regardless of where members sit in the Assembly, if we're to have more Alberta Energy kinds of ventures in the future — and I suspect we are, as far as this government is concerned — then we are going to have to collectively look at some kind of system of accountability.

We really have no accountability today. We'll have no accountability under The Auditor General Act. It's going to call upon the best efforts of all of us — regardless of where we may sit in the House and regardless of our point of view — to search for some system of accountability. At this time we can't agree on line-by-line accountability. The government doesn't want the auditor general involved in that area. I think it's then incumbent upon the Assembly, hopefully soon, to look at some means of accountability as far as organizations like the Alberta Energy Company are concerned. Because clearly in my interpretation of this legislation, AEC will be beyond The Auditor General Act.

Mr. Speaker, I would hope the members of the select committee, who are to be appointed, would seriously consider the appointment of the present Provincial Auditor as Alberta's first auditor general. I think the present Provincial Auditor has done a fine job in areas that haven't been easiest for him to deal with. I'm sure members on both sides of the House recall some of the special reports the Auditor has done. Also, members on both sides of the House have had the opportunity to see Mr. Rogers perform before the Public Accounts Committee. I'm impressed by his impartiality, ability, and dedication to the job. I for one think Mr. Rogers would be an excellent appointment as far as Alberta's first auditor general is concerned.

I would also make the proposition to the government now, although I don't expect a definite, positive decision this afternoon, that in this question of membership of the select committee — the nine members, I believe — the government should give serious consideration to having a member of the opposition as chairperson of that committee. I think it's a suggestion that would bear careful consideration by the members in the Assembly. [interjections] I hear some rumblings coming back already. I get this sinking feeling, Mr. Speaker, that that decision has already been made. However, we'll wait for the guillotine to fall, in the course of the Provincial Treasurer's comments.

In conclusion, Mr. Speaker, it is the intention of the official opposition to support the bill. We will be introducing two or three amendments in the course of committee work on the bill. Our greatest concern is with the concept, in Section 24, that the auditor

general is not directly and solely accountable to the select committee and the members of the Legislature. In the Section 24 provision, the auditor general must give the report to the audit committee prior to getting it into the hands of the members of the Legislature.

Secondly, we're disappointed the government hasn't gone as far as we would like to have seen it go on the question of value for the taxpayers' money.

MR. NOTLEY: Mr. Speaker, in rising to participate in the debate on Bill 62, first of all I'd like to second both the comments of the Provincial Treasurer in introducing the bill and the statements made by the Leader of the Opposition with respect to the competency of Mr. Rogers, the present Provincial Auditor in Alberta. I feel there is no doubt this particular public servant has won the respect of both sides of the House and fair-minded Albertans wherever they reside.

I intend to support Bill 62 in principle. However, I'd like to make a number of observations in addressing the principles contained in the bill. At the outset, Mr. Speaker, when one thinks of an auditor general, one always conjures up the picture of Maxwell Henderson, a very effective federal public servant — a servant of the Parliament of Canada, I should say, and let me make that clear — who perhaps was a trifle cantankerous, but who dramatized the role of the auditor general in such a graphic way that the average person assumes an auditor general is going to have as a large part of his responsibility the assessment of whether or not the taxpayers have received fair value for their money.

Mr. Speaker, in doing some background work on this bill we surveyed various jurisdictions in the country, and I think it's generally fair to say there are three major types of functions an auditor general would perform. The first is the obvious one of ensuring that payments have been made for the purpose and amount designated, in accord with authorizations of the Assembly; in other words, if a dock was to be constructed, that a dock was in fact built. Secondly, to transform the professional accountants' technical jargon into layman's language. Again I would go back to the record of Maxwell Henderson in this respect. No one had a better ability to take complicated accounting techniques and describe them in such a way that the average taxpayer could understand what had occurred. The third is to evaluate within the confines of stated government policy whether the taxpayer is receiving reasonable value for money spent.

Mr. Speaker, that's where I'd like to begin my remarks this afternoon, in terms at least of expressing some concerns. I listened to the hon. Provincial Treasurer indicate the responsibility of the auditor general would be primarily to assess whether or not the systems were in place. He used the example of the dock, then switched over to a bridge. I hope we're not going to be spending too much of the heritage trust fund money on docks, although with the money we invested in Newfoundland one never knows.

In any event, Mr. Speaker, let's stay with the question of the bridge. I don't think anyone is arguing, as I assess various types of auditor general legislation across the country, that the auditor has any business in making a report as to whether or not the government should be building bridges. That's a policy decision, and that's the sort of decision that should be

made in the Legislative Assembly. At the other extreme I don't think anyone would suggest an auditor general should not have the authority to decide whether in fact that bridge was constructed, according to the vote of the Assembly.

In my view, Mr. Speaker, the substantial difference between the general legislation across the country and the bill we have before us today is in that third area: whether or not in the construction of the bridge the taxpayer was receiving reasonable value for money spent. With great respect to the Provincial Treasurer's remarks in introducing this bill, I would say that if you were to take a survey among the taxpayers of Canada and ask them for their definition of the role of auditor general, the vast majority of them would seize upon this third feature; that is, to assess whether the taxpayer has received value for money spent.

Now one can say that will mean too many public servants. One can say that will lead to controversy. Well, Mr. Speaker, controversy is one of the things a democratic society has to have in order to continue to function successfully. The minister says, perhaps we're going to have to bring in some more engineers to assess the report of the auditor general. So be it. That's not going to happen in most cases. Most of the famous examples Maxwell Henderson brought to public attention were examples where quite frankly it wasn't necessary to bring in armies of outside consultants to countercheck what the government did. They were just stupid expenditures by the government — senseless expenditures where money was squandered — and we had a federal auditor general who called it as it was, much to the immense discomfort of the Liberal government at the time. I should just say the present Auditor General in Ottawa, despite some concerns when he was appointed, seems to be carrying on the tradition — at least if his last report is any indication — in the same admirable way as his predecessor.

So, Mr. Speaker, I think we have to take a pretty close look at whether in fact what we have here is a scaled-down concept of the auditor general principle. As I listen to the Provincial Treasurer tell us about the advantages of the auditor assessing systems in place — or whether they're in place, or whether they should be in place — as opposed to the question of value for money spent, I become a little concerned.

Mr. Speaker, I'd like to move on now to deal with several other issues. The question was already raised about the contact point. I too was troubled by the fact that we're going to have this audit committee of, I believe, seven people, not MLAs, who will obtain the information from the auditor before the select committee receives this information. And I say again that in my judgment that is not in keeping with the philosophy behind an auditor general. It seems to me the proper course would be for the committee to obtain the information first. If it then goes to the audit committee, so be it. There can be discussion with the appropriate people in the public service. Fair enough. That's a sensible approach. But it's the question of who gets the information when and how; whether it first goes to the select committee, who are members of the Legislative Assembly, or whether it is submitted to this audit committee.

I suspect, Mr. Speaker, that if we look back over this entire question of public accountability, the Sia-

mese twins, if you like, of audit assessment are the auditor general as a position and the public accounts committee, or some variation of that where you have members of the Legislature participating.

Mr. Speaker, I agree with the comment made by the Leader of the Opposition, that the select committee of the Legislature should be chaired by someone from the opposition, in keeping with the general principle in our parliamentary system that the public accounts committee be chaired by a representative from the opposition side of the House.

But what concerns me even more is that as I review this legislation, Mr. Minister, it seems we are going to have a very diffused accountability. First of all we're going to have the audit committee, which will be seven people; then we're going to have the nine-member select committee of the Legislature, who will meet periodically throughout the year and who will have as their responsibilities the appointment, the recommendations as to remuneration, staff, what have you; then we're going to have the Public Accounts Committee. Now, Mr. Speaker, it seems to me that it might well have been wiser to have enlarged the role of the Public Accounts Committee. I don't think there is any reason written in stone why the Public Accounts Committee could not carry out this function and why it's necessary that the Public Accounts Committee only meet during the sessions of the Legislature.

It strikes me, Mr. Speaker, that rather than piling on another select committee, the best way of handling this situation would have been to authorize the Public Accounts Committee to carry on these functions that have been designated to the select committee. That may very well mean that there would be periodic meetings of the Public Accounts Committee through the year, when the Legislature is in recess. So be it. Nothing wrong with that. I would suggest, Mr. Speaker, that that would at least more clearly delineate for the public the accountability which has to be part and parcel of any auditor general system that is going to be successful and win the respect of the public.

Mr. Speaker, there are other comments that could be made as well; for example, the question of access to information. I notice there is a penalty if information is withheld from the auditor. But the penalty is not specified.

Section 15(4): the auditor general has the same restrictions as any civil servant in releasing information — I submit that is one provision we have to look at very closely. One can certainly make the defense that public servants take an oath of office, and that information cannot be released. But, Mr. Speaker, let me say to the Provincial Treasurer that it would in a sense be a tragedy if the auditor general were prevented from doing his job — which is primarily to assist MLAs in scrutinizing and reviewing government spending, or assessing the systems — by reason of such a restriction, or even the fear, the whole borderline question — and we know that in modern government, whether you go into business or how you go into business, or whether it's coming up with a bill or not, we're not dealing with the delightful ease of black and white considerations, we're dealing with shades of grey matters. If this provision tends to restrict the auditor general, I would ask the Provincial Treasurer to consider how we can meet the concern

that I know lies behind this section and yet at the same time not unduly restrict the ability of the auditor general to speak out frankly if he sees that there are serious omissions in terms of the government's operating systems.

Mr. Speaker, of course we have certain agencies of the government that are beyond the scope of this legislation. Apparently we're going to be able to audit PWA. That's fair enough. But as was already pointed out, the Alberta Energy Company is beyond the scope of the provincial auditor general. In view of the fact that we already have \$75 million in the Alberta Energy Company — the legislation passed, I believe in 1973, authorizes up to \$250 million of public money — I just find it rather difficult to accept the logic that this amount of taxpayers' money can be placed in a company and that we are not going to have any of the constraints, either in terms of accountability in the Legislative Assembly or the ability of the Provincial Auditor to be able to conduct an audit.

We had quite a speech today in question period from the Minister Without Portfolio in charge of native affairs, about how he was going to make sure that the public money was well spent as far as ANDCO is concerned. Fair ball. Nobody is going to question that. But at the same time we're talking about — was it \$250,000 to ANDCO — we've got \$75 million in the Alberta Energy Company that's beyond the scope of this legislation.

I say, Mr. Speaker, that if we're going to be consistent — you know taxpayers' dollars, regardless of what the mechanism is — if we're going to start transferring that sort of money to whatever you call it, the Alberta Energy Company, or any name you give to that sort of mechanism, there has to be accountability to the Legislative Assembly and a provincial auditor general should have the same rights to be able to investigate, to assess, to scrutinize, to question, to probe, money invested in the Alberta Energy Company as he does in AGT, PWA, or firms that are 70 per cent, 80 per cent, 100 per cent owned by the taxpayers.

Mr. Speaker, in addition to the observations I've made, there is one rather troubling omission in Bill 62. As I review the legislation across the country, I find there has been an independent review committee of the office of Auditor General in Canada. That independent review committee made what I thought was a very reasonable proposal to the federal Parliament. That was simply this: the secretary of the Treasury Board should continue to provide the Standing Committee on Public Accounts with a formal response to matters raised in the annual report of the Auditor General. In other words, that would be contained right in the legislation. So if the auditor general finds that the Provincial Treasurer has 50 horses on the payroll, then so be it. That's made in the report and the Provincial Treasurer has to respond formally to the concerns raised. If we find there are all sorts of omissions in — to use the minister's definition — the systems the auditor is to scrutinize, again we have a formal response made to each of the specific recommendations, complaints, or concerns expressed by the auditor general.

Mr. Speaker, I suppose that's going to happen to a certain extent when the Treasurer comes before the select committee or the Public Accounts Committee. But the point made in the review of the federal legis-

lation was that it should be an automatic procedure, to ensure accountability to the Legislative Assembly.

Mr. Speaker, having raised these points, I would just like to offer one further observation before concluding my remarks. The select committee apparently is to review the estimates and pass them onto the Provincial Treasurer. I assume, Mr. Treasurer, that those estimates, prepared by the select committee, will bind the government. But the legislation doesn't say so. I would hope the latitude of the select committee is not in any way, shape, or form restricted by whatever current policy seems to be in vogue — Santa Claus for nine months before the election and Ebenezer Scrooge for the three years and three months after the election.

I think we have to make sure, Mr. Speaker, that the estimates of the auditor general are clearly in the hands of the select committee and not up to the cabinet or the Provincial Treasurer in any way, shape, or form, apart from the fact that the Treasurer would be approving the estimates. But I think the decision as to what these estimates are should be a matter between whatever committee it is, and I don't want to rehash the issue of the Public Accounts Committee again. I think that probably Public Accounts could suffice and perform the duties of the special select committee as well as the normal responsibilities contained in present legislation.

I'd just like to conclude, Mr. Speaker, by saying that while I have some misgivings about certain features of Bill 62, nevertheless it's an important step forward. It will put Alberta in step with most other jurisdictions in Canada that have an auditor general. Whether one chooses a quiet diplomat with awesome ability and unquestioned integrity, such as Mr. Rogers, or someone like Maxwell Henderson, who has equal claim to integrity but a nose for the news that remains unchallenged to this day. I can only say that no jurisdiction in Canada needs an auditor general more clearly than we do in Alberta, and I'm pleased to see we are finally moving on this important matter.

MR. McCRAE: Mr. Speaker, I'd like to offer a few words in support of this bill. I think it is a very important bill and deserves the support of all members of the House. I'm particularly pleased that the members opposite are showing some positive support for the bill; I find that unusual. I was almost despairing that they knew what was worth while and what wasn't. They are so used to being negative that I frankly thought they'd be totally against the bill. I'm happy for them, and for the rest of us, that they're offering general support, even with some reservations.

I'd like to go on record as supporting the words of the members opposite, indeed all members, on the fine work of the Provincial Auditor for the province generally and, in my experience, particularly in the Public Accounts Committee. That is a committee where there often seems to be a good deal more smoke than fire, and a good deal more seems to happen outside the doors than happens in here. But I do appreciate the counsel of the Provincial Auditor to the committee in a very stable, steady fashion. I think a steady hand at the financial wheel is particularly important in a committee a little less rigid in its structure than this House. The rules are quite relaxed, and there seems to be a tendency for

members to, let's say, drivel a little more than in here. [interjections]

I would like to respond to one comment made by one of the members opposite, which is the suggestion that it should be spelled out in legislation that the chairman of the select committee must necessarily be one of the members of the opposition. On a strictly legal basis I would counsel against that kind of addition to the legislation, because it would be wrong in principle to saddle the Legislature with a requirement that might not be possible of fulfilment. I'm not predicting this at all, but it is possible there may be none of the members opposite here, or in opposition, some time in the future. That may or may not happen. I simply say we should not write into legislation that which may not be attainable.

I would like to make another comment. The member opposite made a suggestion as to who the auditor general might be. I would point out to him that under Section 3 the Lieutenant Governor in Council shall appoint the auditor general on the recommendation of the Assembly. If the member has read the act, he will know that all of us here will have an opportunity for input to who the member will be.

I think Bill 62, The Auditor General Act, and its companion piece, Bill 63, The Financial Administration Act, are tremendously important bills at this time. The government has had success in managing its resources and budget, having a balanced budget with some surplus, and in addition to that the heritage trust fund. With that kind of wealth around, and that kind of good management, it is incumbent that we have an auditor general who can assist us in continuing the degree of confidence the general public has.

I've a special interest in the legislation. In my by-election in 1973 — of course each of us in a by-election must have some platform — that was one of seven items in my special platform. I thought it was good, and required legislation then. I'm quite happy it is being brought forward today in very fine fashion in the bill. My additional interest comes because in 1974 I had intended sponsoring a motion on it. I see by my file that I had prepared a motion, but I'm not sure I got it to the floor of the House, or if I did and the Assembly adjourned before it was debated. An additional reason for my interest in the bill is that I had the opportunity of working with the Provincial Treasurer on its preparation. I enjoyed working with him, his staff, and others, and can attest to the length of time spent in preparation of the bill and the consideration given to all its aspects.

In my research in 1974 on the question of an auditor general, I came across an article in *Canadian Public Administration*, Volume 17, Number 2, on the question of the Canadian auditors general and their role. On the question of function, I think it is particularly appropriate to quote from that article, written by a Ross Denham of the Faculty of Business Administration and Commerce at the University of Alberta. I'm not personally acquainted with the gentleman, but from what I've read of his article, and the assurances of my friend the Minister of Municipal Affairs, I am sure he is a man of some stature. Let me quote briefly:

It is argued that the auditor general, while directly responsible to the federal or provincial legislative body, must not see himself as an adversary of the civil servant or government

I think that's particularly important. A member opposite referred earlier to reports of the federal auditor general and how inflammatory they were. I can imagine that if you were sitting over there enjoying the heat and the fire, you would relish that kind of thing. But whether or not — I shouldn't say whether or not — I would say it is not necessarily in the best interests of the people of the province, the government, or the legislature or parliament as a whole. Surely the function of the auditor general is to get to the basic question of how the money is spent, and ensure that it is properly spent. It is to provide credence to reports on activities undertaken by managers of the public assets, and to protect and support the managers themselves by assuring them that they have an effective internal control system and that it is operating well. Surely that must be the function of an auditor general.

Referring again to the same article, he established a number of criteria — I thought it was a particularly scholarly work — for protecting the auditor general from interference. One of these was that the auditor general should be guaranteed access to all information. We see by Section 5 of the bill that the auditor general will in fact be guaranteed access to all information. Another was that realistic procedures for funding should be secured. That is established by the select committee, who will annually review his salary and his budget. That is provided in Section 7 of the bill. Another criterion suggested by Mr. Denham was that there should be special arrangements for appointment, tenure, dismissal, and so on. As I said, that is covered in Section 3 and other sections, where the auditor general is in fact appointed by the Lieutenant Governor in Council, but on the recommendation of the full Assembly.

Mr. Speaker, the bill will separate the pre-audit and post-audit functions. As I have said, I think the success of our government in assuring the resources and revenues we have is argument enough for having an auditor general. It is important that we proceed with this legislation as soon as possible. The members opposite suggested they might have some minor amendments in committee, and we'll be looking forward to them. But in general I think it is an extremely fine piece of legislation and deserves the support of the full Assembly.

MR. TAYLOR: Mr. Speaker, I just want to make three comments on the bill, which I support and which I commend the hon. Provincial Treasurer for bringing in. I think it's an excellent bill. The first point I want to deal with is this matter of the pre-audit. In my view the pre-audit is not the business of the auditor. The pre-audit is before money is spent. That's the responsibility of the government, not the audit. In my view this particular function should have been in Treasury a long time ago. As a matter of fact, sometimes it may have been exercised, because there were times when I was in government that I wanted to know before letting a contract whether or not there were sufficient monies left in a certain vote so that I could let it. I would check with the audit, the auditor and the Treasury, but I normally got the information from the Treasury, because it kept tab on what money was being spent, how much money was left, and so on.

In my view it's a smart, excellent move to transfer

the pre-audit to the Treasury, where it's under a minister and where it can be looked after. It's not yet spent, consequently it's not the business of the auditor, in my view.

The second point I'd like to make is that the auditor is responsible to see that payments are authorized as per legislation, and secondly, to see that there are proper receipts for all payments. I think those are the two major functions — to see if cheques are going out to proper persons and that there are proper receipts for those payments.

That the auditor should have some responsibility to decide whether or not value has been secured for the money, or otherwise, I don't go along [with] at all. I don't know how he's in a position to decide that. Take the illustration given by the hon. Provincial Treasurer, about a bridge. How's the auditor to know whether or not the stresses and strains are proper? How is he to know whether the foundations were satisfactory? We already have staff, highly qualified engineers, who are doing all those things. That is a definite function of the department. That's why we have a Minister of Transportation, and why the engineers of that department are responsible to the minister, to make sure that these things are all done. Should there be a bridge failure, would anybody point their finger at the auditor? Not at all. He may have no knowledge of stresses, strains, foundations, of the amount of concrete that should be put into the bridge, et cetera. The figure would go to the minister, because he has engineers who are trained in those things and are responsible to him, and whom he holds responsible. That is the proper function, in my view, of checking value for money spent.

The people are another check on many of these things. If you put up a bridge that starts to sink or move within a very short time, it's not long before people want to know why, what is the reason for it, and so on. The minister again is the proper one to be responsible for that particular action.

I don't think the auditor — whether it's a pre-audit, an auditor general, or the auditor we have now — has any business deciding whether or not the money has been spent wisely or otherwise. That's the function of democracy. That's the function of the MLAs, and if the money is not spent wisely, or if he made a poor judgment, the minister is held responsible, and must stand for election before the people, must be responsible to the premier, if he's a minister, as well as to the Legislature. I think we have all the checks and balances in place already to deal with that type of item.

The third item I would like to get a further explanation on. I do not see at this time why we should have an audit committee. I like the idea of the special committee of the Legislature. I think that can do a function that the Public Accounts can't do, particularly if it can get to the records earlier than the Public Accounts Committee does. The Public Accounts Committee is always one year behind. We have a quarterly report, a half-yearly report, a three-quarter year report that I think the Legislature select committee could deal with effectively. I like the standing committee of the Legislature, but I can't see why the standing committee of the Legislature can't also handle the work that's supposed to be handled by the audit committee. I would like to have some further explanation of why we need the two. At this time I

would certainly prefer just to have the standing committee of the Legislature which I support and which I think is excellent in addition to the Public Accounts Committee.

I support the bill.

DR. PAPROSKI: Mr. Speaker, as I rise to speak on The Auditor General Act, Bill 62, I'd like to say from the outset that this legislation certainly is an example of the streamlined method that this government is running, to improve the situation for people in Alberta.

Just to respond very quickly, Mr. Speaker, it's in line with The Planning Act which is streamlined and allows local autonomy to respond to planning. It certainly is in line with The Environment Conservation Act which will continue to evaluate our environment regarding those areas, in using a variety of experts out in the field. It certainly is in line with The Department of Hospitals and Medical Care Act which has removed that old dinosaur and replaced it with a responsive, elected-member type of bill. It exemplifies the responsiveness of this government to an election commitment which it had made and is now carrying out. It certainly demonstrates the strong desire of this government, as the hon. Member for Drumheller just mentioned, to have the checks and balances to ensure that public dollars not only are spent where they are supposed to be, but allocated appropriately and that the system for that allocation is there.

Mr. Speaker, let me review some of the elements as the hon. minister already has. At this point I would like to congratulate him for bringing in this particular bill, because it's certainly in line with the modern way of thinking, of adding another area of security of expenditure for the public dollar.

Some of the elements of the act which will certainly protect that public dollar: number one, the auditor general. He's appointed at the recommendation of the Legislative Assembly, all the members here, both opposition and members on the government side, and he can be removed by the Legislative Assembly, and only by the Legislative Assembly. This is a very important issue.

The other important point here, Mr. Speaker, is that the Assembly will of course receive an annual report from him. The auditor general will scrutinize the expenditure of public dollars; that is, the methodology of the expenditure of those public dollars, and the systems of expenditure of those public dollars, by himself or his staff, by obtaining outside legal opinion and by carrying out enquiries, even investigations, within his jurisdiction, without obstruction by anyone, not any audit committee, not any select committee. He can be stopped, of course, by the Legislative Assembly at large. That means everybody in the Assembly, and not only by the government members. If there's any obstruction, Mr. Speaker, by any agency in government, then there is provision for a fine of \$2,000, or one year imprisonment, or both. And I suggest, Mr. Speaker, that that is muscle.

[Dr. McCrimmon in the Chair]

Mr. Speaker, the hon. minister has indicated that the Treasury will do the pre-audit, and now the post-audit and such other special duties as may be specified in the Legislative Assembly, such as regulation of funds, revolving funds within his scope of jurisdiction,

provincial agencies' funds, Crown-controlled funds or other funds will be done by the auditor general.

Mr. Speaker, Section 18 certainly exemplifies that very well. It says here that at the end of each fiscal year a report from the auditor general will be provided, a statement, his opinion as to whether this statement is a fair impression of the financial position, any reservations he may have regarding those statements. He can state his reasons and other comments.

If you go on, Mr. Speaker, to Section 19: he shall call attention in his annual report regarding the collection of public money, and if they have not been affected properly, if they have not been fully accounted, if they have not been properly reflected, it then goes on: he may call attention to disbursements of public money if they have not been in accordance with the authority or supply, if they have not been complied with in the regulations, and if they have not been properly reflected in the accounts, and so on. He can comment on accounting systems, et cetera. He can also comment if these concerns have been rectified.

Another important point then, Mr. Speaker, is that a special report can be made to the Legislative Assembly by him on matters of importance or urgency even before the annual report. I think that is really relevant and important to the members of the Assembly to remember, because from time to time something may come up that might be urgent and important that may distress some of us here.

Mr. Speaker, very importantly, policies, programs are not within his domain. Yet he, as the auditor general, can establish procedures and say procedures are adequate or not adequate, control is adequate or inadequate. He can suggest changes regarding expenditure of those moneys.

Mr. Speaker, some members may argue — and have alluded — that direction of government to spend moneys for particular programs should be within his domain. The example would be, for handicapped children, should we spend it or not? For senior citizens, should we spend it or not? To lower the provincial income tax, should we spend it or not? For establishing a grant program under the Department of Recreation, Parks and Wildlife, should we do that or not? Or should we provide support for cattle ranchers, or provide the natural gas price protection plan? One could go on and on. I suggest this is not within his domain. I hope no Member of the Legislative Assembly will abdicate that responsibility, and I certainly would not abdicate that responsibility as a member here.

But as we talk about that area which is a responsibility of elected members, Mr. Speaker, we feel very strongly, as a government, the responsibility to assure the electorate, the people out there, that the procedures, the control systems, and the expenditures are properly allocated and spent for a particular program, that it goes for that program and it's an acceptable and an effective system. Where the dollars go certainly should be within his jurisdiction, and we all support that.

Let me comment on another element, the audit committee. It's appointed by the Lieutenant-Governor. The auditor general can appear before the audit committee and be heard. The audit committee shall be called to consider any matter if requested by

the auditor general. It will review the annual report of the auditor general and will present its views and comments to the Lieutenant-Governor on one hand and to the auditor general on the other hand — again very, very important. But changes regarding the annual report may be made only by the auditor general. They may recommend, suggest, criticize, cut up anything he says; the fact of the matter remains that the control is with the auditor general to make that decision.

Mr. Speaker, I don't understand why the hon. members opposite were so concerned that the select committee obtain the information first. I almost sense the hon. members want in some way — maybe not intentionally, by their comments — to hamper the auditor general, because the auditor general should have that ability. The audit committee certainly is the link between management and the auditor general, and certainly he should be able to go to the audit committee and have it review the issues. He doesn't have to appear before them if he doesn't want to. He has that choice. But if he wants additional information for clarification to put in his annual report, or modify his annual report, he certainly should have that power.

The other element, Mr. Speaker, is the select committee and its nine members of the Legislative Assembly who will be appointed. It will be made up of government members and opposition members. They could call the auditor general to review financial statements of the Crown or any organization of which he's the auditor. They as a committee can request supplementary information from him. But again, Mr. Speaker, they cannot alter his annual report. He has the final authority on that. Public Accounts can call him for supplementary information regarding public accounts or any reports of the auditor general.

The fifth element, Mr. Speaker, the ultimate authority, is the Legislative Assembly, as has been mentioned before. It hires the auditor general. It can suspend him and remove him, and the Assembly finally receives his reports. I don't think anyone can argue about that.

In concluding, Mr. Speaker, I am certainly pleased to see our government provide this very important additional check and balance regarding the expenditure and systems of expenditure of the public dollar. I'm confident that such extra caution will provide increased assurance for all Albertans that their hard-earned dollars, their dollars earned from natural resources revenue, and other dollars received will indeed be spent for what they're intended.

Mr. Speaker, I just want to make one more comment here regarding one of the issues raised by the hon. Member for Spirit River-Fairview. He was indicating his concern regarding the bridge example — to build a bridge or not build a bridge, and whether the auditor general should indeed comment on that. I've indicated my displeasure with that direction. I think the auditor general has a responsibility to be sure the dollars are in fact spent for that bridge. But who is to judge whether there is really value in the dollars spent for that particular bridge, or particular program, as the case may be? It's not only difficult at a later date, but might be impossible. The circumstances can change; the rationale for choosing a program can change; the background information regarding that decision certainly can have changed.

Let me give you some examples, Mr. Speaker. The hon. members of the Assembly might think about this: senior citizens' programming. We have chosen as an Assembly or government that all senior citizens receive supportive programs. I suppose the auditor general in future years, or a year later, could argue that those senior citizens who have adequate or an abundance of dollars in their financial portfolio should not get this additional help. Then we could be criticized for that. Mr. Speaker, I wonder if that's what we really want.

Similarly, programs for the handicapped: there are handicapped people of course in this province — not many — who may have adequate dollars. Should they fall under the auspices of a program this government puts forward and then be criticized later on and say that we didn't get our dollar's worth?

How about the example, referring to rural Alberta, where the ranchers should be helped because of a cattle problem and they receive temporary support? Mr. Speaker, the auditor general two years from now could argue very, very definitively that there are many ranchers in this province who are millionaires and they shouldn't have gotten that support. Yet I suggest they should, on a temporary basis, because of the hardship they're receiving. One could extend the argument *ad infinitum*, Mr. Speaker: irrigation program for farmers in southern Alberta who have bought dry land, knew it was dry land, knew the irrigation problem, and yet they're getting irrigation support. I certainly wouldn't want the auditor general to come back here and say, we shouldn't provide irrigation support for those people.

So the argument can go on and on. I think the essential elements of the bill are there. It's to control the systems of dollars spent and to show that the dollars go where they're supposed to go, based on our policies and programs. I urge government members to support this bill.

MR. YOUNG: Mr. Speaker, it's a pleasure this afternoon to speak to Bill 62. A pleasure because, for reasons I'd like to get into, I think the government is moving in the right direction by establishing an independent auditor for auditor general functions.

But, Mr. Speaker, I'd like to commence this afternoon by trying to differentiate a number of functions which it seems to me have been slightly overlapped or expressed in a way which to me is not quite correct. I'd like to suggest that what we're looking at in this legislation is the establishment of several key relationships. I think if hon. members would first look at it in those terms: the relationship of this Legislature to the auditor general; the relationship this Legislature has, through its committees, to the auditor general and to the responsible and careful management of government.

I'd like to suggest that the Legislature deals directly with our public accounts in two ways, first of all at the time the appropriations appear before us. Every year before the government has any authorization to spend any money, the appropriations have to come before this Legislature and be approved. That is the check, if you will, that the Legislature has on the government in terms of determining the government's plans and the projected costs of those plans. At that time, it is the responsibility of any and every member of the Legislature to know what policies are

intended to be implemented by the dollars put before it in the appropriations.

The next opportunity the Legislature has in a formal and ongoing sense is in the Public Accounts Committee when the Auditor reports to the Legislature and when the Public Accounts Committee examines the tabled report. At that time the Public Accounts Committee can explore any area of concern it may have. At that time, if it so chooses, it can explore, if you will, the value-for-money issue which some hon. members have raised.

Mr. Speaker, in what we have before us we have tried to clarify a number of additional relationships which now appear before the Legislature only on an intermittent basis; for instance, the appointment of an auditor. This provision is much more formalized. What we have here suggests there should be a standing legislative committee which would be responsible for meeting with the auditor, for determining how extensive the funding of the auditor's appropriation would be.

In short, Mr. Speaker, if this legislation is approved, the bill provides very specifically that the Legislature, through the function of that proposed standing committee will have the opportunity to determine [what] funds the auditor requires and should receive. That is the first function of that committee. A second function would be to arrange for an audit on the auditor. Now that audit, hon. members, is to satisfy the committee that the auditor general's offices have been run efficiently. It is a check which does not now exist to the same degree of independence as that would propose. Nowhere in this legislation can I see any intention that that special standing committee of the Legislature here proposed would have the authority or responsibility to review the public accounts on the basis that the Public Accounts Committee now does. We should be careful not to confuse those two concepts.

The suggestion has been raised that in fact the existing Public Accounts Committee might be able to perform the function of reviewing the appropriations as requested by the auditor general, and the audit of the auditor general's office. In response to that suggestion, I would ask the hon. members to reflect upon the existing Public Accounts Committee and how much of a burden this might put on that committee. I'd ask you to reflect upon whether or not a committee of that size — because our Public Accounts Committee, as we now have it, is very large — lends itself to the kind of decision-making and quasi-administration which I think would be involved in the function here proposed for this committee. I suggest to you that in its present form the Public Accounts Committee would not be the most efficient mechanism.

Mr. Speaker, an audit committee is proposed here. Again, I think we should review carefully some of the remarks the hon. minister has advanced. First of all, as I see it, it's a committee which it is hoped would provide a contact point between the government and the auditor general. There is always a question, I suppose, whether the nature of our financial accounting systems and of the auditor's work is what it could or should be. In saying that, I want to make it clear that I'm referring to the evolution occurring in the accounting/auditing profession, where I would see this audit committee directing its attention to those

new approaches or new areas, and providing a point of contact so that if the government or the auditor had concerns about the exact function of the auditor on some particular issue, the auditor general would be able to go to that audit committee and get the advice, if you will, the reaction of that committee. By the same token, I would think the government might be able to do likewise. So when we talk about the audit committee, I don't think we're talking about anybody interfering with the routine, ongoing nature of the audit function, but rather the leading edge of the audit function — if I can express it that way — the new areas.

I think the suggestion of bringing in outside expertise, as that audit committee would do, would be useful both for the auditor and for government. My reading of that particular section is that the advice or suggestions of that committee would not be binding — simply advisory. I think that's the way it would have to be. There is no way I would wish to see any body placed between the auditor and this Assembly in a manner which could cause the auditor to be directed in a manner he might feel is not the way he should go.

So I guess I could sum up by saying that what I would see the audit committee doing is keeping track of the advances and new ideas in the accounting profession, keeping track of the alternative accounting treatments which are proposed from time to time, and reflecting on these with the auditor general and, perhaps, with the government.

Mr. Speaker, having discussed these relationships, I think it's important to look at the responsibilities of the auditor. They've been discussed this afternoon and I wouldn't wish to review them all. There's no question that in its simplest form the auditor has the accounting responsibility to make sure that the process of audit checks whether or not the appropriation is being used for the purpose it was intended. There is no question that he should check, as he does now, to make sure there's no misdemeanor in the use of the funds.

Mr. Speaker, one of the issues we've talked about this afternoon is what I would call the question of management evaluation, a question very closely related to the concept of value for money. I think once we get to these areas we begin to get to a very judgmental area. I suggest to hon. members that if they don't like the cases of the bridge or of the road, they might consider the case that sometimes happens in business where a decision is made, based on information then at hand, to undertake a certain project. Let's suppose it's the best information available, because most businessmen try to proceed with full information. Having embarked on the project and spent some funds, they discover the world out there isn't quite what they thought it was when they first made the decision to spend some money on that particular project. They have to make a fairly hard decision, whether to proceed or to discontinue the project at that point.

Mr. Speaker, I suggest as it happens in business, it also happens in government. There are times when initiatives are undertaken which, based on the information available at the time the project was commenced, would appear to lead to success. With the additional information gained through commencement of the project, the whole project should be

reassessed, and there has to be a determination to fish or cut bait. Sometimes it's better to cut bait. Now what we're talking about: is the auditor to be given the prerogative of telling the government, the opposition, and the public at large that a decision to cut bait, with perfect hindsight, indicated there was a bad decision in the first instance? In other words, was it poor management? I suggest to you that's a pretty difficult decision for an auditor general, and in many cases for the people who have to make those decisions, to make. It's very difficult. I think that's the nature of decisions being discussed here this afternoon when we talk about value for money. Not always like that, but very similar to that. I think they are sometimes referred to as non-productive expenditures. But it's hard to say an expenditure which reduces an alternative course of action is always non-productive, even if it doesn't lead to the particular objective.

Mr. Speaker, I'd like to express the main reason why I'm very pleased with the introduction of this legislation. First of all, it is because I think a pre-audit situation tends to remove, or may be seen to remove, from those persons who should have it the responsibility to exercise due care and caution in the expenditure of public funds. It would seem to me, at least it is so in my business, that if I have two people and one knows that the other is going to have to assume a certain degree of responsibility for a decision, there is less likelihood that the first will work quite as hard and be quite as careful in arriving at his own course of conduct, but rather will tend to take some refuge behind the decision made by the other chap. I suspect that if we go to what I see as a controller function in the Treasury — the hon. Leader of the Opposition has quite rightly stressed the importance of that function — then it's possible to delegate some responsibility to department heads and other administrators. I should think the responsibility on them would be somewhat greater than it is now. At least it may appear to be greater. Mr. Speaker, it seems to me that in so doing we open the way to more flexibility in government organization and in terms of decentralization, if that's the route we choose to go.

It also seems to me, Mr. Speaker, that from the point of view of the auditor general that office should feel a bit more freedom in evaluating what has occurred. It seems to me that one is half compromised if, having given the go-ahead on a certain payment, it evolves afterward that it shouldn't, in fact, have been given, for whatever reason. I think the auditor general is in a much stronger position when he can look backward only at what should have been, and knows he is in no way implicated by having, in some small measure, been involved in what happened. He's free to look at and express what should have been, and to reflect upon that not only for this Legislature but for the managers of various government projects. I think that's what's important. I would see the greatest gain from this legislation in that respect. I would, for that reason, commend it most heartily to hon. members. But I stress again that we do something less than justice to the Assembly if we do not keep a very clear perception of the relationships between this Assembly, the committees of this Assembly, and the auditor general; and the relationship of government with the auditor general;

and then look at the functions and responsibilities which flow both to the government and to the auditor general.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: May the hon. minister close the debate?

HON. MEMBERS: Agreed.

MR. LEITCH: Mr. Speaker, I wish to thank all the members who took part in the debate. I thought it was an excellent debate and their contributions were extremely helpful. I was pleased to hear the expressions of support for the bill, from members of the opposition as well as members of the government.

One or two items were raised during the debate to which I would like to make a response. First of all, it didn't come as a surprise to me that a member of the opposition would raise the very fine bill introduced by the hon. House Leader when he was in opposition. I would like to say, in response to comments made about that bill, that the words in the bill now before the House may be different, but the thrust, concept, and essence are the same. I repeat that congratulations are due to the hon. House Leader for bringing it, in 1971.

MR. CLARK: Legal footwork, Merv.

MR. LEITCH: A question was also raised by the hon. Member for Drumheller as to why an audit committee. I would simply like to add to the comments already made on that, which were excellent, some comments I probably ought to have made when I was moving second reading of the bill; namely, that the role of the audit committee is growing very rapidly in the private sector. There is in fact legislation in places in Canada now which, with respect to public companies, requires that there be an audit committee. The function of that committee is to review the scope and planning for the audit, the auditor's letter of recommendation, and internal control matters or recommendations for change. It is really an advisory body to management, to government. When one keeps that in mind I think the hon. Member for Drumheller would agree it wouldn't be an appropriate role to be played by the committee of the Legislative Assembly.

Mr. Speaker, I also want to comment on the suggestion made by the Leader of the Opposition and the Member for Spirit River-Fairview that we ought to have an opposition member as chairman of the select standing committee. I thought I detected a note in both their voices as they were raising that — and this may be unfair to them — a view that if they didn't raise it their supporters would be surprised. So they were now raising it for that reason. I really didn't think they were serious about it.

MR. NOTLEY: A note of optimism, I guess.

MR. LEITCH: Mr. Speaker, if you would look at some of the functions that committee is to perform — which is to deal with the budget, setting really the budget for the auditor general, the capacity to alter government practices or procedures with respect to personnel selection, and so on — I would think every-

one would readily agree that was not an appropriate role for a committee chaired by a member of the opposition.

MR. CLARK: You don't really think that's going to wash, do you? You can do better than that.

MR. LEITCH: I think the same arguments apply to the suggestion that those functions ought to be fulfilled by the Public Accounts Committee.

Mr. Speaker, I don't know that there are any other items I wish to comment on at the moment. I want to thank members for their participation in the debate. It was excellent, and I look forward to further discussion on a number of the matters raised when the bill reaches committee stage.

[Motion carried; Bill 62 read a second time]

[Mr. Speaker in the Chair]

**Bill 63
The Financial
Administration Act, 1977**

MR. LEITCH: Mr. Speaker, I move second reading of Bill 63, The Financial Administration Act, 1977. In light of the excellent debate we have just had on Bill 62, which as I explained during that debate was a companion to Bill 63, I believe I can limit my remarks to a very few, on moving second reading of Bill 63.

Bill 63 essentially does two things: first, updates the current Financial Administration Act, which it would replace; and secondly, provides for the establishment in Treasury of the pre-audit function that now is being performed by the Provincial Auditor. As I indicated during the debate on the previous bill, that would mean Treasury would have the responsibility for such things as disbursement control, accounting, financial reporting, and all the things that form the pre-audit function.

There are one or two additional items in the bill to which I would like to call members' attention. Those are the provisions for the Treasurer and the Treasury Board to have the management capacity to make decisions, issue directives, and so on, with respect to the collection, holding, and disbursing of funds. There is specific provision in the bill for the appointment of accounting officers and expenditure officers, and their duties are prescribed in the bill. Essentially, that provision ensures a basic control by making it impossible for any single public official or employee to both authorize and approve a payment without a review by another responsible financial officer.

I also want to call attention to the fact that there is a maximum borrowing limit — or debt limit, I should say — provided in The Financial Administration Act; that is, we've set a maximum figure to which outstanding debt of the provincial government can come up to. Mr. Speaker, that would mean that in future we would not be bringing the act we bring nearly each year, providing the government with authority to borrow. Because that provides authority to borrow but, once we've borrowed, the authority is gone. Regardless of the amount of outstanding debt, the government comes to the Legislative Assembly for additional borrowing capacity. What we're proposing in this act is that the government be authorized to

borrow up to a certain maximum.

There are also provisions in the bill, Mr. Speaker, for standardizing and control of guaranteed loan programs and provision authorizing Executive Council to set a guaranteed ceiling on any particular program.

I believe, Mr. Speaker, that I've covered the principal elements in this legislation that do not exist in the current legislation.

MR. CLARK: Mr. Speaker, in making some very brief comments with regard to Bill 63, I would like to say three things.

First of all, I would hope, Mr. Treasurer, in the course of the debate in committee on Bill 63, that you would be able to give us some definitive statement about the new financial system and what form Public Accounts will take. Because one of the concerns I have in looking through Bill 63 is the form that Public Accounts will take in the future, what kinds of time lines we can look at, expecting Public Accounts. It seems to me that the pre-audit function will now be handled by the Treasury people rather than by the Provincial Auditor, and the Public Accounts Committee must become a great deal more vigilant in its work.

So, Mr. Speaker, to the Provincial Treasurer, first of all, I would hope that we would be able to get a definitive statement from the Provincial Treasurer during the committee work, on how the new financial system will be set up. In fact, Mr. Treasurer, would it be fair of us to ask you to give us during the course of the committee deliberations some outline of the structure you have in mind?

The second point that I want to make, Mr. Speaker, deals with the question of fully recognizing what we are doing. To me one of the most significant things we are doing is taking away the pre-audit function from the employee of this Legislative Assembly, the Provincial Auditor, and now placing that pre-audit function in the hands of the Provincial Treasurer and his department.

I made the point earlier this afternoon, but I think it bears making again. I think it becomes extremely important that the Treasurer's department be equipped with the kinds of people who can cope with the pressures that will come from various government departments to short-circuit the pre-audit system. That pressure has been able to be held off to date by the Provincial Auditor because, in fact, he is an employee of the Legislature and not of a line department. But now, once this legislation is passed, the pressure will grow on the Treasury and really on the Provincial Treasurer, to be able to do more than hold his own with his colleagues in cabinet with regard to the pre-audit system. Because clearly the responsibility will rest on the Provincial Treasurer's shoulders and politically on the government's shoulders if the pre-audit system falls down, or breaks down, or we find out it's not being exercised through all areas of the government.

I don't say this with any disrespect at all. In fact I have a high regard for the present Treasurer, in his ability to handle the financial affairs of the province. Those of us on this side of the House, though, don't expect that the present Provincial Treasurer is going to be there forever. The kind of system that we're approving during this fall session is one that may well be in the hands of provincial treasurers who are not

as competent and as influential within the cabinet as the present Provincial Treasurer appears on most occasions.

Thirdly, Mr. Speaker, I want to say that it's our intention to support Bill 63, to vote in favor of it. But we do look forward to a rather detailed statement from the Treasurer and some kind of an indication from him as to just how he sees the Treasury assuming this pre-audit function and what changes he sees in Treasury as a result of that additional responsibility.

[Motion carried; Bill 63 read a second time]

MR. HYNDMAN: Mr. Speaker, I move we call it 5:30.

HON. MEMBERS: Agreed.

MR. SPEAKER: I take it the Assembly agrees. The Assembly stands adjourned until tomorrow afternoon at 2:30.

[The House adjourned at 5:25 p.m.]