

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, December 4, 1981 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: TABLING RETURNS AND REPORTS

MR. HYNDMAN: Mr. Speaker, pursuant to Section 3 of The Government Emergency Guarantee Act, I wish to lay before the Assembly copies of an order in council approved last Wednesday, providing a guarantee to KapCan Optical Fibre Devices Inc.

MR. KING: Mr. Speaker, pursuant to Motion for a Return No. 142, adopted by the Assembly on November 10, 1981, I would like to table an order for a return of the Assembly.

head: ORAL QUESTION PERIOD**Government Loans**

MR. R. SPEAKER: Mr. Speaker, my question to the Provincial Treasurer is with regard to the loan made to Hydro-Quebec as of yesterday. Could the minister indicate the purpose of the loan, and whether that loan given at this time was a commitment given to Hydro-Quebec at an earlier date or a new negotiated loan for some special purpose?

MR. HYNDMAN: Mr. Speaker, the loan was a routine one in the series which has been carried on for many months now. This is the third loan to Hydro-Quebec, as indicated in yesterday's release. It was in the same amount as made available last year. It follows the policy of the Canada investment division. As all members know, the total amount available to the provinces for this year is down to \$400 million from \$600 million. So it is within and follows the pattern of making loans from the heritage fund Canada investment division available as good investments, as has been done over the past number of years.

MR. R. SPEAKER: Mr. Speaker, a supplementary question with regard to the repayment of the loan. Could the Provincial Treasurer indicate whether the repayment will be made on a portion basis over the next six years, or will the amount be paid at the end of the loan? What term is the loan for in terms of that matter?

MR. HYNDMAN: The loan yield is 15.07 per cent to maturity. My understanding is that it's for a term of six years, that the interest will be paid over the course of the six-year term, generating a good return, and that the balance is repayable at the end of the term.

MR. R. SPEAKER: A supplementary question to the Provincial Treasurer with regard to the credit rating of

Hydro-Quebec. The Provincial Treasurer has indicated that their credit rating is the same as the other provinces of Canada, and that's why they have the right to a 15 per cent loan. Could the minister confirm that at this time, and indicate the reasons for the 15 per cent loan?

MR. HYNDMAN: The 15 per cent is the market rate at which moneys are loaned to the provinces in Canada, which can borrow at the best rate at any given time. Members will recall that some weeks ago moneys were loaned to the province of New Brunswick at over 18 per cent, which was the market rate at that time. Of course, the interest rate has dropped since that time. But as members know, under the legislation the loans are made under the Canada investment division to either provincial governments or their Crown corporations as guaranteed by provincial governments.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Is the Provincial Treasurer saying that Hydro-Quebec could have gone out on the open market, into the United States or to other agencies in Canada, and secured the loan at 15 per cent for the next six years?

MR. HYNDMAN: It would have been very, very close to that in any event, Mr. Speaker. If they had gone to the United States, of course, it would not have been as good for the strength of the Canadian dollar, which is one reason other provinces and Crown corporations borrow in the country. As well, they would save some administrative costs.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. The minister said that it could have been close. Could the minister indicate to what agencies they could have gone? What does "close" mean? Are you talking about 18 per cent, 19 per cent?

DR. BUCK: Mr. Speaker, I just renewed my mortgage for my house at 18 per cent. In light of the fact that Albertans are having to borrow at higher than 15 per cent, can the minister indicate the rationale for lending the money at 15 per cent?

MR. HYNDMAN: Mr. Speaker, I don't know whether I can help the hon. gentleman with his problems renewing his mortgage. I think the hon. member realizes that the market rates are what provinces or their Crown corporations borrow at in Canada. Of course, the rate will be somewhat different from a personal loan, in the sense that any borrowing by a province is backed by the guarantee of all the taxpayers of that province for the ensuing years of the loan. As well, it is considerably less costly to loan \$75 million in one transaction than to loan perhaps 4,000 transactions at \$10,000. Therefore, we have a good investment here for the Heritage Savings Trust Fund at or very, very close to the market rate and, in effect, a good return for the heritage fund, which is what the Assembly wants.

MR. R. SPEAKER: In line with the question of my hon. colleague, my question is to the Minister of Agriculture. Has the minister made representation to the Provincial Treasurer to supply a program of low-interest loans at 15 per cent to the farmers of Alberta, so that farmers and individuals in this province have the same access to the Heritage Savings Trust Fund as Hydro-Quebec? Has the minister made that kind of representation, and will those

loans be made available? Will Albertans be given equal opportunity?

MR. SCHMIDT: Mr. Speaker, funds are available at preferred rates to those in agriculture in this province through both ADC and the treasury branches. In regard to the actual 15 per cent, I think my colleague the hon. Provincial Treasurer has explained the percentage rate. In agriculture, through ADC we enjoy percentage rates at preferred 12 and as low as 6, and through treasury branches at a preferred rate of one less than prime.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Agriculture. Is the minister in a position to indicate, or has he been monitoring, what farmers are having to pay for the government guaranteed loans?

MR. SCHMIDT: Mr. Speaker, the guarantees administered through the Ag. Development Corporation are rates of interest that the individual, by personal choice, through whatever lending agency he or she normally deals at — that's where the guarantees are. If the guarantee happens to be through a treasury branch, it may be lower than at one of the chartered banks.

DR. BUCK: Mr. Speaker, The question to the hon. minister was: is the minister or someone in his department monitoring, and can he indicate the rates these farmers are paying for government-backed loans?

MR. NOTLEY: Do we have a clue?

MR. SCHMIDT: Mr. Speaker, guaranteed loans are at the flexible rate available through the chartered bank system. Of course, as interest rates move either up or down, so do the rates available under guarantees. So it would be difficult. I could give you a range of figures, but they would be meaningless in regard to the time frame of the interest rate itself.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Agriculture. Less than 1 per cent of farmers can qualify for any of the Alberta government agricultural loans. The amount of money is not much more than we've lent to Hydro-Quebec. Is the minister considering a program whereby farmers in this province can have a six-year loan at a fixed interest rate of 15 per cent that can be backed and supported by the guarantee of the Heritage Savings Trust Fund?

MR. SCHMIDT: Mr. Speaker, if the hon. Leader of the Opposition is questioning whether there would be some changes to the Agricultural Development Corporation, at the present time we have no intentions of changing the available preferential rates, other than the normal upgrading of the existing programs. One also has to remember that at its basic inception, the Ag. Development Corporation started as a lender of last resort and still has that qualification, with the exception of the beginning farmer portion.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has any further consideration been given to changing the lender of last resort proposition, with the exception of the beginning farmer program?

MR. SCHMIDT: No, Mr. Speaker.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Tourism and Small Business. Is the minister going to put in place a program of 15 per cent loans for the small business men in Alberta who are in difficulty at the present time under interest rates and pressures in terms of cash flow?

MR. ADAIR: Mr. Speaker, I should reiterate the fact that the loans issued under the Alberta Opportunity Company as a lender of last resort move with the cost of money plus a small administration cost. As of November 25, the rates for the Alberta Opportunity Company are as low as 14.5 per cent. That's under 15 per cent, just in case you can't figure that out, sir.

DR. BUCK: As high as?

MR. ADAIR: And as high as 19.5. That relates to metropolitan ... [interjections] I was going to sit down if you wanted to speak, sir.

Mr. Speaker, the loans also are fixed for a period of five years and have been for some time. We attempt to float with the particular rates as they change so we ensure that we do have, and provide the opportunity to the small business sector in this province, a loan at a preferred rate. It is a preferred rate, in the sense that we are talking about a lender of last resort policy where in fact they cannot get it from the private sector lending institutions. If they were able to get it, we would not be in it.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Tourism and Small Business. In terms of commercial rates today being somewhere between 17.5 and 18 per cent ...

MR. SPEAKER: Might this be the last supplementary on this topic. We can come back to it later.

MR. R. SPEAKER: ... is the minister considering a change in policy and removing the concept of lender of last resort, so that at least a 15 per cent loan program can be put in place for the small business men in this province?

MR. ADAIR: Mr. Speaker, in response to the question, no.

Commercial Fishing

DR. BUCK: Mr. Speaker, my question to the Associate Minister of Public Lands and Wildlife is on the select committee report on commercial fishing. A question was sent to the hon. Minister of Energy and Natural Resources, but I'm sure the minister is acting in his place. Can the minister indicate when some action will be taken on the select committee report on fishing in this province?

MR. MILLER: Mr. Speaker, in case the hon. member from the constituency of Clover Bar isn't aware, we have already started implementing some of the recommendations. These include habitat protection schemes which have been going on for a number of years, regarding fencing streams. We have made access to the Bow, which was one of the recommendations. We are looking at some of the marketing aspects. We are looking at the site for a potential fish hatchery. In effect, Mr. Speaker, many of the recommendations proposed in the select committee report are already being acted upon.

DR. BUCK: Mr. Speaker, to the hon. minister. Can the minister then indicate to the concerned fish and game groups in this province that some action has been taken? As of the middle of the month, these people didn't seem to think any action was being taken. Can the minister indicate what communications have been going on between his department and the Alberta fish and game groups in this province?

MR. MILLER: Mr. Speaker, yesterday, as well as the day before yesterday, I've been in telephone conversation with the president of the Fish & Game Association, Mr. Roy Ozanne. He's aware that these actions are being taken.

Tax Recovery Land

MR. MANDEVILLE: Mr. Speaker, my question to the hon. Minister of Municipal Affairs is with regard to the program made available in the special areas, where ranchers could purchase some of their tax recovery land. Could the minister indicate what response there has been in the special areas?

MR. MOORE: Mr. Speaker, my understanding is that there's been quite a large response to that program, but I don't have the figures at hand. At some point in time, I'd be pleased to get the figures as to those who have responded. Thus far, no transfers have actually occurred, so I would only be able to provide the number who have expressed an interest.

MR. MANDEVILLE: Mr. Speaker, a supplementary question to the hon. Associate Minister of Public Lands and Wildlife. Does the province have any policy, or are there any proposals with regard to making Crown land available to some of the ranchers in the province?

MR. MILLER: The answer is no, Mr. Speaker.

MR. MANDEVILLE: A supplementary question to the hon. minister, Mr. Speaker. Is the policy of the province to continue to handle the tax recovery land as it has done in the past, or is it going to turn it back to the municipalities and counties where the tax recovery land is located?

MR. MOORE: Mr. Speaker, I presume the hon. member is directing his question to me, because in fact all tax recovery land is presently in the hands of municipalities. Special areas is a municipality.

I could elaborate in this way. The policies with respect to the disposition of tax recovery land in municipalities, other than improvement districts or special areas, is at the discretion of the local municipal council, after taking into consideration the provincial laws regarding the sale or disposition of tax recovery land. Those policies could be different in every municipality throughout the province. Indeed, some municipalities are selling some tax recovery land to ranchers and farmers, and some are not.

I know the policies in the special areas are clear to the hon. member, from the discussions we've had here and the proposal put forward to ranchers and farmers in the special areas earlier this year by me and the Special Areas Advisory [Council]. As well, the policies in improvement districts differ throughout the province. There are not many improvement districts where we have very much tax recovery land. But Improvement District 1 is near the hon. member's constituency and, covering part of it, is

one area where there is a considerable amount of tax recovery land. Over the course of several years, we have been involved in selling portions of that tax recovery land that we feel could usefully become deeded land. On the other hand, we've also been selling some of it to the lands division so it might revert to Crown land, if it's determined that that is the most suitable disposition of the land.

Policies vary throughout the province. I would be pleased to answer any questions with regard to specific improvement districts or the amount of land we've sold, if the hon. member would get that information to me. I would obviously have to research it.

MR. MANDEVILLE: One final supplementary question to either minister, Mr. Speaker. In the past, Public Lands and Wildlife handled the leases on tax recovery land for municipalities and counties in some areas. Is that policy going to continue, or will the municipalities or counties be administering all their own leases from here on?

MR. MOORE: Mr. Speaker, I'm not aware of any changes which have occurred in the policies. Perhaps the Associate Minister of Public Lands and Wildlife would like to elaborate. For some time, the Special Areas Board has handled the leases on both Crown and tax recovery land in the special areas. I don't anticipate any change in the manner in which leases are handled. But that question is separate and apart from the policies that dictate whether or not tax recovery land is sold.

MR. MILLER: Mr. Speaker, I might add that our policies are going to continue in the near future as they have in the past.

Public Service Pension Plans

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Provincial Treasurer. It deals with the public service pension plan and the public service management pension plan. My question is with respect to those employees who withdraw from the government. They are paid at a rate of 4 per cent on the money they have in these plans. What consideration is now being given to reconsidering that rate, in view of the fact that it has been in place since July 1966, when other interest rates, instead of being in the neighborhood of 15 per cent prime rate, were at 6 per cent? How can we justify an interest of 4 per cent for employees of the province who withdraw?

MR. HYNDMAN: Mr. Speaker, we're looking at that. I think hon. members have to appreciate that pension plans have a much longer time span in terms of years, bearing in mind the fact that they're looking at funds which are placed in by employers and employees and which will be taken out decades later than most ordinary investment funds. But we are looking at that situation and will be doing so in concert with other groups across the country, because the problem is common right across the country. As the hon. member knows, a review of pensions is going on in provinces and nationally. This will be one of the aspects we will be looking at.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister give the Assembly any timetable as to when something might be done about this? Mr. Speaker, I should just point out that in the 1940s, the rate was ...

MR. SPEAKER: Order please. The hon. member's question, as he well knows, is complete. To embellish it with debate is something that could be done on another occasion.

MR. NOTLEY: Mr. Speaker, the question I put to the minister was perfectly in order. I wanted to know what timetable the minister has in mind. It seems to me that's an appropriate question.

MR. SPEAKER: I'm sorry if the hon. member misunderstood me. I certainly wasn't ruling the question out of order. The question was complete, and you were proceeding with some debate.

MR. HYNDMAN: Mr. Speaker, I'll have more information on the topic in the new year. Again, I think it's important that in the long term, there is total and complete protection of all those who have pensions. That, plus all aspects of the ramifications of the 4 per cent — what it has been historically and what other jurisdictions are doing — is what we're looking at now. We'll report back as soon as possible.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. What is the rationale for the difference in some of the fundamental benefits between the public service pension plan and the public service management pension plan? Specifically: with respect to the public service management plan there is no reduction for early retirement and there is for the public service plan; reduced for joint life option; and a lower percentage of pension to the retiree's surviving spouse. What is the rationale for the differences between these two plans? What specific discussions took place with AUPE, or have there been any discussions, with respect to the obvious differences in benefits between the management plan and the public service plan?

MR. HYNDMAN: Mr. Speaker, as members know, there are at least six different plans: the teachers' retirement fund plan, the local authorities plan, plus others. All were set up by statute and debated at that time. All are slightly different. I'll take the question as notice and get more information for the hon. member. All the various plans have derived and have a history to them, and relate to different degrees of funding by the various groups and different policies. So in order to assess the original reasoning, we have to go back to the original debates many years ago which established the two Acts which set up those pension funds. But I'll review the issue and get the information for the hon. member.

MR. NOTLEY: Mr. Speaker, a supplementary question to the Minister responsible for Personnel Administration. What instructions have been given to negotiators for the government of Alberta with respect to flexibility on the question of the public service pension plan and changes that in fact might be introduced as a result of negotiations with AUPE?

MR. STEVENS: Mr. Speaker, that is not a matter for negotiation. It is not a negotiable issue.

Oil Workers' Overtime

MR. DIACHUK: Mr. Speaker, on December 1, I accepted a question as notice from the hon. Member for

Spirit River-Fairview. He inquired about The Employment Standards Act, in particular what studies my officials have carried out on safety. I would like to inform the Assembly that since promulgation of The Employment Standards Act earlier this year, the occupational hygiene branch or any of my officials have not received any complaints regarding health and safety implications of hours or work agreements established under the new Act.

ORDERS OF THE DAY

head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Will the Committee of Supply please come to order.

ALBERTA HERITAGE SAVINGS TRUST FUND CAPITAL PROJECTS DIVISION 1982-83 ESTIMATES OF PROPOSED INVESTMENTS

Department of of Hospitals and Medical Care

4 — Walter C. MacKenzie Health Sciences Centre

MR. R. SPEAKER: Mr. Chairman, in looking at the numbers, I notice that the number has gone from \$46 million to \$80 million. The increase is almost 50 per cent. I think it would be proper for the minister to explain that specific increase: what new kinds of things are going to happen, and what further breakdowns are provided to show exactly what the funds are going to be spent on. I think it would be proper to start from that point, so we know what the money is actually going to be used for.

MR. RUSSELL: The money will be used for the ongoing construction and equipment of phase one of the MacKenzie Health Sciences Centre.

MR. R. SPEAKER: Mr. Chairman, I certainly appreciate the complete answer the minister has given. Maybe for a little more detail in terms of equipping the MacKenzie Health Sciences Centre, are any new kinds of equipment going to be added or just the regular equipment? What types of things is the minister talking about with regard to the expenditure? I think he should be a little more specific.

MR. RUSSELL: Yes, there's new equipment; and yes, there's all kinds of standard equipment.

MR. R. SPEAKER: Mr. Chairman, to the minister. I know we gave the minister a bit of relief yesterday so he wouldn't have to answer certain questions in certain areas, and I know the minister wants to do his job as responsibly as possible. But I wonder if the minister could talk in terms of the capital expenditure that will be spent on the hospital. What kind of capital expenditure is taking place? What is it being specifically spent on? We're talking about some \$34 million, just about \$35 million, that will be allocated to a capital facility. In what specific

areas will it be spent? What capital expenditures will take place?

MR. RUSSELL: The expenditures are a large hospital building and the equipment and furnishings therein.

MR. SINDLINGER: Mr. Chairman, I'd like to pose a question to the minister with regard to this appropriation for \$80,966,000. I think it's kind of strange that the minister will get up and simply say that \$80,966,000 is for a hospital building and equipment. In my judgment, that's a very cavalier comment to make, when this project has gotten out of control in the first place.

AN HON. MEMBER: Who says so?

MR. SINDLINGER: The minister says so. The minister said that for this project, which had a cost somewhere around \$164 million to start with and is somewhere around \$300 million now — I don't know the total cost — the reporting and checking system failed. And it has. There has been a large cost increase because of inflation. There's been a cost increase because of change in scope. But there's also been a cost increase because of mismanagement. The minister talked about this before, in a peripheral sense, when we were discussing another estimate. Today, when we're talking about another appropriation of \$80 million, the minister cavalierly says that it's for another building. Mr. Chairman, that's just not good enough. It's just not good enough, when we've spent hundreds of millions of dollars already.

Two years ago in the heritage fund committee, the minister was asked if any control or check mechanisms were in place to ensure that the money appropriated was spent on what it was supposed to be spent on. He referred the question to one of his associates in the department, presuming that there was in fact some sort of control mechanism in place. At the time, one of the members had the gall to suggest to the minister that in the case of medicine, it was better to have preventive medicine than remedial medicine. The same could be said to apply to a project like this.

We have a project. I don't know what the cost is. The question I'll put to the minister right now is: what was the initial estimated cost of this project, and what is the estimated total cost to completion now? Let's start with those two numbers. If we can get those two numbers, maybe we can go a little bit further. How much was the project initially estimated to be, and how much does the minister expect it will now cost to complete the project?

MR. RUSSELL: Mr. Chairman, I went into that kind of detail in some length during the select committee hearings of the Legislature. I was asked for additional information, and it was delivered to all members of that committee, of which the hon. Member for Calgary Buffalo is one. He has that in writing.

MR. SINDLINGER: Mr. Chairman, it's true that I'm a member of that committee, but not all members of this Legislative Assembly are members of that committee. Because the minister provided that to the other committee, I don't see why that relieves him of the obligation to present that information to this committee.

MR. CHAIRMAN: I have some difficulty with the member's line of questioning, because I understand he would ask questions on his own behalf. If other members

have questions they wish to ask, I think it would be their privilege to ask those questions.

MR. SINDLINGER: Mr. Chairman, how much will it cost to build this hospital?

MR. RUSSELL: In today's costs or at date of completion?

MR. SINDLINGER: Mr. Chairman, I think it would be beneficial if we could have the initial cost in the dollars used at that time to estimate the cost of the project, then have today's estimated costs in the same dollars used in the initial estimation.

MR. RUSSELL: Mr. Chairman, again I refer to the fact that the hon. member has this information in some detail in writing. If he's having trouble reading it, I'll decipher it for him. Today's estimated costs, as of March 1981, according to the original plan, are \$361,554,612. That's subject to two caveats. At the request of the government, the board is reviewing two options for proceeding with phase two of the hospital: either by way of renovating existing buildings or new construction. That will have an effect on the budget. The projected inflationary factor applied to the unspent portion of that total estimate is also an unknown, but I expect it would be in excess of \$500 million at today's rates.

MR. SINDLINGER: Mr. Chairman, I presume the document to which the minister was referring earlier is this one dated September 4, 1981. It's from the minister to the chairman of the Standing Committee on The Alberta Heritage Savings Trust Fund Act. It deals with capital projects, Department of Hospitals and Medical Care. There are several sheets to this, one of which deals with the Walter C. MacKenzie Health Sciences Centre report on costs.

The first sheet dealt with the Alberta children's hospital, Calgary, report on costs. That one on the Alberta children's hospital shows that the total approved provincial project cost was \$30,990,955. That was dated September 4 and, as the minister has pointed out, on that page there is a little footnote saying that the department is considering the board's request for additional funds. That was the first page. We found that the cost now isn't \$30,990,000; it's somewhere around \$42 million. So in the space of two months, September to December, the capital cost estimate on the children's hospital increased almost 25 per cent, from \$30 million to \$42 million.

I don't know whether this Walter C. MacKenzie Health Sciences Centre material the minister is referring to is current. The minister just said that the original cost estimate was about \$361 million. Now it's somewhere in the vicinity of \$510 million. Looking at this sheet the minister handed out to the heritage fund committee, I'm having difficulty finding any number that says \$510 million. If the minister wants to refer to this handout to the committee, I wish he would make an effort to reconcile the difference between the \$510 million he's just offered to us and this handout. All I see here is the total project budget, March 1981, at \$361 million. I don't know where the original cost is on this thing, and I don't see the \$510 million. It talks about a budget change of \$225,997,000. That's quite a substantial budget change. I think it merits an explanation, especially when the minister has said that the reporting and checking system failed in regard to this particular project.

If the minister wants the Legislative Assembly to give another \$81 million for this particular project, I think it would be incumbent upon him to explain what happened in the last case. What happened to the money before? Why was there a failure in the reporting and checking system? What assurance do we have that that failure in the reporting and checking system has been repaired or improved so the same thing won't happen again? We've heard stories about construction at this place where walls have been built and knocked down again. Are we providing another \$81 million so we can build up some more walls and knock them down again? I don't think it's good enough for the minister to come in here and very cavalierly say, I want another \$81 million for a hospital building and equipment. I think it's incumbent upon him and his responsibility to tell us specifically what that money is for.

MR. RUSSELL: Mr. Chairman, I'm having difficulty providing information, because the hon. member reads only what he wants to read and hears only what he wants to hear. He's not reading the complete information provided, and he's not listening to everything I'm trying to tell him.

First of all, he referred to the first sheet of supplementary information I supplied to the members of the committee earlier this year. He was concerned about the rapid escalation of cost at the children's hospital. At that time, the total approved cost was just under \$31 million. I added a footnote and said that government at that time had a request before us for another \$9.5 million, which brings the thing up to pretty close to \$41 million. Including funds from the hospital foundation and federal sales tax refunds, that's exactly what the hospital did cost — exactly. That information is there, but the hon. member chooses not to read it.

Now he gets up and he's very incensed because he says I don't know what the original cost of the hospital was. Line one of the sheet I gave him: original budget as per implementation report, 1975, \$135,556,900. If he's incensed and says I'm cavalier because he can't read the first line of the sheet I gave him, that's his fault, not mine. Secondly, he asked me what the current costs are. The most current estimate I have — and it's on the third line from the bottom — is the project budget as of March 1981: \$361,554,612. There's very detailed information as to how you get from the first figure to the second. He then asked me what I thought it was going to cost when it was finished, and I specifically asked: in real dollars or inflated dollars? I told him the two caveats that were unknown: how phase two would be built, and what the total effect of inflation would be. But my best guess is somewhere in excess of \$500 million. Now, that's in writing and in the spoken word. He has chosen to put his own interpretation on those things, so I can't help him if he can't understand what he's being told.

MR. SINDLINGER: Mr. Speaker, I don't have any difficulty reading this. If the minister wants me to read it to him so there's no misunderstanding, I will. Again, I'll refer to the same document, September 4, 1981, from the minister to the chairman of the standing committee on the Heritage Savings Trust Fund. The first document he referred to was on the Alberta children's hospital, Calgary. It says: total approved provincial costs, \$30,990,355. As I stated before, there's a paragraph on the bottom of the page. I tried to paraphrase it, but since that's not good enough for the minister, I'll read it: As of August,

1981, the department is considering the board's request for additional project funding, attributable to inflation, change orders, and equipment requirements in the amount of \$9.5 million.

Mr. Chairman, the point simply is that this document was provided September 4, and the total approved provincial project cost was about \$31 million. Things have changed since then. Indeed, the minister has advised the Assembly and the committee that a request for a change in funding was being considered. That's understandable. However, on the other hand, the point I'm trying to make is that this is not the last word on this particular project. The numbers on the first page have changed in the two months. Am I to expect that something similar hasn't happened on the second page of the Walter C. MacKenzie Health Sciences Centre? Am I to take the minister's word that he has all the information, when we know damn well that this project went way over cost in its initial years?

MR. CHAIRMAN: Perhaps the hon. member could use more parliamentary language in his discussion.

MR. SINDLINGER: Mr. Chairman, there is evidence and an admission by the minister that in the undertaking and the funding of this particular project, the Walter C. MacKenzie Health Sciences Centre, the reporting and checking system failed, and there were gross cost overruns, mismanagement, and leakage. It's a responsibility of this Legislature to ensure that that doesn't happen again. It's a responsibility of this minister to get up and make sure that there's no doubt in the minds of any member here that those mistakes won't be repeated.

It's not good enough for him to get up and say, yes and no, and you've got the information there. We don't have the information here. And that's what this whole thing has been about. It's about time the members of this government realized that. They can get away with this for so long, then at some point they're going to be held accountable. There has to be information for not only the members of this Legislative Assembly but the public at large.

MR. RUSSELL: Mr. Chairman, the things the hon. member has suggested ought to be done have been done and have been reported to this Legislature. As soon as what was going on over there came to my attention, corrective steps were taken. The first thing done was an audit, carried out by the Provincial Auditor, to see if any theft or fraud was involved in the cost overrun. The Auditor did a complete report, and no theft or fraud has been involved in this. There have been items of mismanagement and elements permitted to go beyond the estimated budget control figures, but that has been reported to this Assembly on previous occasions, and steps have been taken to correct that.

I'm just as upset about it as anybody. I invite the hon. members to do what I have done: tour the building and see what's going on over there. I think you'd be quite pleased with what you see. It's a magnificent facility, a very expensive facility.

MR. NOTLEY: You bet it is.

MR. RUSSELL: It's costing more than it should have. But is that any reason to say that I'm not doing my job? I have reported every such move, and I'm the one who has initiated corrective measures. In case you're not aware of

some of the things that have been done over there, the project management, the architect/client agreement, and the authority of the construction manager have been changed, and the role of the health sciences implementation committee has been beefed up. We've certainly had a good set of sessions with the owners, the hospital board. I can assure you of that. We're committed to finishing that structure.

It's all right for the hon. members to sit and wag their fingers and say, you bet it cost too much. We admit that it has cost too much to date. You can be assured that from here on the phases of construction will cost a lot less on a unit basis. You can take assurance from that. But we have to finish the project. I identified to the hon. members on the select committee our options as to how we might institute these various cost controls, the options we might look at with respect to finishing phase two of the project, by way of abandoning new construction or going on with altering what is already there. That's being looked at in a very detailed way, and I expect to be able to reach a final decision on that matter by next March.

In the meantime, phase one is there. Patients are due to start moving in next February. The equipment and internal furnishings are going up, and construction is proceeding. That requires a cash flow, and I'm here for that.

MR. SINDLINGER: Mr. Chairman, I have a supplementary. I will stand here, and I will wag my finger at this minister, and I will say that this minister has not done his job. I'll tell you why I will say that, Mr. Chairman. Before the select standing committee on the heritage fund, this minister was asked these very same questions. Here's one:

[Mr. Minister], but you do agree that some sort of control mechanism after the decision has been made to expand funds is necessary within the department to ensure that they're applied in the manner in which they're intended to be?

And the minister's reply:

Maybe (Mr. Beck) [one of his officials there] could elaborate on that ...

The question of control systems and checking systems was brought up for the 1979 accounting year. Rather than giving an answer here that was practical, we have an answer that is politically expedient. Yes, things are all copacetic. Well, Mr. Chairman, I submit to you that not all things are copacetic with this government. They might be terrific at politics, but they're not that good at government. This case right here is a very good example of that.

AN HON. MEMBER: You can't really say that.

MR. SINDLINGER: I can say it, and I'll say it again and again.

In regard to the responses we're getting from this minister today, they're inadequate, unsatisfactory, and totally unacceptable. The questions we're asking today are questions that the Auditor General says should be asked on every last one of these estimates. The questions we're asking today are ones that the Auditor General says we should be given information for. The Auditor General has said that when you have capital projects like these, the total estimated cost should be given, changes in scope should be identified, and associated costs identified with them as well. Yet we get a number here, well, I'd like to have another \$80 million for this project for a building and equipment. This comes nowhere close to satisfying

what the Auditor General says this Assembly needs to make decisions of this type.

The Auditor General isn't the only one who says that. The Provincial Treasurer says the same thing. He says that these things should be asked in the Legislative Assembly. The Provincial Treasurer says that all this information will be available during the Committee of Supply review; all you have to do is ask the minister. He says that such information can be elicited from the minister responsible by means of questions. We're placing the questions; we're asking for some answers. That's the Provincial Treasurer on October 26, 1981, to the chairman and members of the Select Standing Committee on Public Accounts.

All the minister had to do was say, yes, we did have those problems; and yes, we corrected them. But I would like him to go a little bit further and say, yes, we corrected them in this fashion, this is what we've done to ensure it will not happen again, and this is what we have in place to ensure that this \$80 million we're asking for today will go where it's intended to go. It's not good enough to just say, yes, we knew we had a little problem; we corrected it. We'd like to know how it's being corrected. We'd like to be satisfied beyond any element of doubt that this public fund, these public moneys, we're going to appropriate here today will be going where they're intended.

MRS. FYFE: Mr. Chairman, I wonder if I could make a couple of comments, having visited the Walter MacKenzie Health Sciences Centre last week. I think it's nice to approach such topics on a theoretical, classroom approach, but it certainly means a lot more if you take a look at the structure and what has been accomplished to date. It took time to meet with members of the administration and some of the staff to really look at what kind of technical facility we're building in this province. I think there's no doubt that it is one of the most technical structures we have built and will build for some years to come.

One feature I don't think the minister mentioned but I would like to comment on is the actual structure of the building, for which I have forgotten the technical term. Between the floors of this hospital structure is what one would term a walking space, certainly taller than a crawl space, about 8 feet between the floors. As technology develops — and medical technology is certainly an area that's not changing monthly but daily — one problem we face in hospital structures is how you keep up with this vastly changing technology. Within this structure, this 8-foot space between the floors allows retrofitting of that structure as technology changes, so each of the beds within the hospital, the bedrooms themselves, can be adjusted as time goes on. The fittings are dropped from the ceilings, so in future years there's not a need to take out all the walls and replace the electrical systems for new changes or to plug in different types of equipment.

I'm sure the cost effectiveness of this structure, which is not going to be a 20-year, cost-effective building, will be over many decades to come. I don't know if you can exactly plan that out in theoretical dollars and cents terms. I don't think that is exactly possible. But there will certainly be some estimate as to how effective this facility would be, just in dollars and cents.

In talking to staff at the University hospital and knowing the type of referral cases they receive from not just all over Alberta but the Northwest Territories and elsewhere, we should be very proud of what we're doing in this facility. When we see some of the crowded condi-

tions in the present hospital, I don't think we can go fast enough to get this structure completed and phase two planned.

As one member of this committee who is also a member of the Heritage Savings Trust Fund [committee], I feel we have the information. There was a full admission that there were problems and that steps have been taken to correct those problems. I invite any members of this Assembly to go over, so they're not talking from a theoretical point of view but from first-hand knowledge, to see what a fine, first-class structure we're placing in this province of Alberta.

MR. NOTLEY: Mr. Chairman, I'd like to address a few comments to the appropriation before the committee this afternoon. For \$510 million, we certainly should have a first-class structure. While the end result may be quite an excellent facility, that does not alter in any way, shape, or form the questions this committee has to address, as to how a project set out and estimated at one cost could suddenly balloon to this astronomical figure of \$510 million. I rather doubt — and perhaps the minister might have the information — that any other medical facility in the history of Canada has cost \$510 million. I could be wrong. But my guess is that when we complete the Walter C. MacKenzie Health Sciences Centre, we will have completed far and away the most expensive centre of its kind in the country. It would not surprise me if that can be said about the continent.

Mr. Chairman, I've sat on the heritage trust fund committee since its inception. One thing that really concerns me about this entire issue is that we first began to study the issue — and my memory could be wrong — I believe in fall 1977, when we began to look at the overruns in the Southern Alberta Cancer Centre. A discussion then took place in 1978. I'm just going from memory here, but I believe I'm correct. Perhaps other members who were on that first select committee could correct me if I'm wrong.

We were told that while there were serious problems with the Southern Alberta Cancer Centre and obviously there had been mismanagement there — and all one has to do is look at the transcripts — everything was okay with the Walter C. MacKenzie centre because we had project management. I remember the minister's predecessor very strongly arguing the case that everything was in hand at the Walter C. MacKenzie centre. We had officials of the department testifying before the committee to tell us that everything was in hand at the Walter C. MacKenzie centre. That was before the heritage trust fund select committee.

Now we have a situation where there has been this astronomical overrun. I don't know how it can be described as anything other than an astronomical overrun. Mr. Chairman, members of this supply committee would be totally derelict in our duty and completely irresponsible if we sat here and said, well, the minister has admitted there have been a few problems, and there's been this overrun and he's taken corrective measures; we're all going to go to the centre, take a Cook's tour, and look at it. None of us are experts. I'm sure we would be impressed with what we saw. For \$510 million, we should be impressed with what we see. But that doesn't alter our responsibility as members of this supply committee to assure ourselves, first of all, why the project got off track. How could we get into this kind of trouble with a system under project management? We were told that the reason the government was taking that approach was to keep a

massive project like this under some form of tight cost control. We now find that there was mismanagement. The minister tells us there was mismanagement. I think we have to have from him — and take what time is required; not just say, refer to my speech on August 18.

The minister is now asking for supply from this Legislative Assembly. I think the minister has an obligation in the Committee of Supply to give a full report, chapter and verse, on what went wrong with project management at the Walter C. MacKenzie institution. He's asking this Legislative Assembly for funds. If he's going to be accountable at all, he has to be accountable here in this Assembly, in this Committee of Supply, for what went wrong. The buck stops at the minister's door, as he well knows. It's not good enough — and I don't think the minister has even implied that it's the responsibility of somebody else. It's his responsibility; he is the minister. He must be totally accountable and absolutely answerable. The questions put by the hon. Member for Calgary Buffalo have to be answered, and answered in a detailed way. If they aren't answered in a detailed way, they're going to come back and back in this Committee of Supply for as long as this government allows us to discuss it.

Mr. Chairman, we've gone the route once. The Member for St. Albert can get up and wax eloquent about the facility. It doesn't alter our responsibility here to make sure the questions raised are satisfactorily answered. We cannot just come in and say, well, we've had a few problems with project management, but we have it all corrected. We have to have those problems identified in a detailed way. The minister must then tell the Committee of Supply what he has done in an equally detailed way before he can, with any legitimacy at all, come before this committee and ask for more money.

MRS. CHICHAK: Mr. Chairman, before the minister provides his response, I would just like to have the opportunity to bring into focus two very simple and direct points. Time and time again in this Assembly, the hon. Member for Spirit River-Fairview chastises the Executive Council with respect to any kind of intrusion into areas of autonomy of other boards. It seems rather ludicrous for the Hon. Member for Spirit River-Fairview to stand there, point fingers, and say: my goodness, the minister is accountable, but don't you dare touch any autonomous boards, because then we're interfering with their ability to function as they were intended to function. The hon. Member for Spirit River-Fairview can't have it both ways.

There is a time when the minister requires and requests the autonomous boards to report to him on progress with respect to funds provided from the public Treasury. But to simply say that on a day to day, administrative basis we should ask the minister to follow through on every item, what are we doing with autonomy? It may be that the minister should have put in place or requested more frequent reporting and examination of the procedures, but I daresay the hon. Member for Spirit River-Fairview would probably be the first to accuse the hon. minister of interfering with that autonomy and their ability to proceed with the program set in place.

Mr. Chairman, I'm not standing to protect or enshroud the Minister of Hospitals and Medical Care. He can do that very well on his own. But I think it's time to point out that the hon. Member for Spirit River-Fairview had better speak clearly with one tongue, not two, when it comes to autonomy and responsibility. There's no ques-

tion that the hon. Minister of Hospitals and Medical Care is responsible to answer to this Legislature and provide the information, with regard to the vote before us. I have no concern about questions properly asked and the answers given. But let us stay on one track and be consistent in our position.

Thank you, Mr. Chairman.

MR. SINDLINGER: Mr. Chairman, at this particular point I think it would be worth while to note that I don't think very many members here, if any at all, would disagree with the concept of the hospital in Edmonton. It's worth while, it should be done, and it's a good thing it has been done. That is not being questioned. What is being questioned, however, is the efficiency of the government in allocating those funds and ensuring that they are used for what they are intended to be used.

Just as no member here — I don't think — could argue that it's a good concept, I don't think any member could stand up and say the government should not be prudent in its management of those funds. The government has to be prudent in the management of those funds because they are not government funds, they are public funds. The members of the government are trustees of those public funds and have to ensure that we get fair value for money expended.

Under normal circumstances, or perhaps in the beginning, we might have said, yes, government, go away and do these things. And we would have rested assured that they would have been done as directed. In most instances, I suppose that has happened. But in this particular case, experience has shown us that that has not happened. There has been mismanagement, and the issue here is accounting for that mismanagement. We're not on a witch hunt. We don't want to burn anybody at the stake, but we want to be assured beyond any element of doubt whatsoever that those problems will not recur. Until the minister can assure this Assembly and the people of this province that that will not recur, I think he should be a little hesitant about coming to ask us for more money. That's the only point being made here.

MR. NOTLEY: Mr. Chairman, I think I should probably take a moment or two and respond to the hon. Member for Edmonton Norwood. It's certainly a free country, and the hon. Member for Norwood is entitled to believe whatever she likes. I would be the first to defend her right to believe whatever she likes; it could be that the world is flat, the moon is made of green cheese. But as far as I'm concerned, whatever a person believes, they have a right to believe it.

However, there should be absolutely no misunderstanding about the clear responsibility of the minister with respect to the Walter C. MacKenzie centre. Yes, there's a board, but I would not want anyone to try to shuffle off on the board an issue which is clearly the responsibility of the department, or bring up a red herring of board autonomy. We had the minister's predecessor in here with a full phalanx of officials telling us precisely how the department was handling it, to ensure, as the Member for Calgary Buffalo has pointed out, that the public funds are prudently spent.

Mr. Chairman, I would really doubt that this government or the minister would attempt to side-step the responsibility for the overruns, which clearly rests with the department. I think the question put a few minutes ago is not unreasonable. We should have a thorough identification in Committee of Supply of what went

wrong with the project management. If I go back to November 13, 1980, I asked the hon. Mr. Russell about the Walter C. MacKenzie. At that time, we had estimated costs of \$148 million and another \$93 million for phase two, which would give a total cost of \$240 million. Today we are told that it's \$510 million. Admittedly, things have been added, but I think it is necessary to have a complete answer to the very first question put, I believe, by the Member for Calgary Buffalo, and we can go from there.

MR. RUSSELL: Mr. Chairman, I couldn't have put it better than the Member for Edmonton Norwood. I don't want any misunderstanding, because I've made it quite clear to the chairman of the board that I'm not prepared to come in here and ask for money, unless they're prepared to invest it better than they have in the past. That is clear.

But the law is also clear. It is the responsibility of the owners, not the minister, to administer all aspects of the operation of that structure. The hon. member can refer to the statutes as well as I. It's there. The board, the owners, are responsible. Once the grant is transferred to them, it's their responsibility. It's my responsibility to assure the members of this Legislature that I'm satisfied they're spending it well and as the Legislature had intended, and to give reasons for asking for more so the project can continue. But the responsibility for the spending of it rests with the owners. That's what the law of this province says. So let's be clear on that. Don't twist matters of ministerial responsibility and local autonomy to the way the wind is blowing on a particular day to suit your own arguments, because it doesn't work. Read the law.

Secondly, I think we're getting confused here with respect to comments made by the Auditor and questions asked of me earlier in committee, which I referred to Mr. Beck. Today we're looking at matters of cost control versus matters of accounting control. It was accounting errors that the Provincial Auditor referred to in his management letter; not cost control matters, accounting errors. The two are quite different. This morning I'm very much concerned with the matter of cost control.

I don't know where the specific figure of \$510 million came from. I said that I believe it's going to cost \$500 million or more, based on my current estimate of what inflation will continue to be between now and 1986 or whenever the building is finished. I could be completely wrong. Perhaps there'll be a deflation during that period. Then the figure will decrease the other way. I believe that's highly unlikely. I've told you on several occasions, Mr. Chairman, when I give that estimate, checked by more than one cost consultant — our very best estimate in current dollars, as at March 1981, is \$361 million. Because of inflation, I believe that by 1986 that figure will have to grow to something like \$500 million or more. I believe that's an economic fact of life in Canada today. The Member for Spirit River-Fairview said, how will this compare to other health care facilities of a similar size on the continent? They're building at exactly the same unit rates. I can't give an answer of any project that's costing the same or more, but I'm sure there will be ones with similar unit costs. The unit costs are quite in line.

What were the steps taken? Here again, I have to refer to the responsibility of the owners. They came to me very troubled and said that, much to their concern, they had unearthed and identified some breakdowns in control of the various components and roles of people in key positions with respect to the project. They did an internal investigation during the latter part of 1980 and, as soon

as they discovered what they believed was happening, they came to me. We agreed that the first thing that ought to be done very quickly, was to have an audit done to see if there was any improper use of funding. The first thing we did was have an audit done by the Provincial Auditor. On more than one occasion, I assured the Assembly that in a detailed special audit, the Auditor could find no evidence of theft or fraud. There have been cost overruns, and there has been lack of controls.

We worked on this together, and here are some of the things we identified. The contract with the architect — and it was an architectural consortium involving three architectural firms, two from Alberta and one from Ontario — was not addressed in a way that specified the normal and accepted responsibilities of the architect to his client. What does that mean? It means that the architect was working on a time plus cost basis. From the information I've received, the owners were letting the architects take instructions from any number of bodies. They should only have had one spokesman, but you had all kinds of user groups going and looking at sketch plans and saying to the architects: we don't like it that way; try it bigger this way; try moving this here. The architects were taking their instructions from those user groups and representatives of the owners, doing everything requested, and billing back in the manner their contract specified. So their fee for the first part of the building was way more than it should have been, not because they were doing anything dishonest but simply because everybody and their cousin was giving them instructions, which they were following. They were giving estimates of certain ... I think members know that in today's economy, projects of this size must, of necessity, proceed under contract management rather than a fixed contract sum. They were giving their estimates of cost to the owners' representatives and warning that certain things were going to cost more. That advice was not heeded in all cases.

The other person who had a key role in this, the construction manager, did not have in his contract complete responsibility for cost control. The office of project director was organized in a similar way. We can go down through the list, the roles of all the people involved. It distresses me to say that nobody other than the owners had the final authority to say, no we're not doing this or yes we are doing this. Lots of people were giving advice, lots of people were doing accounting and post-audit, lots of people were providing estimates, but there didn't seem to be any one person watching the element of cost control in this project.

I'm happy to say that those steps have been rectified. A new contract has been drawn up with the architects. It takes into account the funds already expended on phase one of the project, so the new contract will in effect go back and capture some of those excess fees by providing for a smaller fee in the ongoing portion of the work.

The project director is no longer there. He has been replaced by two people from the Department of Hospitals and Medical Care. It wasn't my choice but the board's choice to hire the person they thought had the best hospital construction experience in the province. They hired away my project director and his assistant. Those two, who had come up through the ranks of the Department of Housing and Public Works, thence into the Department of Hospitals and Medical Care, are now employees of the MacKenzie Health Sciences Centre. The role of the construction manager was changed. Certainly the implementation committee is taking a much more careful look at this.

Because of the questions that were asked, at this time I think I should read into the record a resume of what took place, which was reported to me by the board as at March 31 this year:

During the year ending March 31, 1981 ...

MR. R. SPEAKER: We're listening [inaudible].

MR. RUSSELL: I'm only reading because I thought there was some interest on the other side. Apparently there isn't. [interjections]

MR. R. SPEAKER: To the minister. There is interest. We were just so pleased to see that the minister was giving information. I think the format we used to get the information — I was a little concerned that we had to press the minister and go after him. Now he's accommodating us, and we appreciate that.

MR. CHAIRMAN: Perhaps the minister could be allowed to complete his remarks. If any comments are to be made afterward, they could be made.

MR. R. SPEAKER: [Inaudible] we get action. That's good.

MR. RUSSELL: Mr. Chairman, I didn't want to disturb the meeting going on over there by reading this information. If they've finished their important meeting, I'll continue:

During the year ending March 31, 1981, the Walter C. MacKenzie Health Sciences Centre Project had experienced significant management, planning, construction and financial difficulties. The origins of the problems now facing the project go back two or three years but were not apparent to the Hospitals Board or the Government Implementation Committee until the latter half of 1980. The inadequacy of information and control systems for identifying these problems at an early stage is a major indicator in itself of some of the basic defects in the management systems controlling the Project. Since April 1980 events have occurred as follows:

During the first half of 1980 the Hospital Administration became increasingly concerned over the validity of information presented in Monthly Reports.

I'm going to make an interjection here because when that statement was given to me, I asked what that meant. It was relayed in oral form prior to this written report. One example of things that had been happening was that the project director was not reporting the costs of approved extras he had been approving. He somehow seemed to be under the impression that they were outside the normal contract amounts and would be dealt with later. So the actual cost of the project, as approved by change orders, was not the information being reported to the board at their annual meetings. It was quite by accident that they discovered this. That's what precipitated the board's review of what in fact was the validity of the information they were receiving.

I continue:

Concern was also developing over the cash flow as demonstrated in the amount of construction work taking place each month.

Another interjection I'll make is that there were some months when work was virtually coming to a halt. Trades weren't able to work because they didn't have any drawings to go by. Although the funds had been appropriated,

they weren't being spent. The cash flow was not being maintained at a high and equal basis.

I'll read again:

A number of steps were taken to improve the productivity of the design process to release more work for construction and to maintain the cash flow. These measures proved largely unsuccessful.

On June 30, [1980] the Project Director resigned from his position and became a consultant to the Project. A Planning Director was placed in charge of the Project on July 1, 1980. His initial task was a review of the Project status in relation to approved costs and schedules. During the first months of this initial review, the new Planning Director identified that the management structure implemented in June was not effective and that serious management control weaknesses existed on the Project.

I should mention that this new project manager was formerly a member of the financial staff of the hospital. His strength was in financial management rather than building construction.

The completion of the initial review indicated that the committed costs to date exceeded those reported and that estimated costs to complete the project exceeded budget significantly. The construction schedule was behind the planned schedule by approximately one year.

When this information was sufficiently clarified the Hospitals Board informed the Government on October 15, 1980 of their concern and requested that the Auditor General undertake an audit of the Project, to analyze costs, the deviations from the approved budget and to review and recommend on management control procedures. During this same period the Planning Director, assisted by the Construction Manager and the Architects was asked to review the Project and re-estimate costs to completion. This review ... was completed [by] January 1981 at which time an independent cost consultant

... was hired to provide a second estimate on the costs.

During the review period from November 25, 1980 to February 4, 1981 the Auditor General's staff continued to work as a follow-up to the November 25, 1980 Report and this work proved invaluable in implementing new cost controls and reporting procedures.

On February 9, 1981 Barnett, Traharne, Yates Ltd. were retained by the planning office as Cost Consultants to [do the following five things]:

1. prepare an independent budget estimate for the complete Project, Phase I, Stages I, II and III and Phase II
2. compare this estimate with the January 1981 estimate prepared by the Design Consultants and the Construction Manager
3. to identify and reconcile differences between the estimates and agree upon a Project Budget with the Design Consultants and Construction Manager
4. to comment on the probability of achieving the cash flow in Phase II necessary to complete the project within schedule
5. To comment on the planning and cost control systems currently in use and recommend changes to be implemented in [various phases].

The final budget estimates were submitted to the Planning Office on March 12, 1981 and a special

meeting of the Hospitals Board was convened to consider these estimates. The Board received the report, considered the alternatives available and agreed unanimously to recommend that the Budget Estimates and Costs of \$323,587,000 (April 1980 dollars) be approved by Government as the revised dollar cost for the completion of the Project and that completion of the Walter C. Mackenzie Health Sciences Centre be authorized accordingly. It was agreed that the Board Chairman would meet with the Minister and present a summary report and indicate that a final report would be [forthcoming] ... The final Budget Estimates and Cost Report was submitted to the Minister of Hospitals and Medical Care on April 1, 1981.

Since then, that figure of \$323 million in April 1980 dollars has been factored by the inflation factor. That gives you the March 1981 figure of \$361 million. But in fact those are the same construction budgets, merely reflecting the arithmetical effect of inflation. That's where we are now, and of course each month that \$361 million figure is increasing by approximately 13 per cent. That's why I'm unable to give a precise estimate of the final cost for the project in actual dollars spent.

My response to the recommendations received in this report has been twofold. First of all, I said it was agreed and obvious that phase one, the part that's now under construction and nearing completion, has to be finished. I don't think anybody here would suggest that that project not be finished. It's going to take money to do that, and I'm here asking for that money. Patients are scheduled to start moving in next February.

Phase two is a completely different matter. At this time, I'm not prepared to accept the recommendation received from the board that phase two should proceed according to original planning. Instead of proceeding on the basis that that would be approved, we've asked the hospital to give us two alternative solutions: to draw back their aspirations a bit and see if phase two could proceed by way of renovations to existing buildings, or to proceed with new construction. In any event, that decision is expected early next year. I indicated by March, hopefully. It will certainly call for a less elaborate style of architecture and less expensive construction techniques that won't be discernible to the untrained eye, but I assure you will be discernible to mine.

I'm not prepared to come here and ask the Legislature for funding for phase two on that basis. But I am here indicating what went wrong. It's the board's responsibility. Needless to say, they feel very badly about it. They're all lay citizens of Alberta, doing the best they can. As soon as they recognized there were weaknesses in their system and that mistakes had been made, I think they took all reasonable steps to correct what had been going on. There's been no attempt to hide anything. It doesn't give me a great deal of pleasure to stand in this Legislature and use terms like "loss of cost control" or "management breakdown", but that's what happened. I think we've corrected the matter, taken good steps to correct it. If they can get their cash flow up to around \$3 million, \$4 million, or \$5 million a month, I'm told that perhaps they can gain that lost year of construction and finish the project on schedule. But in the meantime, I'm not prepared to approve phase two by way of new construction. I am here asking for funds sufficient to complete phase one.

MR. NOTLEY: Mr. Chairman, I have two or three supplementary questions. I appreciate the answer the minister has given. I think that was a comprehensive answer.

Mr. Chairman, the first question I put to the minister is with respect to discussions that took place between the department and the board on the whole question of project management in the first place before you were minister, but I'm sure you would have information on this. I can't imagine that the board would simply go on its own. I don't have the transcript of the testimony Mr. Miniely gave to the committee several years ago, but I presume there would have been very close consultation with the department and the board on this entire matter.

Perhaps we might begin by putting to the minister: what specific consultation took place with the board on project management, engaging the firm that I gather undertook it?

MR. RUSSELL: Mr. Chairman, that goes back to the days prior to there being a department of hospitals and medical care. In those days, an arm's length hospital commission approved capital projects. The advice I have is that after the government gave approval to this scheme — because it had been under consideration for many years. I think the former Social Credit government was giving consideration to a new health sciences centre for the University of Alberta campus. We inherited the reports and recommendations they had done. Finally, the thing was given government approval. But in those days, capital projects were carried out via the Hospital Services Commission.

Without checking records I'd be unable to find out what consultation there was between the commission and the board at that time with respect to construction management as opposed to a lump sum tender. I can only comment on the advice we're now getting from throughout the industry. That is, if you're looking at a choice, on one hand, of going three or four years to get complete drawings done and then trying to get competitive bids on a project which runs to several hundred million dollars, that must be compared with the scenario you have if you produce drawings as you go along, put the package out in smaller tenders, and try to take advantage of lower construction costs because of inflation. There are pros and cons to proceeding either way. But the advice we're getting today is that at the present time, anything in excess of \$60 million doesn't have a large competitive field of tenderers available. You're better to put the thing into smaller packages and get more competitive tenders, if you can. That puts a great deal of responsibility on the office of the construction management firm. Beyond those basic principles I've just outlined, I don't know how much further the discussion between the Hospital Services Commission and the board might have gone in 1974 and '75.

MR. NOTLEY: Mr. Chairman, the question is not related to the discussion that occurred with the Hospital Services Commission as such. I could be wrong, but I thought it was 1973 that we did away with the Hospital Services Commission. I don't recall the exact date. My question really related to what role the department had after the change was made in terms of sitting down with the board of the University hospital and determining what route would be followed as far as project management was concerned, not what the old Hospital Services Commission did. As I understand it, there was a matter

of some years where discussions took place and then it had been left, if not in limbo at least sort of in passive planning for a number of years. Was it in 1976 that the announcement of the centre was made? Construction commenced in 1977, but I was trying to remember when the Premier made the announcement. I recall the announcement being made but not the exact date.

The question I'd like to put is: what discussion then took place with the Department of Hospitals and Medical Care on the selection of the project management route the minister's predecessor talked about and that officials of the department also expanded upon before the select committee in 1977-78?

MR. RUSSELL: Mr. Chairman, I believe the department was formed in 1977 or '78 when the two were brought together and made a department. Gordon Miniely became the first minister of that department. The deputy minister of the new department became a member of the implementation committee set up to play a sort of watchdog role on the development of this. Each of the major hospitals, the Foothills hospital addition and the MacKenzie Health Sciences Centre project, have this implementation committee. We've talked about that on other occasions. They play a sort of watchdog, after-the-fact role and don't get involved in things before they happen. They would be advised of any contract that had been let after the fact and would be there with other members of the committee to review it. That was one manner by which the department was directly involved.

I can only go by my experience since I assumed office, but of course from time to time different people in the department, whether it's accounting, design and construction, or the office of deputy minister, would report to me on an ongoing basis about items of concern at any of our projects. At one time I might get a report that there's a cash flow problem or, in another case, that the production of drawings was falling behind. If it was a serious problem, I'd get on the telephone or visit in person with the board chairman and ask for corrective measures to be taken. So far as I'm aware, that's the nature of the department's involvement through the history of this project.

MR. NOTLEY: Mr. Chairman, with the benefit of hindsight, what is the minister's assessment of the role of the implementation committee? As I recall — and I just had to take quick notes when the minister read the report — my understanding was that the board alerted the government, as opposed to the implementation committee. That seems rather strange. It seems to me that if we have the deputy minister on the implementation committee and we had some of these really quite strange things — for example, the additional changes being made to the basic plan and these changes not being reported. That strikes me as being absolutely extraordinary. It would strike me that the implementation committee should have been picking this up. We may well be indebted to the board for bringing the matter to the minister's attention, but what was the performance of the implementation committee? As I understand both Mr. Miniely's testimony before and discussions we've had since, this committee in fact has that after-the-fact obligation of keeping an eye on what's going on and, I assume, reporting not only to the board but also to the minister. If we have some of these things occurring — I'm not sure whether they're usual in the construction business, but I can't imagine they are — where changes are being made without proper reporting,

what is your assessment now, Mr. Minister, of the performance of the implementation committee during this critical period of time? Is it just a question of concern about the role of the project management team itself? Or is there some very serious responsibility that should be laid at the doorstep of the implementation committee, which I gather includes the deputy minister?

MR. RUSSELL: I believe I should make two or three comments, Mr. Chairman. I believe the implementation committee is functioning well and doing the things it's supposed to do; that is, providing a final check on decisions after board decisions have been taken. They are there to check and raise questions with respect to anything that looks unusual or out of line. I think they're doing that very well. Of course, since this occurred, it's having a good effect on the roles of the boards. They're now very much more aware that there has to be more checking and questioning, because the implementation committee is certainly going to be carrying out its role in a much more vigorous way.

But the hon. member ask an interesting question. Why didn't the implementation committee pick up these things? That's the horrible thing about this situation. Nobody, including me, knew that they weren't being reported. I get these reports on a quarterly basis. There's every kind of chart and graph, including accounting of every tender package. Here's one: tender package 71-09-3 for ceramic tile — who it was awarded to, the date awarded, the contract price, the current price, and any overrun.

A whole drawer-full of change orders in the project manager's office hadn't been reported and weren't included in any of these reconciled financial statements. Early in 1980 the board, just by being there, became suspicious about the information they were getting, notwithstanding the fact that it was reconciled. Now we know what they found out, and we know what had to be done to correct it. But they weren't getting the information. It's as if I were reporting to the Legislature certain things based on fact but keeping part of it back. You would have no way of knowing. That's the bad position the board found themselves in.

They admit they're the owners; they're responsible. They've taken the steps outlined in the last report. In turn, they were reporting to the implementation committee. I was getting reports from two sources, directly from the board and from the implementation committee. In turn, I was reporting to the Legislature when asked. I think you can imagine how everybody felt when Pandora's box was opened. Under the circumstances, I believe the only things that could have been done, were done: first of all the audit, then the revamping of the system with the cross-checks I've referred to.

MR. NOTLEY: On the question of this drawer full of change orders that apparently had been approved, the minister indicated there was no malfeasance. Obviously, that would appear to be the case as far as the board and the management committee are concerned, but I find it rather strange. I'm not an architect, so I don't know what the professional ethics are. But if you have a project manager and people are coming in with change orders, you agree to do that, and those decisions are going to cost the board and the people of Alberta additional funds, surely there has to be some professional ethic that you report it. That's just incredible that there'd be a drawer full of these change orders. I can't quite under-

stand how that could be. It may not be technically illegal, but if it isn't it sure should be. Are there no professional standards? Do we have any right of suit as a result of this? As a consequence, what has been our assessment of this bizarre set of circumstances?

MR. R. SPEAKER: Just to add to that point, for the minister's comment. Is there any bonding a project manager takes under circumstances such as this, so if things go astray there is recourse by government or the project manager, such as the board of the university? Is that a custom, or has any consideration of that type of approach been thought of? I'm not aware of that kind of bonding, but I wonder if the minister might comment on it. It's really an individual who has defaulted in his responsibility, not specifically the management board, the government, nor the minister that has caused the fault and the difficult situation that occurred. Is there any type of bonding or recourse to an individual like this?

MR. RUSSELL: Not that I'm aware of. In this circumstance, Mr. Chairman, there are all the usual bonds and professional liability insurance. First of all, the architect's consortia involved has professional liability insurance. The different tenders have performance bonds and tender bonds. Of course, the construction management firm, PCL, is a well-known, bonded, and assured firm. In the case of an individual, no bond covers a circumstance like that.

When he was asked why he hadn't reported, he simply said he didn't think he was supposed to. He was reporting what was being spent according to the approved budget and not reporting these extras. For the life of me, I can't figure out why a person would take that attitude, but he did.

The change orders not reported to the board were not the only reasons for the overrun. I've alluded to some of the others, the lack of discipline on the user groups. I lay that responsibility directly at the board's feet. Obviously only one person should have been speaking to the architect, particularly when he was working on a cost/time basis. He should not be taking directions from every doctor and medical head who didn't particularly like the way a certain floor was being laid out. The overrun there was very substantial. The architect's fees on that portion of the job were almost double what they ought to have been. I mentioned the fact that that overrun is being recaptured in the total capped fee for the entire project. That wasn't the only thing but I've tried, by example, to give you an idea of the nature of things that were happening.

The cash flow item was another concern. Some months, spending only \$500,000 a month in cash flow on a job of that size is inexcusable. You had certain built-in costs going on every month, and nothing much happened. I was over there. Floors of semifinished space were waiting to be finished. The trades couldn't do them because they didn't have the drawings. The architects couldn't produce the drawings because they didn't have final instructions.

When I talk about management and cost control, those are the kinds of things that were happening. The board became concerned early in 1980 because they were uneasy that the reporting at their monthly board meetings was not complete. Secondly, they were concerned about the rate of cash flow of the project. That's what led to the development of what I've just described.

MR. SINDLINGER: Mr. Chairman, I'd like to ask a supplementary about the minister's response to the board in regard to completing phase one or phase two. Before I do that, I'd like to compliment the minister on the thoroughness of his reply to some of the earlier questions. It certainly satisfies one of my earlier questions. I wish we had got there under more compatible terms.

In regard to the minister's response to the hospital board about completion of phases one and two, the minister indicated that phase one has to be finished. I think most people would agree that it would be judicious to do so, once something like this has been undertaken. But in regard to phase two, the minister indicated that he has put two alternatives to the board. That is, (a), he is not prepared to proceed according to the original plan and, (b), perhaps consideration should be given to drawing back the initial aspirations; for example, renovating existing structures, as opposed to constructing new ones.

My question is again in regard to the total cost. I understand that to the minister's best knowledge the total cost will be somewhere around \$500 million, give or take whatever inflation does to us over that time frame. I'm not too sure if that \$500 million is the total cost to complete phase one, or if it's the total cost to complete phases one and two. If it does include the total cost to complete phase two, what is the change that the minister is looking at in regard to drawing back on the initial aspirations? If the total estimated cost of both phases is \$500 million, will the drawing back of the aspirations be intended to drop that \$500 million? I just don't know where the \$500 million lies.

MR. RUSSELL: Let's work with the most recent, current, estimated, real dollar figure: \$361 million, as of March this year. Based on preliminary work that is now being done in a very detailed way, I'm told that if they go the route of renovation to existing building rather than the new building route, the saving in \$361 million would be in the order of \$20 million. That \$20 million changes in scope with the \$361 million in the same ratio as would have happened due to inflation to completion. But you're looking at that size of reduction.

No matter which route they go, the other things they may be able to do are what I call the less costly and less extravagant construction and design details. Whichever route they go, they will be initiating those features.

MR. NOTLEY: I wonder if I could ask the minister a supplementary, Mr. Chairman, on the question of the existing building. What buildings are we in fact talking about when we say existing buildings? I think most of us have been over there at different occasions and would know approximately the buildings. Which buildings would be candidates, if you like, for that option, if we chose to follow it?

MR. RUSSELL: I can get that information. I can give you the names of the buildings. I thought I had given that to the select committee at one time. It's something I don't have with me this morning, but I can get that for you.

MR. SINDLINGER: Mr. Chairman, I'd like to ask some more questions, please, about the report on costs referred to earlier today. The minister indicated that this had been given to the heritage fund committee, of which I'm a member, of course. From time to time it has been said that members of the committee have an opportunity to ask about these sorts of things. If I might make a general

observation, over the three years I've been on that committee, one recommendation that's come forward more often than not is that if it's the intention of those ministers who appear before the committee to provide information for discussion at the committee meeting, that information should be provided beforehand, so the members would have an opportunity to peruse it and thereby be able to ask questions about it.

This document we have here is dated September 4, 1981. The minister appeared before the committee on August 18, 1981. So the committee really didn't have the opportunity to pose questions to the minister in regard to this particular document.

I now find the number \$361,554,612 on the document. It's the third line from the bottom; it's the total project budget, March 1981. The minister has just told us that that could be decreased by approximately \$20 million, if renovations are undertaken instead of new construction in certain instances. But there are other things on here I would like to ask about. The first one is in regard to the library expansion in phase one. It was originally estimated at \$3,825,200. My question is: does this library expansion have anything in common with the library facilities of the university, or are they one and the same? Maybe I could start with that question, Mr. Minister.

MR. RUSSELL: It's fair to say that the nature of this project during its building has changed for a number of reasons. First of all, as we know the state of the art in medical technology and the allied sciences is changing monthly. So the building is adjusting to some of those changes as it's being built. Secondly, since this building was announced, the decision was made to invest a very substantial amount of money in medical research. The decision was made that the two university teaching hospitals should be the major homes of manpower required for the investment of that medical research trust fund. So the building is also being developed as a teaching and research centre to a greater degree than it would have been otherwise. That's one reason for that change in scope that was approved in the library facilities.

MR. SINDLINGER: Mr. Chairman, does any of that increase in scope amount to a co-ordination of programs between that and the medical research foundation? If there's that money from here, and also the money from there, is there money from other places in the heritage fund or from the annual budget that go into this as well?

MR. RUSSELL: No, Mr. Chairman, there isn't. The off-site services building, which services this plus several other hospitals in the city, was built from general revenue funds. That's the service building out in Mill Woods that will produce the meals and do the laundry and printing for the complex. Other than that, everything is here.

MR. SINDLINGER: Mr. Chairman, another item here is operating economics. It's an amount of \$881,782 for the first phase, and for the second phase it's \$844,862. The total amount for operating economics is then \$1,726,644. I wonder if the minister could explain to us what operating economics encompasses in the construction phase of the hospital.

MR. RUSSELL: It's something that's coming into a number of large capital projects these days. It's additional capital expenditures required to be able to effect savings in ongoing operations. The easiest and most obvious is in

the field of energy conservation: others, by way of automated controls, do a variety of things. It's all put under the title of operating economics. But it's that kind of thing; for example, your conveyor system, controls for the mechanical systems for the hospital, or matters relating to energy conservation.

MR. SINDLINGER: Mr. Chairman, in the late '50s, something known as PERT became very popular in the control of projects such as this. It was first initiated on large-scale projects in the U.S. military for construction of nuclear submarines. They're called program evaluation and review techniques or critical path network charts. The purpose was to ensure that people would know about the sort of horrible things that nobody knew about before they happened, and therefore they wouldn't be as horrible as the minister indicated they were in this particular case. The question I ask the minister is whether they now have any program evaluation review techniques in place for this, or if they had one in the first instance.

MR. RUSSELL: There is a construction schedule based on a critical path. Was that the question? I'm not sure.

MR. SINDLINGER: That was the question.

MR. R. SPEAKER: Mr. Chairman, to the minister. I appreciate very much the information given to us this morning. The minister indicated that quarterly reports were at his disposal. I don't recall those quarterly reports being tabled in the Legislature or made available to the committee. I had someone check on that, and I couldn't recall it. Is that privileged information, Mr. Minister? Or is that the kind of information, in terms of the project, that we could have even in the select committee? That's my first question.

The other area I'd like to explore a little further — I've raised this question with other ministers, and it's one of the concerns I've had about accountability in terms of the Heritage Savings Trust Fund, in that we give grants and we allow another agency to take the amount, program it, and allocate the funds in various areas. For example, in the Kananaskis project, a number of various activities are going on there — some through government departments, some through subcontracts — and all kinds of different arrangements are occurring. In the back of my mind, I feel very uneasy about the accountability.

Often the minister doesn't have direct access to the programs in detail, nor the time. There's just no way that any one minister could have the time to go out and inspect the project and become project manager of large projects such as that. I can certainly see the situation that occurred with regard to the Walter C. MacKenzie Health Sciences Centre. We rely on boards to take the responsibility to show accountability and hope they're doing it. When they don't, it seems like it comes back to the Legislature and the person who's elected usually takes the flack for it.

I refer to the report of the Auditor General. In recommendation 2.7.7, he talks about senior financial officers. I'd like to quote some of that section in the 1980 Report of the Auditor General. I think it relates to the problem we have at hand here, where potentially there could be good officers in the department, but at the same time because of the format we've established in various instances, specifically in this one through the Heritage Savings Trust Fund, it's tough for them to do their job. After relating the information to the minister, the ques-

tion I'm going to ask — and it well relates to the fifth recommendation after the problem was found, where there are comments on the planning and cost control measures that took place, and then certain kinds of things the minister indicated have been carried out.

But on an ongoing basis, from the discussion we've had, I would see that the minister requires someone with expertise. It's just lucky that in this situation the minister has training in a special area and in this kind of activity, whereas many times the minister doesn't have that kind of special training. In that sense, we're very fortunate. But would it be better if someone were specifically assigned in the department — and maybe there is — who would relate to the board allocating the funds, and do checks on reporting that goes to the minister and make sure it's all-inclusive. Maybe the situation that occurred here could not have been caught. It was by accident. There was lots of trust in the system. It has to happen that way, and I understand it.

But what does the Auditor say in the report? The Auditor General's report for the fiscal year '78-79 stressed the importance of properly qualified and/or experienced senior financial officers. That recommendation is followed through again in this report. The Auditor General points out that:

It is axiomatic that the quality of financial control and administration in any large commercial or government organization will reflect the competence of senior financial management. As do large private sector corporations, large government organizations operate by devising systems and procedures whereby authority for functions is delegated to less senior staff. These systems and procedures are all embracing, but include typically those which ensure the discharge of statutory responsibilities and obligations, including accountability to owners

In this case, it would be to the minister.

In the public sector, accountability should include the measurement and reporting of program effectiveness.

Now that would mean the senior financial officers in the department of health should have the capability of doing that, even if they're not directly involved in the management decisions but able to observe what goes on in the Walter C. MacKenzie facility. The question is: does the department have that kind of capability? Maybe in the last year or this year, we don't have that capability. I'd like the minister to comment on that as either a problem or a positive aspect of his administration.

In the report, the Auditor General goes on and says:

Systems of this nature are essential to the smooth and efficient operation of all large government organizations. Senior financial officers are primarily responsible for recognizing the need for, designing, implementing and ensuring compliance with these systems. Serious weaknesses and deficiencies in accounting and management control systems reflect directly on the competence ...

and that's certainly the minister

... of senior financial officers. Even a well designed system will not perform effectively if the individuals who operate it are not competent or well supervised.

I guess I'd raise the question, a very difficult one for the minister to make a judgment on: are we short-staffed in terms of these kinds of people? Does the minister have those kinds of persons at his fingertips? Do they have a list of sounding items which may help them recognize that difficulties are appearing in terms of management?

The Auditor General goes on to say:

Accordingly, the technical and managerial competence of senior financial officers is a prerequisite to sound financial management.

I think we'd all agree with that.

The Auditor General goes on to recommend that "... senior financial officers should be properly qualified accountants, their positions should be classified accordingly."

In other words, he's saying we should pay them more and have them available in the government. In looking at not only the General Revenue Fund but the Heritage Savings Trust Fund, I'm sure the Auditor is noting that many people with a lack of experience, lack of total qualification, are making decisions or are being asked to make observations as to how moneys are being spent. And I certainly intend to raise the question on the same concern with other ministers. We have some \$8.5 billion to invest in the Heritage Savings Trust Fund. In terms of the vote before us, we have some \$86 million that will be added to the present expenditure of a number of dollars; the minister has indicated that the potential cost at March 31, 1981, is \$361 million. The point I'm making is: yes, we can say to the boards, you can take the responsibility, you may handle it, and you will report on a quarterly basis to me as minister. The question I raise is: have we the expertise in the department, if the qualifications of the minister were different than in the present situation, to make good observations as to financial accountability and management accountability? In turn, can we send a letter back to the board — in this case, of the university — and say, here are some questions we feel should be answered. Was that kind of thing done? Did the expertise in your department do that for you? That hasn't been brought into the discussion at this time.

The minister has taken a very noble stance. He has taken responsibility, showed accountability, handled the situation, put in place some recommendations that would correct the measure in future. I certainly respect and appreciate that. I feel good about that. That's very good accountability. It raises my confidence in ... Well, I've had confidence in the minister's actions up to this point, and that certainly elevates it to a much higher degree.

But all in all, even saying that, at the same time, the minister does perform publicly. Elected representatives have a lot of responsibilities there: the Legislature is on, cabinet's on, multiple meetings with many hospital boards across this province are invading his desk constantly. At the same time, here is a Heritage Savings Trust Fund project of some \$361 million, and we're saying to him, you have to be accountable. That's fair to say, even with all these responsibilities. But does the minister have this back-up staff in place?

The minister indicated that two of his very senior persons, not only with experience in construction but in terms of accountability for capital works, for operational costs, have moved over to the centre. Now that is a good liaison link. But even saying they are in place and have shown capability in the past, we still need this component within the department to give good advice to the minister and respond in a very critical, analytical way to the groups — in this case, it's the Walter C. MacKenzie Health Sciences Centre administrative board — and say, what about these other things? What about this and that and that? Because they are reporting quarterly. Have we the capability to do that type of thing, Mr. Minister?

Because we've found a problem here, I think it's important to say, look, this is the kind of precedent in adminis-

trative control we need. Then I think we as a government — and I know this is out of order, Mr. Chairman, and I won't go into a discussion on it. But in terms of other areas where ministers are asked to take this broad responsibility for Heritage Savings Trust Fund grants or funding, maybe we have learned a lesson here and can use the format in other areas.

MR. RUSSELL: Well, Mr. Chairman, that's a pretty good question, and I don't know if I can answer it. To respond to the major issue raised, I think we have pretty good people in the department. Mr. Beck's name came up, the ADM in charge of the finance administration part of the department. I think he's excellent in his job and has a good staff.

Of course the question always is, do you have the best and do you have enough? I don't know how to answer that with respect to the public service. I think we're well served by our public service. In particular in relation to capital projects under way — and as you know, there are many, many of them — we try to assign a senior architect or programmer to each project, so that the boards have some idea of who they're supposed to be dealing with. That particular officer has some responsibility and direct continuing knowledge of what's going on.

The same thing applies to the financial aspect of it. Again, I'm certain that the accounting of funds is generally very well carried out. I've seen the Auditor General's report tabled here, and I've seen the issues referred to in the management letter tabled more recently. As far as I know, as soon as those things are brought to the attention of the responsible officer in the department, they're acted upon. So the post-audit role that the Provincial Auditor carries out is good. I think the pre-audit functions in place in all departments are generally working very well. So I'm saying I think I have pretty good people in the department.

We're in a situation in Alberta today where very good people are often hired away, either by the private sector or by another agency, such as a hospital board. I have to admit that's happening to an alarming degree in the department. In some sections, there is a large turnover of staff for the reasons I've mentioned.

I appreciated the member's remarks about my own training and interest in this. I just want to assure him that if I went out on a farm and saw some bad practices or operations, I wouldn't be able to identify them. You could fool me. But obviously the hon. member is a successful farmer, and he could pick those things up. I think I was able to pick some things up, to a degree, because of my own observations at the MacKenzie sciences centre. There are some elements of very expensive detailing that won't happen again. I do try to take a more than average ministerial interest in capital projects. But it's simply a matter of coincidence that I happen to have that training.

I think the question the member raises — that is, the adequacy and ability of senior people in the departments, upon whom ministers depend for information — was perhaps a good one to raise at this time. I've answered it as best I can, saying that I have confidence in my people. I think they're doing a very good job, and of course they're here at times of supply or committee to be cross-examined at length, if members wish.

MR. R. SPEAKER: Mr. Chairman, to the minister. Are any positions vacant at present, in terms of financial officers in the department? Is there any intention to hire

more? Is it difficult to find this kind of person at present? It seems that in government we're always understaffed. But with the money we're accountable for, I think a very special type of responsibility has to be taken. Is it that kind of situation? Are we having difficulty hiring because they can get a lot more money in the private sector and maybe have more reasonable hours and other kinds of benefits they can't get in government? Is the minister facing that kind of situation at present? Are we short of people? I know that Mr. Beck has a large regular load of work, and he's also carrying this one. Is he carrying others? Are we just overloading those good people? I know he is a very responsible man and would do everything he could to take his responsibility, but there are limits. Are we facing restrictions such as that right now?

MR. RUSSELL: I'm not aware of any. Of course, it changes from day to day. We get regular reports about vacancies in approved staff positions in all departments. To my surprise, Hospitals and Medical Care has a lower than average vacancy rate on an ongoing basis through the year. I could check for the member and find out if there are any in the financial administration sections of the department.

Quite frankly, our bigger problem has been in the design and construction division of the department, where there has been just an incredible turnover during the past 18 months. It's been a real problem. We got the salary scales up for some of those executive officers who come on as architects, and that's helped considerably to alleviate that.

MR. R. SPEAKER: Mr. Chairman, to the minister. Thank you for that answer. I think I understand that much better.

The minister indicated there would be a humbling of the design — those are not the minister's words — and the type of product put into the hospital. In matters such as this, is the first initiative that of the board, in terms that they put together the design, then through the division we just talked about a few moments ago, that you had a lack of capability of really adjusting to them and looking at designs and plans. First of all, did that slow the progress of the Walter MacKenzie centre? Were all final design decisions made by the board, in terms of the number of dollars they had in the early stages? I understand that that's now changed; the department has said, look, there are limitations, we are now interjecting ourselves in the decision-making and you must humble your vision of the centre.

As I listened to the debate, I think I observed two things happening: first of all, giving full responsibility to the board within the limit of the dollars, without too much checking by the department; and secondly, because it wasn't well managed, we have interjected ourselves as a department, and personnel from your staff are now observing to a greater degree the actual contracts and subcontracts that are going on. Would that be accurate?

MR. RUSSELL: Yes, that's accurate. But it's not just personnel of the department; it's really the implementation committee, which includes people from Public Works and Treasury as well.

MR. R. SPEAKER: Mr. Chairman, on a different subject. As I review the March 1981 Alberta Hospital Utilization Committee report, they talk about cost per patient day. I was going to raise this question with regard to the

children's hospital as well. We are putting in \$0.5 billion by 1986, if phases two and three go ahead. Up to March 31, 1981, we have committed \$361 million. As a rule of thumb, as I recall when I had some responsibilities in that area, within three years the gross operating cost of a hospital equals the capital cost of that respective building.

I haven't had the opportunity of breaking that down into per patient day costs or anything. But the facility is expensive. By 1986, it's potentially \$0.5 billion; some \$361 million, March 31, 1981. When we look at operating costs or cost per patient day across Canada, we see that at March 31, 1979, the average cost per patient day was \$166. It would even be higher at this point in time, but this is the latest report I have. The high in Canada was \$197. We in Alberta were sixth in line at that time, at \$161, and the low across Canada was \$119 per patient per day.

What is expected? There are some specialities in terms of research, teaching. There are management components that I think would be different in this facility. Has the minister done any estimates with regard to future operating costs and how they would affect the general revenue budget — certainly not the Heritage Savings Trust Fund, but I think one relates to the other. I'm certain the operating cost will be a major factor in the minister's decision as to whether we go into phase two or three. I think that's a very reasonable conclusion to draw.

I'd appreciate a comment on that. Have they been projected? If I remember my notes correctly, I understand the hospital is to go into operation in February 1982. I think I made a note of that somewhere, if my recollection is right. That would mean that in our 1982-83 budget discussion in this Assembly, we would be facing a new operating cost for the Walter C. MacKenzie Health Sciences Centre. If the minister has that figure, I'd appreciate it very much. It's still part of our responsibility as legislators to look not only at the capital cost but at how you run the car after you get it on the road.

MR. RUSSELL: That's a very important issue. On all our smaller projects — by smaller I mean anything other than these — the boards, in their application for an approved capital project, are required to give an estimated annual operating cost at the time of submission for the project. We break this out into what we call an incremental operating component, which shows how much more it would cost to have that new hospital in place than the one that's there now.

This one is no different, except it's taking a lot more time to develop a detailed budget, which again is requested of all boards. As their projects proceed, they're to develop detailed operating budgets which are then worked into the system in the usual way. I don't have the final detailed estimated budget. That's being worked on by the board, and was a request of the government at the time the project was approved.

The rule of thumb the hon. member referred to is accurate. In fact, I think the component now is about two and a half years rather than the three he quoted. Every two and a half years, your operating costs equal the capital cost of the project. So you're talking about considerable dollars.

I just want to make one comment with reference to the quotes on operating costs on a per day bed basis from the utilization report. Those can be misleading. We have them for Alberta, with respect to the average cost and the day bed cost for every hospital in the province. Needless to say, the most expensive ones in the province are the

two university hospitals, except for the children's hospital. If the university hospital is at, say, \$280 per day bed, the children's would be in the nature of \$1,100 per day bed, because of the large outpatient component.

So it's really a misleading way to measure your expenses, because in the case of the children's hospital, all the staff, equipment, and space is there to treat outpatients, and yet by those tables all those costs are shown against the 128 beds in the hospital. It's really a misleading way of doing it. With the two university hospitals, particularly now with the medical research trust fund, their day bed costs will be very high in relation to other hospitals in the province because of their major teaching responsibility and the high component of research activities that will be involved.

MR. R. SPEAKER: Mr. Chairman, earlier I raised a question about the quarterly reports that are made available to the minister. Is there any reason those reports could not be made available to the select committee or to members of the Legislature? Is there something confidential in them that would maybe mislead the project at a certain point in time? The minister quoted from them. I think it was excellent information and certainly clarified the concern we had.

MR. RUSSELL: No, there's nothing confidential about them. I'll arrange to have them made available to all members.

DR. BUCK: Mr. Chairman, to the hon. minister. I'd like to pursue the research projects. I apologize to the minister if I missed this, but this has to do with burns. As we well know, the foremost burn centre is at the University hospital on the campus. I'd like to know if any research as to burns is going to be done in the new health sciences centre.

MR. RUSSELL: I can't answer questions on details of research at all. Any that's funded by the medical research trust foundation, of course, will be decisions taken by that board on the advice of their medical advisory committee. Insofar as individual research programs carried out by the medical staff — and they get their research funds from a variety of ways, including the federal government — those decisions are taken in-house by any hospital board. The burn unit is interesting, because to a large degree it's funded by the firefighters' union here. I think it's a good example of community involvement in a large public institution.

DR. BUCK: Mr. Chairman, in the area of research, I'd like to know if the minister is in a position to indicate what consideration is being given to preventive medicine. It seems to be the great North American concept — we discovered this when we were on the legislative committee on workmen's compensation — that we look for answers as to how we treat people after something has happened, whereas the European concept is to prevent it from happening. When we're looking at spending \$0.5 billion — give or take \$100 million, as they say in this day and age — is any concerted effort being looked at, in the research facility, in the area of preventive medicine?

MR. RUSSELL: Again I'm unable to answer that kind of question, because I simply don't know the details of any research program that is being or may be carried out in any particular hospital, unless it's specifically funded by

one of our heritage research votes. The preventive medicine thing is an intriguing one to bring up. It's really just common sense and a matter of whether or not government ought to pass laws to tell people how to extend their lives. I'm yelling at people in the building all the time to quit smoking, keep out of the elevators and use the stairs, walk home, or put the pie back and take an apple instead, but not many people listen to me. And it's free.

DR. BUCK: Mr. Chairman, to the minister, that is so true. In the area of preventive medicine, I'd like to indicate to the minister that I was taking out some life insurance, in case this debate is so prolonged that some hon. members on the government side may want to get rid of me. [interjections] There would be a line-up of contracts, I'm sure.

Mr. Chairman, the first question they asked me was do I smoke, not how old I am. I found that very, very interesting, so I pursued it. The insurance company said they were seriously looking at charging twice the premium rate for people who are smokers than for people who are non-smokers. So the area of preventive medicine is certainly very, very relevant to health care costs. I think it's an area that we as members of the Legislature, and this vote especially when we're looking at research, the area of preventive medicine — I'm sure the hon. Member for Edmonton Kingsway, as a medical person, knows that we look too distantly at the preventive aspect of medicine, dentistry, or anything to do with the health sciences. Prevention just sort of always goes on the back burner, the same as when you're cutting budgets, research and development always seem to be the first to go. That is really short-sighted thinking, and it certainly applies in the area of preventive medicine. In light of the fact that this is research, I'd like to know if anybody can enlighten me on how prevalent the thinking is in the Heritage Savings Trust research grants system or in any of the programs. Are we really looking as closely as we should be at the preventive aspect of medicine?

MR. RUSSELL: I don't know, Mr. Chairman. My understanding of the medical research trust fund is that it's more pure research that deals with the science and related scientific aspects of medicine rather than with behavioral matters. The two votes that have traditionally been in the heritage trust fund estimates through the Department of Hospitals and Medical Care have been the applied programs for heart and cancer, and they're quite different: the pure research versus the applied research aspect. The thing that may turn up some behavioral studies is the special fund for nursing research, which was given to the Alberta Association of Registered Nurses. That \$1 million fund may establish some of the programs the hon. member refers to. But it's just in the start-up phase, so again I'm unable to answer that question.

DR. BUCK: Mr. Chairman, another question I'd like to ask deals directly with the physical facility itself. Because it is a large facility, of course there will be large numbers of people working in the facility. Another area we seem to be really quite far behind in, is looking at what facilities we're going to be providing for staff people. We are now looking at encouraging more people who previously were in the allied professions of dentistry, nursing, and so on, to get back into the work force. Some of these people will be working in the Walter MacKenzie Health Sciences Centre. I would like to know if the minister can indicate — Mr. Chairman, this will sort of apply to hospitals in

general, as well as to the Walter MacKenzie Centre — what we are looking at as far as providing child care facilities for nurses we are trying to bring back into the work force. For a long time, I've felt we have sort of neglected this area. I have looked at areas in industry, where the private sector could be involved in day care for its staff people. I'd like to know if the minister has given any consideration to building in something in a facility as large as this, and having some staffing, to encourage staff members such as nurses who've been out and maybe have small children or children they have no way of providing some type of care for, to get back into the work force. Has the minister given any consideration to that?

MR. RUSSELL: No. That question was asked of the children's hospital, and the answer there is no, and it's not here. This is a fairly new idea that has been suggested as a result of the recently developed nurses shortage, that perhaps in addition to the public and private day care centres available to all working mothers there ought to be in-house facilities available. It's an intriguing idea, and it's one that the United Nurses have put on the bargaining table. But it is not provided for in the design of this building.

DR. BUCK: Mr. Chairman, in looking at trying to make this the Mayo Clinic of the north, when we are looking at recruiting staff for this large facility, have any special provisions been made for the recruitment of staff, any special considerations, either monetary or otherwise, to encourage people to come and staff the facility? Have there been any moves in that direction?

MR. RUSSELL: I'm not aware of any staff problems, because of course the staff has been in place for many years. There's a substantial bed reduction from what's there to what's going to be in the final hospital, whatever its form. The staff that's there is simply moving into the new quarters as they're finished. Some of those in the support levels, the supply and services and some of the administration functions, have already moved in. As I said, supervisory nursing people are now taking courses in the building, getting to know how the building works and being taught the new features it has. They're all existing staff who will be coming over. Other than normal vacancies as a result of staff turnover, I don't think they're going to have any particular problem.

Insofar as the medical staff is concerned, I think we have to be encouraged as to what our possibilities might be. Because of the relationship between the University of Alberta and the MacKenzie Health Sciences Centre, and the home of the medical research trust here, I suspect we're going to get a very, very good medical staff on board.

DR. BUCK: A supplementary on that point. Maybe I missed something, Mr. Minister. Is the minister saying we now have in place all the people we're going to have in the areas of heart and cancer research?

MR. RUSSELL: No, I'm not saying that. I have no idea who might be coming on board. Later in these estimates, we'll come to an applied cancer research fund. It's twin, applied heart research, has been phased out of heritage funding and is now built into the general operating expenditures of those particular hospitals. Those people come and go. It could be that a doctor in Edmonton and on staff for 30 years will, for any number of reasons,

suddenly be awarded participation in a specific research project.

MR. R. SPEAKER: Mr. Chairman, in 1968, '69, '70, and in early '71, when Dr. Bradley was head of the commission and also looking at the facility we're talking about here today, I recall there was thought of putting together a medical team. Some excellent names were put forward, who were willing to come to Alberta and set up their medical team. Then, as the hospital was built, they would move into it and carry on their activities in the newly built facility.

In that sequence of events at that time, as I recall, our government felt that we didn't have the money to go further, and the project had to be shelved. There was a delay and the cutting out of \$1 million. At that point in time there was a question whether some of these medical researchers and doctors we wanted would come to Alberta. Secondly, one or two did come — and I can't recall the name of the fellow — and there was a question as to whether they were going to leave.

In the late 1960s and early 1970s, the medical team nucleus was there. Dr. Bradley was showing leadership in that area. Dr. Bradley has continued to work with the government and is now working with the Alberta Heritage Foundation for Medical Research program, as we all know. Has there been follow-through by Dr. Bradley or the department with regard to that medical team? Have some deliberate steps been taken to put the medical research team in place and make a nice transition into the facility when it opens in February?

MR. RUSSELL: This is something that is going to grow over many years, and was dealt with in great detail when the medical research trust was being designed and legislation was being developed. As you know, Dr. Bradley was serving as a special adviser to the Premier at that time, in preparation for the writing of the Bill, and took several extensive international trips, getting the best advice he could from the recognized medical capitals of the world.

An interesting message came through, that he related to me one day in a very succinct form. He said that if Alberta is going to do this, go back and develop your own Nobel prize winners; don't try to buy them from other countries. I think it's fair to say that that's the whole thrust that's being taken. You'll recall that the Act doesn't even anticipate any report to the Legislature for at least six or seven years that's going to show any significant breakthrough with respect to research. What I'm saying is that I suspect that the people who will be involved in medical research are probably here now. They have the skills and the talents that will be the nucleus of our ongoing research program in Alberta, whether it's a kid coming up through grade 7 or 8, or a young doctor now on staff.

I've talked to a number of doctors who are anxious for this project to be finished. They'll have the bench space to do their research work, if their practices allow the time and if the funding is there so they can give up some of their patient care and devote time to research; they can get grants from the research trust. Those are the kinds of people who are really excited.

DR. BUCK: Mr. Chairman, I would certainly like to compliment the minister on that foresight. It certainly is the right direction to move, because at the University of Alberta we do have one of the best medical schools on the North American continent. It has produced medical

doctors who are world renowned. The right route to go, of course, is to encourage Albertans to stay here and make the facilities and funding available, which we are doing. That certainly is the right direction to go. It's unfortunate that many times we think somebody else is smarter than the people we have here. What's the old saying: if you're 20 miles away from home, you suddenly become an expert; when you're right here, nobody thinks you know anything. It certainly is the right way to go.

Mr. Chairman, the minister mentioned that grants and scholarships were available through the Heritage Savings Trust Fund research grant system. Is that just at the postgraduate level, Mr. Minister, or is it at the level where we are encouraging young medical doctors? Out of a class of 75 or 100 medical students, many do not want to be general practitioners or specialists in a certain field, but are very interested in research. It reminds me of a medical colleague of mine who said: I like people, but I like them dead; that's why I'm going into pathology. That's a very interesting thing for a medical doctor to say, but he was being very candid and very honest. He said, I'm not interested in treating live people; I'm interested in finding out what made them die. That area appealed to this medical student, and he's one of our top men in Alberta at this time — dollarwise and interestwise, I might say. I would just like to know at what level we are trying to encourage our medical people to look at getting involved in research. Is it at the graduate level or the undergraduate level?

MR. RUSSELL: It's both, Mr. Chairman. I'm referring to the first annual report of the Heritage Foundation for Medical Research, which was tabled during this session. There's a statement of revenue and expenditures in the back, which shows stipends at the student level of two-thirds of a million, fellowship stipends of half a million, and independent research allowances just in excess of a quarter of a million. Those would cover all levels of students and practitioners.

MR. R. SPEAKER: Mr. Chairman, I recall some of the discussions with Dr. Bradley as well. I recall the same statement at that time, when we were trying to make the decision whether we bring in older doctors from somewhere, who had already established a pattern of research and maybe had reached their limitation. The other side of the question was: should we invest dollars in young people, invest 10 years in some young person, and take a chance that he comes out with something? If he does, we have a new person who not only has age on his side, but we also have a good investment of dollars, whereas we may invest 10 years of research money in an older person and that's it; his capability ends at that point in time and it is a loss. I certainly respect and endorse the direction the government has gone in terms of encouraging young people here in Alberta.

In light of that, I suggest to the minister that because the concept and direction are good, maybe a deliberate type of program should be put in place to do that type of thing. The minister has indicated the awards, the fellowship stipends, and the independent research allowances here, in the sum of just about \$1.5 million, which is excellent. But is that directed towards preparing persons to work within the MacKenzie Health Sciences Centre? Is that our objective, or are the research funds being made in a general way to anyone who looks like they have research capability? If they have it, they do the research wherever. But we're not specifically and deliberately pre-

paring people to do their work in the centre; we're preparing the staff for the future. Which program do we have in hand at the present time? If there isn't any delivered program in place, is it the intention of the minister to sit down with Dr. Bradley and possibly try to direct the program into training personnel for research in this facility, which is going to cost us close to \$0.5 million if phases two and three go ahead.

MR. RUSSELL: Well, I think it's fairly common knowledge that the main physical locations of the medical research trust will be the two university-based hospitals here in Alberta, the two schools of medicine and the campuses, for all the obvious reasons. That doesn't mean to say that expenditures may not be directed to some other facility in a unique case that I couldn't think of at the present time. The scholarship program, however, allows a student to study and gain knowledge anywhere in the world. So that's not directed towards the two universities here. But the lectureships and teaching fellowships are directed towards our two universities.

MR. R. SPEAKER: Mr. Chairman, to the minister. With the Alberta emphasis in mind, in terms of our personnel at the Walter C. MacKenzie Centre, is it the intention to try to hire Alberta graduates to staff the centre when vacancies become available or when, in early February 1982, we intend to have it fully staffed and operational? One, is first priority given to Alberta graduates? Number two, when we write contracts with the various personnel of this new centre, is any consideration being given to writing into those contracts part of a research component, in terms of incentive: that after a certain point in time, if a certain person has accomplished certain kinds of goals, the university will accommodate them in doing full-time research or maybe fifty-fifty research; that there be a special emphasis in their contract giving them some security that they will have a long-term commitment of the university board in doing research, so that all of a sudden, if they haven't had an accomplishment after two years, they're [not] turfed out. You know, we take them on and have great faith in them.

So those are the two areas. One, do we have an emphasis on Alberta graduates? Two, do we give any special kinds of privileges in their contracts so that we can assure them that even without successes they can do some long-term research and investigation?

MR. RUSSELL: My understanding is that the answer to the first question is no, and the answer to the second question is yes.

MR. SINDLINGER: Mr. Chairman, to the minister. In regard to the timing of phase one and phase two again, I note on page 21 of the estimates before us today that the comparable '81-82 estimates are \$46 million, and the 1982-83 estimates are \$80,966,000. If those two numbers are added to the total actual expenditure of \$89,431,000 to March 31, 1981, that's a total of \$216,397,000. I've compared that to the Walter C. MacKenzie Health Sciences Centre report on costs, distributed by the minister to the Standing Committee on the Alberta Heritage Savings Trust Fund Act on September 4. It shows phase one costs comprised of the original budget of \$86 million plus; inflation, \$64 million plus; increase in scope or work, \$19 million plus; additions not yet approved, \$12 million plus; consultants' fees and construction management, about \$8 million; and general expense, \$4 million.

The total of those costs for phase one comes to \$194,946,081, which is less than the numbers in this one here. The numbers in the estimates are \$216 million, and the numbers in here are \$194 million. That's a difference of about \$21 million. My question to the minister is whether or not the estimates we're approving here today will take us into phase two. Will we already be going into phase two with the estimates we'll approve today?

MR. RUSSELL: There are considerable planning and administrative office costs for phase two, because of what I outlined earlier in developing the two proposals, but there are no construction tender commitments for phase two.

MR. SINDLINGER: Mr. Chairman, then I gather this difference of over \$21 million is office expense. Would the minister mind elaborating on what the \$21 million is for?

MR. RUSSELL: Mr. Chairman, phase one of the project is going ahead in three stages. This gets rather complex. Phase one has three substages to it. Then there's phase two, which is the big one under consideration. Then there was phase three, which was a request for additional beds and research space. The request for that phase was turned down. What you see over there is phase one, stage one. What is being planned is phase one, stages two and three, and phase two. It's broken down that way because of—well, if you're familiar with the plan and the massing of the building, you'll understand the physical interrelationship. What we're looking at, at the present time, and not prepared to give construction approval for yet, is phase two. So we're looking at funds to finish phase one, stage one, and phase one, stages two and three, insofar as construction and equipment costs are concerned, and planning, administrative, and overhead costs for phase two.

MR. SINDLINGER: I wonder, Mr. Chairman, if for the next time we come back to this, the minister might bring back an updated report on costs for the Walter C. MacKenzie Health Sciences Centre, so that we can make the relative comparisons.

I'd like to pose just one last question this morning, Mr. Chairman. It's in regard to the Auditor General's management letter which was tabled in the Legislative Assembly last week. We referred to this particular item on page 7, Accounts Payable to the Capital Project Division, relative to the southern Alberta children's hospital. The Auditor General noted that there had been adjustments to capital projects administered by the Department of Hospitals and Medical Care, and referred to them as errors. They were in the amount of \$5 million. The question for the children's hospital was whether or not any of the \$5 million applied there. The minister said he would come back with the information and indicate whether that was the case. The relative question for this particular project is whether any of that \$5 million in errors was attributed to this particular project.

MR. KING: Mr. Chairman, I move that the committee rise, report progress, and beg leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPLEBY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, on Monday the order of business will be Government Motion No. 16 and, if there's time after that, Committee of Supply.

I move we call it 1 o'clock.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[At 12:59 p.m., pursuant to Standing Order 5, the House adjourned to Monday at 2:30 p.m.]

