

CANADIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

TWENTY-FIRST ANNUAL CONFERENCE SEPTEMBER 17 TO 19, 2000 HALIFAX, NOVA SCOTIA

MONDAY, SEPTEMBER 18, 2000

OPENING OF THE CONFERENCE

WELCOME TO DELEGATES

[8:45 a.m.]

By Mr. Russell MacKinnon
Co-Chairman, Standing Committee on Public Accounts
Nova Scotia House of Assembly

MR. CHAIRMAN (Mr. Russell MacKinnon, Nova Scotia): Order, please. I will call this conference to order. I will give everybody a chance to find their places. We will start off our session this morning with the singing of O Canada. To lead us off in the song is Leslie Lake Searle. Would you all rise, please.

[O Canada was sung by Leslie Lake Searle.]

MR. CHAIRMAN (Mr. Russell MacKinnon, Nova Scotia): Good morning, delegates. That song certainly shakes off the cobwebs for me. My name is Russell MacKinnon. I am Co-Chairman of the Public Accounts Committee here in Nova Scotia. Also, my Co-Chairman John Holm, on my extreme right, is also in attendance with all the Public Accounts members here from Nova Scotia. The one on my extreme left here, the Yul Brynner lookalike, is Brooke Taylor. Next to him is Jim DeWolfe, David Morse and on my right is Dr. Jim Smith, Bill Langille, Barry Barnet and, of course, John. All of our colleagues will be taking part in coordinating some of the round-table discussions.

Well, I hope everyone enjoyed the boat tour last evening and the reception and the welcome at our most historic Province House. We always like to be proud of the fact

that it is the oldest seat of government in Canada. As you probably noticed, in recent times we have had some interesting changes of the guard here in Nova Scotia so it makes for very good politics.

I don't know how many have been here before but you will find in Nova Scotia that the greatest strength we have is the people. We like to make everybody feel welcome. If we don't see a smile on your face when you come, we are going to make sure you have one when you leave. You can be assured of that because we like to party here, we like to work hard, and I believe we are going to have a very exciting and a productive conference here. We have some excellent presentations to put before us.

I would like to welcome all the delegates from all the various jurisdictions. For those who aren't familiar, the seating arrangement, on an alphabetical basis, starting from our extreme left here, Alberta and right up to Australia. We started with an A and we ended with an A. So we have a double A rating here in Nova Scotia and our Auditor General would be pleased with that.

We were supposed to have the 78th Highlanders with us but unfortunately, for internal reasons, they just couldn't make it. As I said to Roy, I am still wondering how we won the war. With that, we in Nova Scotia have great diversity and strength, and I hope all the spouses as well as the delegates and friends of the delegates have an opportunity to visit some of our historic sites. We have the Citadel here in Halifax. Halifax is a beautiful city with a lot of history. As I was pointing out to one of the delegates, just across the street is St. Paul's Anglican Church and inside that church you will see a great big piece of steel shaft that was a piece off one of the munition ships during the Halifax Explosion. That blew over 2.5 miles and it stuck in the wall in that church and it is still there to this very day. So these are the types of things that you will find interesting that will generate a lot of conversation. We don't expect any explosions here today, I hope.

Also, for those who are golf lovers, we have some of the best golf courses in the world, according to the latest reports. We were rated number one in terms of some of the golf greens here, according to the experts. We have the beautiful Fortress of Louisbourg. We have Peggy's Cove -- that will be included in our tour. Just if you are not sure or you don't want to partake in a lot of the formal arrangements for tours and activities, just find one of us and there are lots of our staff here who will put you on the right track.

Now, that having been said, I would like to turn it over to Roy Salmon, our Auditor General. Roy, if you could also bring greetings to the delegates as well.

MR. ROY SALMON (Aud. - Nova Scotia): Thank you, Russell, and good morning, ladies and gentlemen. It is a pleasure to be here and to see you all again. Contrary to last night when I took you in the wrong door, I did not direct the Cameron Highlanders to the wrong door this morning so don't blame that on me. It is a pleasure to join with Russell and the members of the Public Accounts Committee to welcome you to Nova Scotia and to Halifax. I am looking forward to an exciting and productive two days of meetings. I am particularly interested in our joint session this afternoon with Sir Graham Day. I think that that will be an excellent event. I have heard him speak before and I think that you will really enjoy that session among the others.

As Russell has said, this is a wonderful province. I am a come-from-away. I am from Ontario. I have been here for eight years and I will never leave. The fact that I am able to sit up here with all of these members of the Public Accounts Committee and they don't go after me with bats is some indication of the degree of cooperation that we have here between my office and this very active and productive Public Accounts Committee. I would say that we can stack up, in terms of a good Public Accounts Committee, with any other jurisdiction in this country. I know you all do very valuable work.

So, once again, welcome to Nova Scotia, have a productive two days and we auditors are going to leave you now and go and do our business in the next room. Thank you very much. (Applause)

MR. CHAIRMAN (Mr. Russell MacKinnon, Nova Scotia): Thank you very much. Fellow delegates, Roy certainly knows how to clear a room. Half of the room cleared when Roy left. I am quite proud, too. My wife comes from Ontario. She hails from Scarborough, Ontario, for the Ontario delegates. So I have connections and some roots there as well.

Starting off, we are going to ask Ms. Mora Stevens, who is our Canadian Council of Public Accounts Conference Coordinator, to say a few words. Mora.

MS. MORA STEVENS (Canadian Council of Public Accounts Conference Coordinator): I would like to start off by welcoming all of you here. I hope everything is going well and if you have any problems at all, where the registration was held yesterday, just behind that, is our administrative office. Anyone in the yellow shirts can assist you. Just come to us and we will help you with any problems that you have. Unfortunately, Craig James, who was going to do some executive director business this morning, is unable to make it until tomorrow because of the crisis that is going on in B.C. So we will skip past Craig's remarks and we will do those tomorrow once he arrives.

Again, just to welcome you and also to thank the team that has helped put the conference together. I have coordinated for the Public Accounts side, Darleen Langille has coordinated for the Auditor General's side and she has done a lot of hard work. If there are any problems any of you have, any place you want to see, just let us know and we will be more than happy to help you. That is everything for me so I will turn it back over to the Chairman for the first round-table session which will be Mr. David Morse.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Mora, and welcome everybody. As we start our remarks, I would like just to say if there are any questions, perhaps you could ask them before we go on to the next province or territory. To start the session, we are going to start here with Nova Scotia. We have a bit of a unique situation in Nova Scotia. You will notice that there are Co-Chairmen of Public Accounts and that is because our situation in the Legislature has a tie between the two Opposition Parties and there has been a lot of cooperation in putting this conference together in the Public Accounts. You have heard from Russell MacKinnon who is one of the Co-Chairmen and John Holm, who is the other Co-Chairman, will be giving the report for Nova Scotia. Reports are supposed to go for about eight minutes in length and then questions. I turn it over to John Holm.

FIRST SESSION

Reports from Jurisdictions

MR. JOHN HOLM (Nova Scotia): Thank you very much, David, and welcome, again, to everybody this morning. I probably should stop before I begin. I was just thinking of the remarks that Roy, our Auditor General, made and talked about the hard-working, excellent Public Accounts Committee here in Nova Scotia. With that, I think that I should probably stop and not blow the perception that he might have left. He talked about the fact that nobody has gone after him with bats yet and I could not resist calling him over afterwards and saying at least, Roy, not yet. We do, indeed, have an excellent working relationship with the Auditor General and his staff here in Nova Scotia.

As I begin, I would like to introduce our members. Russell, earlier, had done that. However, we have been joined by another member and that is Darrell Dexter who is seated three seats to my right. David Morse, when he introduced himself, what David didn't say is that he serves as the Vice-Chairman of the Public Accounts Committee. So Russell and I are the Co-Chairmen but David Morse is our Vice-Chairman.

Approximately a month before last August's conference in Quebec City, and there was some discussion earlier about the unique situations in Nova Scotia, but about a month

before the last conference, we had a general election in Nova Scotia. Prior to that, Nova Scotia had had a minority government with both the government and the Official Opposition -- at that time it was the New Democrats -- holding an equal number of seats. The combined Opposition, therefore, could control the Public Accounts Committee in terms of both the agenda and the witnesses that were to be called.

This changed last summer in the July election of 1999 when we had the election of a majority government but we now have another unique situation, a tie of another kind. Now both Opposition Parties hold an equal number of seats in the Legislature. The Speaker, Mr. Murray Scott, ruled as both Parties were tied, that there would be no Official Opposition or recognized Third Party. Instead, we would have two equal Opposition Parties. As it affects the Public Accounts Committee, our rules state that the Chairman of the Public Accounts Committee is to be selected from the Official Opposition. So there was a little bit of an obstacle therefore to be overcome. We have worked very cooperatively and at our first meeting after the election held in September, it was decided unanimously by the committee that there would be two equal co-chairmen appointed, one from each Opposition Party. The chairman's position rotates on a six month basis. Russell MacKinnon was selected to be the first chairman and that was unanimously agreed to by the committee and I took over in March, I think it was. Time flies fast when you are having fun. My term as co-chairman for the first six months of my mandate, anyway, ends this month.

[9:00 a.m.]

The Public Accounts Committee in Nova Scotia is set up by legislation. The committee's mandate includes reviewing the Public Accounts for the province and its Crown Corporations, the annual reports and any other special reports of the Auditor General, along with any other financial matters respecting the public funds of the province.

The legislative mandate of the Public Accounts Committee was broadened by the committee with an all-Party agreement in 1994 to include flushing out legislative provisions that would include holding the government accountable for its spending of taxpayers' money and its stewardship of public assets. The House of Assembly adopted this expanded mandate. Specifically, with respect to the investment of taxpayers' money, the mandate of this committee includes looking at the activities of all government departments, agencies, Crown Corporations and any person or institution receiving financial assistance from the government.

Nova Scotia has moved, with all-Party support, to Generally Accepted Accounting Principles. Foreign exchange gains and losses are now amortized over the remaining

term of an issue. All public entities that are accountable to a minister have their financial results form part of the province's consolidated statement. Among government organizations and enterprises, now included in the things that the Public Accounts Committee can look at, are the health and school boards, Nova Scotia Resources Ltd., Sysco or the Sydney Steel Corporation, to name just but a few. New major capital expenditures are expensed over the expected useful life of the capital project instead of expensing the full costs in the first year as had been done previously.

The Public Accounts Committee, I think -- and Roy had mentioned that we are an active committee and I appreciate his comments in that regard -- had a fairly active year. We have held 28 meetings of which 20 sessions were public sessions and those sessions are broadcast over Legislative Television. Complete transcripts of all of our public sessions are also available on-line through the Legislature's Hansard web page. We are fortunate to have capable staff from Hansard with us here today.

We have an excellent working relationship with the Auditor General and his staff. When the committee selects the issues it wishes to examine, the Auditor General and/or his staff will, in camera, brief the Public Accounts Committee on any audits they have conducted and made public in recent years on a particular topic. We have had eight such briefings this past year alone. During those sessions, of course, we are free to ask the Auditor General and his staff any questions that would help to give us some insight in our examinations.

Topics examined since September 1999 have been very varied. The committee did a follow-up examination of public-private partnerships, specifically the P3 schools and looked at the Nova Scotia Liquor Commission that is being considered for privatization. We also examined health care with senior department officials called as witnesses. At separate meetings, we also examined ground ambulance service and Pharmacare. The committee examined the position of the Crown Corporation, Nova Scotia Resources Limited. Nova Scotia Resources Limited holds an 8.5 per cent interest in the Sable offshore natural gas fields but in spite of it owning an 8.5 per cent interest, it also has debts of over \$700 million. Before the committee, at separate meetings, we called both the current manager and the former manager before us to answer questions.

Among other issues examined were the Alternate Dispute Resolution Process that had been established to compensate victims of physical and sexual abuse in Nova Scotian-run youth facilities, failed business ventures that received government funding and many others.

The Public Accounts Committee can be combative -- I can attest to -- at times. Agenda topics and witnesses to be called are decided by a majority vote of its members. We try to maintain a schedule of topics and witnesses we wish to call before us. Now we are in a situation where that has to be revisited because at the June meeting a motion was put, and passed, to adjourn the meetings for the summer and to delete all witnesses and topics previously agreed to for the agenda this fall. So a new list will have to be prepared at our next meeting, which is coming up next week.

I want to stress that although we are in a unique situation, I believe that we have been able to operate in a very cooperative manner and I think that that bodes very well for the committee, and I am talking about all three political Parties. We have also been assisted tremendously -- and you heard from Mora Stevens a few minutes ago -- by Mora Stevens and her staff in the Committees Office. They do a tremendous amount of work for us, putting together the agendas, the briefing books -- and we get very substantive briefing books for each one of our sessions -- a week in advance to help us in our deliberations and preparations.

I just want to, as I wrap up, make two final comments. As one of the co-chairmen, I am extremely grateful to Mora and her staff for all of their very hard work putting together the conference here today. I guess the last thing I would like to say is that I have found working with the Public Accounts Committee -- it is something that I haven't done for a number of years; I had been on it about 8 or 10 years ago -- I have found my past year to be extremely interesting and rewarding and it has changed significantly in the way that it operates. It is now much more of an open process than it was 8 to 10 years ago when I had my previous experiences on the committee.

So with those brief remarks, I conclude the report on Nova Scotia. This was a report that was actually not just delivered on my behalf, but on behalf of the committee, as the committee members approved this report on September 6th at our meeting at that time. Thank you.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, John. Are there any questions?

MR. LANCE WHITE (Alberta): From your last eight years to now, I assume by the sound of it, it has changed quite considerably. Was it depoliticized? Is that what happened? What has changed that has made the operation seem so much better now than it was eight years ago?

MR. JOHN HOLM (Nova Scotia): If I could, I guess there are a couple of things that I would say. We have an expanded, broadened mandate. I think that that is one of the things that I am talking about. Well, it is one of the main things that I am talking

about, about the changes over that period of time. No, it is not totally depoliticized, not in the public forums, at least. When you have situations when the Opposition controlled it versus what you have today, of course the politics do change and sometimes in the public forum each side is trying to get out certain information. But the way in which the committee itself operates, I think that the chairmen have very definitely been non-political in their actions from the Chair -- and I am saying all Chairs, and that includes David Morse because David takes the Chair if Russell or myself wish to leave the Chair to ask questions -- we have had pretty well a general cooperation on most of the topics we have brought forward. Caucuses bring forward topics and there has been open willingness to consider them all, from all sides.

I am reminded, and David correctly points out -- it is what you call cooperation -- that Cabinet Ministers of course, and Party Leaders, are not permitted any longer to be members of the Public Accounts Committee.

MR. LANCE WHITE (Alberta): The witnesses, do you ever call Cabinet Ministers as a witness or is that a . . .

MR. JOHN HOLM (Nova Scotia): We haven't this past year, but it has been done before.

MR. LANCE WHITE (Alberta): As a general rule, it doesn't occur. Oh, thank you.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): I think Sue was next.

MS. SUE OLSEN (Alberta): You say that you had 28 meetings and 20 were public meetings. I am assuming, then, that you meet outside of session?

MR. JOHN HOLM (Nova Scotia): We meet when the session is on, and outside.

MS. SUE OLSEN (Alberta): The reports you talked about, the Crown Corporations, does that include review of any delegated authorities that may exist within the government?

MR. JOHN HOLM (Nova Scotia): We have the ability to do that, yes.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): There was a question down there.

MR. RON MACKINLEY (Prince Edward Island): My question is, when you bring people forward, when an auditor suggests that you should go to an in-depth study,

further than what he could go, does your committee bring those people forward for questioning?

MR. JOHN HOLM (Nova Scotia): The auditor doesn't suggest who we should call before the committee; the committee members themselves decide that. The Auditor General and/or a staff member is present at each and every one of our meetings. In the sessions where we are selecting witnesses and topics that we would like to bring before us, we will ask the auditor if there have been any investigations done by his department on those particular areas. If an audit is under way, he can't brief us on information that hasn't been made public yet. He doesn't suggest, he is just simply there, very helpful, in providing us the information on any findings that they have discovered in the audits that they are doing.

MR. RON MACKINLEY (Prince Edward Island): I know, but say he is done and the information is public, when you have the auditor before you, when you ask him the question, did you go any further? The auditor can only go so far, I believe; that is when your committee takes over and calls in witnesses, is that it?

MR. JOHN HOLM (Nova Scotia): We may do that. We may try to go further than the Auditor General has done, or we might try to flesh out information. Yes, I guess so, try to go further than what the auditor has done; let's leave it at that.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Are there any other questions? Seeing no hands, I would like to recognize Lance White from Alberta. Perhaps, Lance, if you could introduce your team and give your report.

MR. LANCE WHITE (Alberta): Mr. Chairman, I am pleased to be here representing the Legislative Assembly of the Province of Alberta for the 21st annual conference. This is my fourth term as Chairman of the Alberta Public Accounts Committee and here with me today is: vice-chairman, government representative, deputy chairman, Shiraz Shariff; the Clerk, Corinne Dacyshyn; representing the Standing Committee on Legislative Offices is Chairman Mr. Paul Langevin; and members Ms. Sue Olsen and Ms. Mary O'Neill.

I must explain that the Legislative Offices Committee reviews the operation of four of the officers of the Legislature, one of which is the Office of the Auditor General. The committee reviews the budgets submitted by those offices and is involved in salary negotiations and appointments of those offices. Sue and Mary are also members of the Public Accounts Committee here today.

The Standing Committee on Public Accounts is comprised of the Chairman, myself, the Deputy Chairman, 12 members of the government and five members of the

Opposition. The mandate of the committee is to review the Public Accounts of the Province of Alberta and to ask questions of the Ministers of the Crown representing each and every expenditure item in those departments and, of course, to review the comments of the Auditor General's Annual Report.

Each year the committee holds two meetings with the Auditor General, both in public and one meeting with the Provincial Treasurer to open up the session and then the committee goes on to review virtually, in order, if possible, every department of the Government of Alberta. During the spring session of the Fourth Session of the 24th Legislature, the committee held 10 meetings on the 1998-99 Public Accounts and the 1998-99 Auditor General's Report.

The 1999-2000 Annual Report of the Government of Alberta is the consolidated financial statements of the province. It compares with the actual results, the desired results, of those which are predicted by the government's business plan that was released this past June. We suspect we will be reviewing those perhaps as early as November this year.

The ministry annual reports for 1999-2000 are expected to be filed later this month. We will then subsequently review those perhaps as early as the spring of this coming year. The ministry accounts integrate performance targets and outcomes of financial data in a single document for each ministry. By Standing Order, these documents are automatically referred to the Public Accounts Committee for review and hopefully this spring we will get around to them. The proceedings of the Standing Committee on Public Accounts are always open to the public. We have, to my knowledge, yet to have an in camera session. They are recorded by a Hansard similar to most other Legislatures.

The purpose of the Auditor General's Report is similar to most all of those in the Commonwealth style of Auditor General reporting and it is used to improve the utility of the public resources and the reporting of them in common accounting principles. I do believe we have some of those reports here with us if anyone wishes to review those. The recommendations made by the Auditor General and provided for the benefit of the Public Accounts Committee, ministers and other members are always made public and are open for review by each and every member of the committee.

My committee and I are quite happy to be here in this wonderful city and we hope to enjoy more of the hospitality that we have seen thus far. Thank you for your time. I am open to questions.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Lance. Are there any questions for Lance and his team from Alberta? Down on the corner we have John.

MR. JOHN GERRETSEN (Ontario): I just want to make sure I understood that correctly, that the provincial Auditor General only attends two meetings of the committee per year?

MR. LANCE WHITE (Alberta): The actual fact is that he and his staff attend each and every meeting. They, in fact, are reporting on the general overview for those two meetings. They are, in fact, the witnesses as opposed to the added commentary, if you will.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Was there somebody else who had a question? John.

MR. JOHN HOLM (Nova Scotia): Just one brief question. Did you say that the only witnesses that are called other than the Auditor General maybe for examining this report were ministers?

MR. LANCE WHITE (Alberta): In fact the ministers do attend and are, if you will, the head of the delegation by the choice of the government. The ministers, by and large, bring with them certainly their deputy and their assistant deputies and some of the accounting staff and they each have an individual report, but the minister does take the lead. In anticipation of your next question, yes, it does constipate the situation politically. It makes it difficult for a lot of government members to probe and question because it has political overtones. So it is something that this chairman has had difficulty with for a long time but that is the nature of the business.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Are there any other questions for Alberta? Yes, sir, could you identify yourself? We are trying to hook up your mike.

MR. JEAN DUPUIS (Canada): I am a researcher for the Library of Parliament. Just one small question. You said that the documents contain financial statements, outputs and outcome, in the same document?

MR. LANCE WHITE (Alberta): It is a different reporting method than previously. Each department puts together a report that includes the summary of the accounts and a business plan, a projection and budget, as it were. I am told by the government that put this forward that it is in order to see the past, the present and the future, if you will, of a department to have a department explain all three of those situations in one

single document. Then, of course, the Public Accounts are the expenditure history. They are listed in a separate volume.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Are there any more questions for Alberta? Seeing none, we are going to move on to Kelly Dunsdon from British Columbia. She is the lone representative because of a rather special circumstance over the weekend in B.C. Kelly, welcome.

MS. KELLY DUNSDON (British Columbia): Thank you very much. I am the researcher to the Public Accounts Committee in B.C. and I just want to pass along the regrets of Rick Thorpe, the chairman of the committee. He is unable to be here today because the members have all been called back to discuss the doctor situation in B.C. and they were called back on Sunday, yesterday. I believe they may be sitting again today. So I would just like to pass on his regrets along with those of the Vice-Chairman, Evelyn Gillespie, and members Pietro Calendino and Erda Walsh.

I just want to talk about the work of the committee over the past year. The committee has tabled five reports over the past year, addressing issues including: Y2K preparedness; the Office of the Auditor General's operations for the year 1997-98; protection of drinking water sources, which actually we have provided a copy today on the table as you enter the room; and we have also issued reports on management of government travel, executive severance practices in the B.C. Public Service, and trucking safety.

Our committee met 22 times within the past year. All of those were in open session. The committee rarely meets in camera, even to discuss its own draft reports. The Auditor General and his staff attend each meeting. During the past year, the Auditor General had quite a busy year and issued 10 reports. The committee has been busy reviewing those reports. The most time-consuming report has been governance and risk management of the fast-ferries project, B.C. ferries. Three meetings were held on that topic and there were 11 witnesses providing testimony to the committee. The committee's report on this topic is currently in progress and is expected to be completed this fall.

This year the committee also reviewed planning and accountability in Forest Renewal B.C. Two meetings were held on that topic with the committee receiving evidence from FRBC's Chairman and CEO. The committee is currently finalizing its report on this issue as well.

Other issues looked at by the committee this year have included social housing; a review of the B.C. Housing Management Commission; pulp and paper mill effluent permit monitoring by the Ministry of Environment; standards of conduct in the

education and health sectors; and of course the committee has been busy reviewing the Public Accounts for 1998-99.

Forthcoming business. The committee expects to have a busy schedule over the course of the next few months. The committee's terms of reference allow it to sit intersessionally so, while the House is adjourned, we will be meeting generally twice a month for approximately eight hours each. The committee will be continuing its review of government financial accountability for the year 1998-99. New matters expected to come before the committee include an examination of Auditor General Reports pertaining to safety in B.C. schools. Also, a couple of years ago, the committee had done a review of earthquake preparedness in B.C., and we will be receiving an update on the progress made responding to recommendations arising from that study. The committee will also be following up on recommendations arising from the drinking water audit.

I am open to any questions if anyone has anything to ask.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Kelly. Are there any questions for Kelly from B.C.? I would like to identify Sue Olsen from Alberta.

MS. SUE OLSEN (Alberta): Kelly, I am interested in the notion of calling witnesses. You call witnesses outside of government departments as well as members of government departments, is that correct?

MS. KELLY DUNSDON (British Columbia): Yes, we do. Actually, when we did the drinking water study, we had witnesses representing different water organizations such as the BCWWA, which is the Waste Water and Water Association. With the earthquake preparedness, we also heard from organizations like the Insurance Bureau of Canada on earthquake insurance issues.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Ron, from P.E.I.

MR. RON MACKINLEY (Prince Edward Island): You were saying when you met, two meetings a month for eight hours each meeting?

MS. KELLY DUNSDON (British Columbia): That is what we expect this fall, yes.

MR. RON MACKINLEY: (Prince Edward Island): What would you do in those eight hours?

MS. KELLY DUNSDON (British Columbia): Actually, a lot of these meetings will be a review of Auditor General Reports that have just been issued. Hearing from

Auditor General staff, generally they do quite a lengthy presentation on their report and then there is a question and answer session. A lot of what we will be doing this fall, as well as considering the committee's own draft reports, because we have had a very busy year and they have quite a few draft reports to consider.

MR. RON MACKINLEY (Prince Edward Island): You were talking about that water report, did the Auditor General go in and do an audit on the water?

MS. KELLY DUNSDON (British Columbia): Yes, the Auditor General did a review of protecting drinking water sources in B.C., looking at what the Ministry of Environment -- and the Ministry of Forests actually has a role as well -- does to protect the drinking water sources in the province.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Ron. Thank you, Kelly. Are there any other questions for Kelly from British Columbia? Seeing no hands, I am going to give a warm welcome to John Williams, who is the chairman from Canada. Welcome, John.

MR. JOHN WILLIAMS (Canada): Merci beaucoup, M. l'président. Je suis John Williams, le député St. Albert, Alberta, et aussi l'président comptes publics à Ottawa.

This has been another busy and productive year for the House of Commons Standing Committee on Public Accounts. I want to thank all the members of the committee, each of whom has contributed to our success in the past session. We work together as a team; partisanship seldom gets in the way and we all share a common purpose. I am very proud of the work my colleagues on all sides of the table do at our meetings.

Before I continue, let me introduce the committee members who are with me at the conference this year: Ms. Marlene Jennings from the Liberal Party, Mr. Philip Mayfield from the Canadian Alliance, and M. Benôt Sauvageau from the Bloc Quebecois. We are also joined by Mr. Bernard Fournier, our Clerk of the Committee; Mr. Brian O'Neal; and Mr. Jean Dupuis, a Researcher from the Library of Parliament.

As mentioned, we were busy. The committee met a total of 30 times to hold hearings and draft reports. The Auditor General of Canada tabled two reports, November 1999 and April 2000, and during this period contained a total of 32 chapters. The committee examined 17 of these chapters, plus the Public Accounts of Canada 1998-99, and the annual performance report of the Office of the Auditor General of Canada, and tabled 14 reports in the House of Commons.

To mention a few of the highlights -- and we have a document here for anyone who wants the full transcript of all the chapters that we looked at, and I would refer you to

them, and in addition, we have a subcommittee of the Public Accounts that was formed in March 1999 to study the efforts to establish international financial reporting guidelines and standards. That subcommittee travelled to Washington in May of this past year, visited the World Bank, the IMF, the general accounting office to look at financial standards, and we also were to Congress to look at financial standards not only in Canada and the United States, but around the world. I will be speaking in more depth on that particular subject tomorrow morning.

[9:30 a.m.]

I would also like to take a moment to highlight one of my concerns and that is the accountability, and especially the accountability of the First Nations. Over the past few years, the committee has reviewed several audits that have touched on the relationship between the Department of Indian Affairs and Northern Development and the First Nations communities. This past year we looked at the management and administration of the funding arrangements between the Department of Indian and Northern Affairs, the second report tabled November 14, 1999, and in our hearing we discovered that the financial statements of the First Nations are not subject to public disclosure.

The department told us that because of a 1988 court decision, called the Montana Decision, the integrity of financial statements is protected and the confidentiality is protected because they are often consolidated statements that contain reports of businesses owned by the First Nations. The department also said that it might consider including a provision in funding arrangements that would require disclosure of these aspects of the financial statements that relate directly to the receipt and disposition of public funds, without touching on privately-owned businesses.

The committee strongly believes that financial statements should be available publicly and accordingly recommended to the House and to the government, that the Department of Indian Affairs and Northern Development include a provision in all future funding arrangements that call for public disclosure of all elements of First Nations' financial statements relating to the receipt and dispositions of funds provided by the federal and provincial governments in Canada.

In its comprehensive reports to the committee, the committee's report, the government referred to the Montana Decision again, however it said that under the Memorandum of Understanding signed between the Assembly of First Nations and the Certified General Accountants Association, discussions are currently in progress with the Assembly of First Nations and the Certified General Accountants Task Force on how to balance the need for transparency, disclosure and accountability of government funds, with the need to protect propriety or third-party financial information. An

additional audited statement report will be developed which will enable implementation of the above recommendation. Every effort will be made to complete this action for introduction with the fiscal year 2000-01 audits.

This is a good start, although it falls short of a full commitment. The committee will be watching this issue closely to ensure that the government follows through. Clearly this is an issue that should be resolved if First Nations' governments are going to act like governments and if the inhabitants of the First Nations' communities and Canadian taxpayers are going to get to the kind of accountability they deserve.

I would also like to mention the committee's 11th report which was based on an audit of the Canada Infrastructure Works Program. In conducting this audit, the Auditor General of Canada worked closely with several of his provincial counterparts, including the Auditor General of Nova Scotia, Mr. Roy Salmon, who also issued a report focused on the provincial side of this program. These kinds of arrangements between audit offices are crucial if we are going to get the full picture of programs that are developed by provinces and the federal government working in partnership. Of course we are seeing more and more of that with the National Child Tax Benefit and now with a health care agreement that we put together just recently.

In closing I just want to point out that all of our reports are posted on the committee's Internet site and government responses are beginning to appear there as well. I also want to mention that our researchers have copies of all of our reports for the past year with them here today. If there are any that are of interest to you, please let them know and they will make the copies available to you. Thank you, Mr. Chairman.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, John. Any questions for John Williams and his team from Canada? Not seeing any hands, I will then move to Mr. Ed Helwer of Manitoba.

MR. ED HELWER (Manitoba): Thank you, and good morning. It certainly is a pleasure to join you this morning. I just want to explain before I start my report that in September 1999, we had a provincial election in Manitoba. There was a change in government and also a change in the Public Accounts Committee, chairman versus the vice-chairman. Prior to 1999, I was the vice-chairman of the committee because I was on the government side, but since the election of last September we are now the Opposition and I am now Chairman of the Public Accounts Committee. I would like to introduce the other members of my committee. On my left is Mr. Jim Maloway who is a government member for Elmwood and he is the vice-chairman; on my right is Ms. JoAnn McKerlie-Korol who is Clerk of Committees for Manitoba.

On July 21, 2000, the first meeting of the Manitoba Public Accounts Committee took place and at that meeting I, the member for Gimli, was elected chairman, and Mr. Jim Maloway, member for Elmwood, was elected vice-chairman. At that meeting the committee considered the following reports: the Public Accounts, Volumes I, II, III, and IV for the years ending March 31, 1997-98; also the Public Accounts, Volumes I, II, and III for the year ending March 31, 1999; and the Provincial Auditor's Report on the operations of the Office of the Provincial Auditor for the years ending March 31, 1997-98-99. Also, we dealt with the Provincial Auditor's Reports on the audit of the Public Accounts for the years ending March 31, 1997-98-99 and also the Provincial Auditor's Report on value-for-money audits for autumn 1997, spring 1998, summer 1999 and for the period ending June 2000. We also dealt with an examination of governments in Manitoba's Crown Corporations of June 1998. At that meeting all but the four Provincial Auditor's Reports on value for money were passed.

At the July 21st meeting, the committee unanimously adopted the following motion: that the Provincial Auditor's recommendations for changes to the procedures and the role of the Public Accounts Committee be referred to the Rules Committee and that the Public Accounts Committee recommend that a meeting of the Public Accounts Committee be convened to discuss the Provincial Auditor's recommendations and make comment on them prior to the Rules Committee dealing with the Provincial Auditor's recommendations.

The recommendations as noted in the above motion from the Provincial Auditor were contained in the March 31, 1997 Provincial Auditor's Report from the Office of the Provincial Auditor and the recommendations put forth by the Provincial Auditor were as follows: we were to operate in a non-partisan manner; we were to adopt the written mandate and statement of operating principles; and have the right to investigate all past, current, and committed expenditures of government and recipients of public monies; have and use the power to summon persons and examine papers and records; be concerned with how the government policy is administered and with value for money in the implementation of government policy, rather than with government policy itself.

We also have the right to request the Provincial Auditor to conduct civic reviews; to review proposed changes to the Provincial Auditor's Act, as well as changes to its own mandate; to scrutinize the operations of the Provincial Auditor; to call witnesses and take testimony under oath; make recommendations to the Legislative Assembly; and exclude Cabinet Ministers from committee meetings. It is anticipated that the Public Accounts Committee will meet in the near future to consider these recommendations, although a meeting date has not yet been established.

That is my report, if there are any questions I will be glad to try to answer them.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Are there any questions for Ed or his Manitoba team?

John Gerretsen from Ontario.

MR. JOHN GERRETSEN (Ontario): Just a question, do I understand that your chairman and your vice-chairman are not from the same caucus? Is your chairman traditionally from the Opposition and your vice-chairman a government member?

MR. ED HELWER (Manitoba): That is correct, the chairman is normally from the Opposition and the vice-chairman is from government caucus.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Any further questions?

Sue Olsen from Alberta.

MS. SUE OLSEN (Alberta): You said you reviewed past and current records, so past and current authorities or financial records of the government, is that correct?

MR. ED HELWER (Manitoba): That is one of the recommendations, that we will be able to review past and present operations of the government, yes.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Any further questions? Seeing none, I recognize Sheldon Lee from New Brunswick.

MR. SHELDON LEE (New Brunswick): Thank you, Mr. Chairman. First I would like to tell you that I represent the riding of Charlotte, located in the southern part of New Brunswick. My constituency runs from St. Andrews to the Saint John city limits and approximately 40 to 50 kilometres inland. I am accompanied here today by another member of the committee, Mr. David Jordon, vice-chairman of the committee and member for Grand Lake in the Fredericton area. On my right, I am also accompanied by Donald Forestell, clerk of the committee.

As you probably are aware, a general election was held in New Brunswick in June 1999 and a new government was elected. Of the 55 members elected to the Assembly, 37 were newly-elected members. Similarly 9 of the 14 members appointed to the Public Accounts Committee were new members. Therefore much of the committee work over the past year was related to helping new members gain an understanding of the role of the Public Accounts Committee, as well as an understanding of the mandate and operation of the various government departments and agencies.

Committee members initially participated in an information and orientation session conducted by the Office of the Clerk. Members were briefed on functioning of the Public Accounts and the important role the committee plays in the accountability process. Also, the Auditor General outlined the role and mandate of his office and briefed members on the Auditor General's Office and how it could provide assistance and advice to the Public Accounts Committee.

In December 1999, the committee met jointly with the Standing Committee on Crown Corporations to receive and review the 1999 Report of the Auditor General of New Brunswick. Auditor General Daryl Wilson appeared before the committee to present the report and answer questions posed by the committee members.

It is the tradition in New Brunswick that all government departments appear before the Public Accounts Committee on an annual basis for review. Departments are represented by their deputies and senior staff, Ministers of the Crown do not appear. Generally the committee meets when the House is not in session. Committee meetings are open to the public, except for an in camera session, which allows for deliberations leading to the report to the House. During the past year we held a total of 15 meetings to date. In total, 26 departments or agencies appeared before the committee.

As I noted earlier, much of the questioning was centred around gaining an understanding of the various departments and their responsibilities. In addition, the committee followed up on the Auditor General's review of the progress made by the province over the past several years in the area of performance measurement. Officials were questioned on the development of performance indicators within their department and were asked to objectively comment on the reasons why indicators have or have not been met. Following a recommendation to the Auditor General, the committee has been encouraging departments to continue to develop performance indicators that clearly relate to program objectives.

Some areas received significant scrutiny by the committee, including the operation and funding of the Environmental Trust Fund, which receives a significant amount of funding from the video lottery proceeds. There were questions regarding the Small Entrepreneur Capital Assistance Program, which helps New Brunswick entrepreneurs to start up or expand businesses, the issue of tourism funding and its relation to the development of job creation in the province. Also, there were questions relating to energy matters specifically regarding the issue and cost related to natural gas distribution in New Brunswick. As many of you know, we recently had a pipeline put through the province last year and this year laterals are being extended to some communities and some of the larger municipalities, particularly in the southern part of

the province. That is an interesting project that is ongoing in our province at the present time.

The Public Accounts Committee is expected to meet over the next few months to review the issues raised. It is anticipated that the next session of the House will open in early November and that committee is expected to report early in the new session.

Mr. Chairman, that pretty well covers the activities of our committee to date, thank you.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Sheldon. Are there any questions for Sheldon and his team from New Brunswick?

MR. JOHN HOLM (Nova Scotia): Sheldon, just one question. I believe you said the committee examines the estimates of each government department. Did I hear you correctly?

MR. SHELDON LEE (New Brunswick): Yes, that is correct.

MR. JOHN HOLM (Nova Scotia): My question really is outside of the committee but how much time is spent within the House itself examining the estimates of the various government departments? I don't mean each individual one but how much time is allocated for the total estimates?

MR. SHELDON LEE (New Brunswick): That is hard to answer but I believe they allocate about two to three weeks, it depends. I suppose the amount of time that is taken is the same in all Legislatures, it depends on how many questions are asked and how long it takes to get answers and how long the discussions go on. There really is no time limit.

MR. JOHN HOLM (Nova Scotia): I know here in Nova Scotia we have 80 hours allocated both in the House and in the Red Chamber, we divide it in two. So you examine each government department in Public Accounts, in addition to that which is done in the House itself?

MR. SHELDON LEE (New Brunswick): That is correct, but there is no time limit. The members are free to ask questions as long as they feel it is necessary.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Any more questions for Sheldon and his team from New Brunswick?

I recognize Mary Hodder from Newfoundland.

MS. MARY HODDER (Newfoundland): Good morning, Mr. Chairman. My name is Mary Hodder and I represent the District of Burin-Placentia West, which is on the south coast of the province. I am joined this morning by my colleague, Roger Fitzgerald, who is a member of the Opposition. Another member, George Sweeney, couldn't be present this morning but we also have with us Mark Noseworthy who is a researcher with government.

It is certainly a pleasure to be back here in your beautiful province again, I have visited here many times. Most of my visits here have been associated with hospital, I have been a patient at the Victoria General Hospital many times here in Halifax, so I have a very warm spot in my heart for this area. I think in 1972, I came here and at that time was supposed to have a short lifespan, but thanks to the wonderful care I received at the Victoria General and my doctor, of course, being a Newfoundlander, Dr. Stan Lennon, I was afforded many productive and interesting years since so there has always been a warm spot in my heart.

I enjoyed the tour of the harbour yesterday, it was the first time I have seen Halifax from the harbour. This area has a lot in common with my district, I come from a shipbuilding district; the two main industries in my district are the shipyard and the fish plant, so it certainly sparked a lot of interest to visit there and see the facilities you have at your shipyard and the various industries related to what we would have in our particular area.

I am fairly new at this and I was told this morning I was the most senior member and will be speaking here this morning. Last year our committee met 18 times, we had four issues to discuss. I wasn't present at a lot of those meetings, my colleagues were kind enough to excuse me. My husband spent the spring and most of the winter in the intensive care unit and he died in June of this year.

To continue on here, during the course of last year, our committee examined four main topics which had been previously audited by the Office of the Auditor General and found they contained various problems and irregularities. They were the use of special warrants, the food premises inspections and licencing, and the transfer of school board assets and liabilities in our province as a result of education reform. We reduced the number of school boards from 26 down to 10, so there were various problems that arose. There were similar irregularities in all areas but the Avalon East School Board and the Avalon West School Board being the two largest, these were the two that we concentrated on.

In special warrants, the issue we identified was the number of warrants issued and the amounts of such warrants had steadily been increasing over the last number of years. In 1993 there were seven warrants issued totalling \$42 million, whereas in 1998 there

were 13 warrants issued amounting to \$89 million. The Auditor General had found during her review that sizable portions of these funds had not been expended until well into the next fiscal year. According to our Financial Administration Act, the warrants may be issued for new or continuing services that are urgent and/or unforeseen. According to the Auditor General, the problem here is that these warrants are expended during the current year and they impact upon the financial statements of the province by decreasing the surplus and increasing the deficit.

Under the food premises inspections and licencing, the issues identified were: food premise regulations not being enforced; policy and procedures not accurate; we had no database of the number of food premises that are licensed; there were no clear monitoring procedures in place; the inspection and licencing of food establishments is covered by two different departments -- Government Services and Lands and Health - with not enough coordination effort between the two; and there was a lack of monitoring for investigation and complaints.

On the issue of transfer of school board assets and liabilities, the committee decided to examine the two largest boards in the province, as I said previously, the Avalon East and the Avalon West. Avalon East has approximately 85 schools with roughly 34,000 students, while Avalon West has 46 schools with approximately 12,000. Due to the recent changes from the denominational system to a public system, both boards had encountered many difficulties and problems, not the least were some of these issues: there was an inadequate control over the trust and ancillary funds; inadequate control over the capital assets; declining school enrolments; declining school board revenues; executive salaries not in accordance with the Cabinet direction; compensation to board members not in accordance to government policy; redundancy pay not within government policy; and of course, vehicle allowances not within government policy.

There was some discussion on board dinners and gifts, where there was a consolidation of the boards. Some had a policy not to give any gifts when a person was leaving while others were giving sizable gifts; there was some money owed by staff that had to be addressed; and board credit cards was another issue. So these were all issues that we dealt with in that session.

In our upcoming meetings before the next session of the House, we have meetings set for October 5th, October 11th, October 12th and again on October 16th. There are a number of issues that will be discussed under the Department of Government Services and Lands, management of Crown lands. We have areas to be examined including the identification system of Crown lands; land use policies; application procedures; and the monitoring and collection of accounts.

With the Department of Education we have the Student Loan and Loan Remission Programs, specifically the application, approval and appeal process, along with the follow-up monitoring. With the Department of Development and Rural Renewal we have strategic enterprise development, special reserve fund -- specifically the approval, analysis and monitoring process for BBS Imaging partnership -- the Cabot Call Centre in Newfoundland, bonding and composites. That hearing will be held in October.

With the Department of Health we have the Peninsula Health Care Cooperation. The committee will look at areas pertaining to financial position, capital assets, human resources and expenditures. That results from the merging of two boards, one in my area and one in Clarenville. What is happening there is there are two separate accounting systems and it does not give a clear picture of what the financial status is when a report is required.

With that, I thank you very much for the hospitality we have received here in Nova Scotia and I look forward to the rest of our convention and visit here. Thank you.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Mary. Are there any questions for Mary and her team from Newfoundland?

Mr. Philip Mayfield, Canada.

MR. PHILIP MAYFIELD (Canada): Mary, I was wondering, what has been the result of your reports on some of the improprieties that you mentioned this morning?

MS. MARY HODDER (Newfoundland): We haven't tabled these yet so we won't know until after this is tabled.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Any other questions for Mary and her team from Newfoundland?

Ron MacKinley.

MR. RON MACKINLEY (Prince Edward Island): Mary, how many members are on your Public Accounts Committee in Newfoundland?

MS. MARY HODDER (Newfoundland): We have seven people, four from government and three from Opposition. It is chaired by a member of the Opposition and vice-chaired by a member of government.

MR. RON MACKINLEY (Prince Edward Island): So, you are in Opposition, are you?

MS. MARY HODDER (Newfoundland): No, I am a member of the government.

MR. RON MACKINLEY (Prince Edward Island): So you are not the chairman then, you are the vice-chairman?

MS. MARY HODDER (Newfoundland): No, the vice-chairman and the chairman are not with us today.

MR. RON MACKINLEY (Prince Edward Island): For Public Accounts, is that in your base MLA's salary or are you paid extra if you are sitting on committees?

MS. MARY HODDER (Newfoundland): We are paid extra for the committee.

MR. RON MACKINLEY (Prince Edward Island): How much extra do you get and how are you paid?

MS. MARY HODDER (Newfoundland): It is \$6,000 for a member, \$8,000 for vice-chairman, and \$10,000 for chairman.

MR. RON MACKINLEY (Prince Edward Island): So the chairman gets an extra \$10,000, the vice-chairman gets \$6,000 and the members get what?

MS. MARY HODDER (Newfoundland): The vice-chairman gets \$8,000 and the members get \$6,000.

[10:00 a.m.]

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Ron. Are there any further questions for Mary and her team from Newfoundland? Seeing none I would say, Mary, your report must be of great assistance to your government and it is certainly nice to have you here in Halifax again, but not to visit the VG which is now the the QE II; we are glad you are in good health today.

I recognize Charles Dent from the Northwest Territories.

MR. CHARLES DENT (Northwest Territories): Mr. Chairman, I would like to start off by saying thank you very much to our hosts for the wonderful welcome and hospitality we have enjoyed. I am looking forward to enjoying more of it, it has been marvellous. I would also like to say thanks to the chairman for this organization. Usually, at this sort of function we get to speak in the order in which we have joined

the table. So I am used to being at the Territories and being at the very tail end. We welcomed Nunavut coming to the table at a lot of these meetings because it meant we weren't absolute last. (Laughter)

I am Chairman of the Standing Committee on Accountability and Oversight of the Legislative Assembly of the Northwest Territories. I represent the constituency of Frame Lake, which is one of the Yellowknife constituencies. I am accompanied by Mr. Floyd Roland, Deputy Chairman of the Committee and MLA for Inuvik Boot Lake. We also have with us our Committee Researcher, Mr. Doug Pon.

Last December we had elections, which brought to an end the 13th Legislative Assembly. In 1999 we also saw the creation of the Nunavut Territory. Probably most of you are aware of the unique system of government that we have in the Northwest Territories which is by consensus. Members are not elected under Party banners, we run as individuals. After the election all 19 members get together to select first the Speaker, then the Premier, and then the six members of Cabinet. Following that, this spring the 14th Assembly took the opportunity to improve on the standing committee system. Being politicians, any change is for an improvement, right?

Right now, our Standing Committee on Accountability and Oversight is comprised of all 11 regular members and it replaces the former Standing Committee on Government Operations. That means that all members of the Legislative Assembly, who are not the Speaker or a member of Cabinet, sit as members of this committee.

The committee has a very broad mandate, as you probably expect from that, and only one section of the mandate covers Public Accounts. We do have the mandate to examine the annual financial statements and the Public Accounts of the Government of the Northwest Territories and the Reports of the Auditor General. So as I have said, in effect, through this committee we perform the same functions as Public Accounts in other committees. In fact, when I was first elected to the 12th Assembly in 1991, we did have a stand-alone Public Accounts Committee. Having the much broader mandate does bring an interesting flavour to the work of the committee because the lines tend to be blurred and we get into issues that might otherwise be seen as Public Accounts when we are considering other items. We also look at or monitor the performance of territorial boards and corporations.

With the heavy legislative agenda that we have leading up to division and with the election happening late in the year and with the Legislature not coming together until just about spring, the Reports of the Auditor General for the Northwest Territories for the years ending 1997 and 1998 have not yet been considered by our committee. Just to give you a sense of how far behind we are running, the budget for this year was not approved until the first week in July. We have been running flat out trying to get

caught up since the late election. We did start the process in June with an initial briefing this year on the role and the functions of the Auditor General from Roger Simpson, Principal of the Edmonton Regional Office of the Auditor General of Canada. I guess I should point out -- for those of you who don't know -- that the Auditor General of Canada does perform the function of Auditor General for the Northwest Territories as well.

We are scheduled to meet as a committee with the Auditor General to review the report and other matters from September 26th to 29th in Yellowknife. Immediately after that we will proceed to moving into consideration of the territorial governments, 2001 to 2004 business plans. Right after that, we should get into a session in which the Auditor General's Report for 1999 will be tabled and we will then move to consider that and should, by the next time we get together, be up to speed.

I think that gives you a quick overview of our committee and where we are. Thank you, Mr. Chairman.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Charles. Are there any questions for Charles and his team from Northwest Territories? It is now 10:06 a.m. and I think we have time for Nunavut and then we will break for one-half hour.

Mr. Olayuk Akesuk from Nunavut.

MR. OLAYUK AKESUK (Nunavut): Nakurmiik, itshivauta. Thank you, Mr. Chairman. You pronounced my name right and it is very hard for other people to pronounce it, thank you. I would like to begin by expressing my appreciation to our host jurisdiction, Nova Scotia, for their warm welcome and hospitality this week. I would also like to introduce our committee's staff member, Mr. Alex Baldwin, Director of Research.

At the time of last year's conference in Quebec City, Nunavut had been in existence for just 150 days. Today, we are one year older and, I hope, one year wiser. As many of the people around the table today are aware, Nunavut, along with the Northwest Territories, is one of two Canadian jurisdictions that operates on a non-partisan, consensus basis. The Standing Committee on Government Operations and Services, which I chair, has responsibility for reviewing the Public Accounts and the Auditor General's Reports on other matters, in addition to having oversight responsibility for the government's three central agencies.

Last year, I advised delegates that the members of the standing committee were looking forward to reviewing their first set of Public Accounts. Inasmuch as the 1999-

2000 Public Accounts are not expected to be finalized until November of this year, I can firmly confirm that we are still looking forward to reviewing them.

I would like to take a moment to thank the Auditor General and his senior officials for having travelled to Iqaluit during the fall of last year to provide a briefing to the standing committee. It was an excellent opportunity to start our working relationship on a positive note by highlighting the relative roles and responsibilities of the OAG and the committee. We look forward to their returning to appear before us in the early months of 2001.

One procedural issue that the Legislative Assembly may face involves tabling time lines. Although the federal Nunavut Act provides an absolute deadline of December 31st for the Public Accounts for the previous fiscal year to be tabled, the territorial Financial Administration Act provides somewhat more flexibility, insofar as it allows the government -- if the Assembly is not sitting -- to table them within 15 days of when the House reconvenes. It is altogether possible that the first set of Public Accounts will experience a back-door tabling.

As I mentioned earlier, Nunavut's Assembly operates on a non-partisan basis. As such, committees of the Assembly have a greater opportunity to become involved in the business planning and budget development cycle of the government. Earlier this year, during committee review of the draft 2000-01 main estimates, committees secured a commitment from the government to formally table all departmental business plans, as well as those for boards and agencies. This had not been done in 1999-2000.

One of the committee's formal recommendations to the government during its first budget review process was that all business plans and budget documentation should be available on the government's primary Internet website. We look forward to seeing whether this accountability initiative will be acted upon.

A couple of issues that we expect to look at in the coming months are the finalization of the division of assets and liabilities process, as well as the issue of P3s. In the medium term, the creation of Nunavut's stand-alone power corporation will undoubtedly warrant close scrutiny.

On a related note, I should mention that Section 47 of the Nunavut Act empowers the government, with the agreement of the Governor in Council, to request the Auditor General to " . . . inquire into and report to the Assembly on any matter relating to the financial affairs of Nunavut or to public property in Nunavut or on any person or organization that has received or is seeking financial aid from the Government of Nunavut." Given that non-members of the Executive Council hold a majority of seats

in the House, a recommendation to the government to do just that at some point could very well carry considerable weight.

In closing, I would again like to thank our hosts, and I would like to thank everyone here for again sharing their experiences and insights. That you, nakurmiik, merci beaucoup.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Olayuk. Are there any questions for Olayuk and his team from Nunavut? I do have a little inquiry. You are obviously bilingual, I think your second language is Inuit, or maybe it is English and your first language is Inuit. Are your sessions held in Inuit or English?

MR. OLAYUK AKESUK (Nunavut): We have interpreters all of the time during the sessions, who travel with us if we have to travel. For example, we went to Quebec City last year for the Canadian Parliamentary Association and we brought our interpreters, along with unilingual MLA staff with us. We try to do our sessions in Inuit but some members don't speak it so we use both languages in the Legislative Assembly.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Any further questions for Olayuk? As there are none I will ask that we break until 10:45 a.m.

[10:13 a.m. The session recessed.]

[10:54 a.m. The session reconvened.]

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Order, please. I would like to resume the second morning session. As I see John Gerretsen from Ontario is in his seat, there is no better way to get everybody to sit down than to open the floor to him and his team from Ontario.

MR. JOHN GERRETSEN (Ontario): Good morning, Mr. Chairman. I was almost going to yield the floor to the member for Prince Edward Island since I am sure we are all interested in hearing about what it is like being a Party of one and being everything in your Legislature. We are very pleased to be here and I am from the riding of Kingston and the Islands, which has become famous over the weekend, since we are now the home of the gold medalist in the triathlon. (Applause) It was won by a very great young gentleman by the name of Simon Whitfield, whom I have the good fortune of knowing and have known for the last 15 years or so.

In any event, we are pleased to be here, we have a large delegation. We believe in helping the economy of all of the provinces of Canada, so I would like to take this

opportunity to introduce our delegation. To my immediate left is John Cleary, vice-chairman of the committee; next to him is John Hastings, Steve Gilchrist, Julia Munro and Marcel Beaubien who are the government members of our committee. We then have Richard Patten who is one of the Opposition members on the committee; Ray McLellan who is a research officer; and to my right is Tonia Grannum, clerk of the committee.

As a result of the election last year in June 1999, the committee was restructured and we now have a membership of eight: four government members; two members from the Official Opposition; and one from the New Democratic Party, the Third Party in our Legislature; plus a chairman. We meet weekly while we are in session on Thursday mornings for a couple of hours and we also meet out of session, with the permission of the Legislature, normally a motion is passed allowing us to meet when the Legislature doesn't sit.

Since taking over last October 1999, we have had 24 meetings, 12 of them public meetings at which time we have had representations from the different ministries, and 12 in camera meetings which have been spent mainly to write the various reports the committee has come up with. We strive toward unanimity in our reports, since we feel that will have the greatest influence on the various government departments. We focus our attention on the Provincial Auditor's 1999 annual report. As a matter of fact, in the mandate of our committee it is specifically stated in our Standing Orders that the Standing Committee on Public Accounts is empowered to review and report to the House its observations, opinions or recommendations on the report of the Provincial Auditor and the Public Accounts, which documents shall be deemed to have been permanently referred to the committee as they become available. Now we also may be empowered to examine and inquire into and report from time to time on all such other matters as may be referred to the committee by the House.

The Provincial Auditor presented his report in late October 1999 and the committee has held hearings on 13 audit reports, during the period of November 25, 1999 and July 26, 1999. It will have tabled six reports by October 2000. Our committee decided that the reports were not necessarily on the remaining items, which included some of the follow-up audits from previous years.

The actual reports we have tabled so far, the first report was on an Andersen Consulting agreement. Just to give you a little background on that, the Ministry of Community and Social Services had entered into a contract with Andersen Consulting in January 1997, for the implementation of a new business transformation project. The objective was to develop an implementation of new business processes and technologies for the delivery of social assistance in Ontario. The auditor did a report on that and the committee took that report, made some recommendations as well and

its report was tabled earlier this year. We also tabled a report on Cancer Care Ontario; also a report on the Office of the Public Guardian and Trustee; and a fourth report on the Provincial Personal Income Tax Revenue and Related Credits and Reductions, which mainly dealt with the issue of transfer payments between the federal government and the province.

At the present time the committee reports that are pending deal with the provincial highway maintenance and it primarily deals with observations with respect to the privatization of the maintenance of highway programs by the private sector and the Family Responsibility Office. We also had hearings but we didn't issue reports on the following items and these were issues that were identified by the Provincial Auditor as well: government advertising; Y2K information technology preparedness aspects; Child and Family Intervention Program; Conservation and Prevention Division; Transfer Payment Agency accountability and governance; the Ontario Student Assistance Program; Mental Health Program; and community-based service activities.

We met during the summer to finalize some of these reports and also during an inter-session in February and early March of this year when basically we had hearings for two weeks, at which time we invited on a daily basis, primarily the deputy minister of each department that we were interested in hearing from. We left it up to the deputy minister as to who he or she wanted to bring from the various departments who dealt with the particular aspects of the reports that I have mentioned.

I think that is pretty well it. I would be more than pleased to answer any questions.

[11:00 a.m.]

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, John. Are there any questions for John Gerretsen and his Ontario team?

Brooke Taylor from Nova Scotia.

MR. BROOKE TAYLOR (Nova Scotia): I would like to ask the presenter whether or not the mandate of the Ontario Public Accounts Committee enables you and your committee to examine financial issues that appear during the current fiscal year or are you somewhat restricted to audited documentation of previous fiscal years?

MR. JOHN GERRETSEN (Ontario): Well, we could if we are directed to do so by the Legislature. As I stated before, in our standing rules there is a provision there that in effect any issue that is referred to us we could do that but we could not do that on our own. We have a Finance Committee as well that would look into those things. We currently have eight standing committees within the Ontario Legislature. There are

two other committees that deal with financial matters: one is the Finance Committee, which basically looks into sort of pre-budget consultations and we have an Estimates Committee, primarily in which each of the Parties of the House identifies the estimates of particular ministries that it wants to examine. Usually, up to 15 hours is allowed them in order to examine the estimates of that particular ministry. I believe that normally on the Estimates Committee, they would examine the estimates of about eight different departments at any one time.

Specifically, with respect to your question, that would be dealt with by either the Finance Committee or that could be dealt with by the Estimates Committee as well, if it were one of the ministries that was identified in that particular year by one of the caucuses for further examination of their estimates.

MR. BROOKE TAYLOR (Nova Scotia): I guess if I could just paraphrase, Mr. Chairman, if an issue came up -- a situation most likely controversial -- it could not go before one of the standing committees unless there was consensus, or at least a vote taken in the Legislature?

MR. JOHN GERRETSEN (Ontario): If it is a matter that has been identified by the Estimates Committee then it is undoubtedly going to be raised there, if it is within that ministry. I am not quite sure whether the Finance Committee would be able to deal with that on its own or whether or not it would need direction but maybe, Steve, do you want to say anything on that?

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Mr. Steve Gilchrist from Ontario.

MR. STEVE GILCHRIST (Ontario): Direction would be required from the House Leaders.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, John and Steve. Any further questions?

MR. JOHN HOLM (Nova Scotia): One quick question. You talked about the committee make-up being eight members: four government, three combined Opposition, plus the chairman. How is the chairman selected and is that person in addition to the other seven? Are they a government member?

MR. JOHN GERRETSEN (Ontario): The vice-chairman is a member of the Opposition as well, the chairman is by tradition a member of the Opposition. The chairman is officially chosen by the membership of the committee that has been accepted by the House, but it is always done on the recommendation of the House

Leaders of each particular Party as to which members they want to sit on a particular committee. They actually wanted John Cleary but they got me. (Laughter)

I think it is also fair to say, to put it all on the table, that it is basically up to the Opposition House Leader and Party Leader as to who they, from their side, want to be the chairman on that committee and that is approved by the committee. Technically speaking, the person is elected but it is usually a foregone conclusion as to who that person will be.

MR. JOHN HOLM (Nova Scotia): Correct me if I am wrong then. There are four government members, two Official Opposition, one Third Party, plus another, and that other is traditionally from the Opposition as well. So, in reality, the total composition out of eight, four would be government and four would be combined Opposition?

MR. JOHN GERRETSEN (Ontario): Right, but the chairman doesn't vote unless there is a tie. The government always makes darn sure that that does not happen. (Laughter)

You know, in all fairness, I have only been involved with the committee for a year and I have been struck by the fact that the committee has dealt with the vast majority of the issues that are before it in a very constructive and non-partisan fashion. We really strive towards getting unanimity in the report.

I think it is to the benefit of all the people on the committee to make sure that the money is being expended by different government departments in a cost-efficient and cost-effective manner. That is as much, you know, to the benefit of the government members as it is to the Opposition members. Now, that is not to say that partisan issues do not arise from time to time and that may play itself out. I think that, so far, we have had unanimity on all of our reports and we sort of strive towards that.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Any other questions for John and his Ontario team? Seeing none, we are going to move on to Ron MacKinley from Prince Edward Island, and his team.

MR. RON MACKINLEY (Prince Edward Island): Thank you very much. My riding is North River-Rice Point. I have the largest riding in the province, as far as population goes. In P.E.I., I have fishing, farming, tourism; I have the Town of Cornwall in my riding; and, also, I have one native reserve in my riding.

My vice-chairman here is Jim Bagnall. He is from the Montague area. Our Deputy Clerk is Jill Walsh who just started working here, as the Deputy Clerk became the Clerk of the Legislative Assembly after the last election.

The Standing Committee on Public Accounts on Prince Edward Island is charged with matters pertaining to the Public Accounts of the province and the Annual Report of the Auditor General. It is an all-Party committee, chaired by a member of the Opposition who is selected by the committee. No member of Cabinet can sit on the Public Accounts Committees. A government member is always vice-chairman.

Following the General Election of April 17, 2000, a standing committee of four members was appointed. The Leader of the Opposition is also the caucus chairman. Seeing as there was only one Liberal that got re-elected in the province and no NDP, a four member committee is reduced from the previous 10 member committee.

That is probably all it is going to take, because we have only met four times. One particular time was about two and one-half minutes; after the House closed one night they appointed a chairman and a vice-chairman and that is considered a meeting, they tell me. On two occasions we met, probably, for half an hour and decided who we were going to bring in, so we brought in an auditor. We had two meetings with an auditor. Basically, in his findings, we had a little bit of a difference of opinion, but there are very partisan politics played in P.E.I., not like your other places, and they voted to call in no witnesses.

We have had things like the courthouse, a \$4 million project, \$830,000 was spent and we don't know where the money went. We wanted to bring in a couple of Supreme Court judges to sit in on the committee, but they followed Party lines, I guess, so they voted that down. They spent over \$74 million, special warrants. In the Province of P.E.I., it is a lot of money. Like, just in the last election alone, Ottawa sent down an extra \$11 million that they didn't even know they had until the election was over. We can't seem to look into where that money is being spent.

Being the lone member in Opposition, this committee that is set up is new members, except for Mr. Bagnall, the vice-chairman. We have two new members. It is probably the most political committee I have ever seen in my life for taking orders from the fifth floor. That is a fact. I don't know how we are going to change it. I don't know how we are going to justify our salary. For instance, in P.E.I., an MLA has to do something. The honourable member representing 2,700 people, I think I have got one of the largest ridings with 5,800 and I also run a farm. It is a part-time job being the Leader of the Opposition, so we have to start looking into a few things.

My committee now has approached us. We will have to have another meeting to look into how we are going to report to the House of what we met on. It is going to be embarrassing, I think, for the chairman to go to the House. I think we will have to have, at least, a few people in so we can say we did something.

That is basically where it is in P.E.I. Thank you very much for listening.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Those are some interesting comments, Ron. (Laughter) I wonder if anybody would have any questions for Ron and his team from Prince Edward Island. Ron, looking around the room, I almost get the sense that you have answered all the questions. (Laughter)

MR. RON MACKINLEY (Prince Edward Island): There is one from Newfoundland who has his hand up.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): All right, Roger Fitzgerald, from Newfoundland.

MR. ROGER FITZGERALD (Newfoundland): Ron, have you ever thought about crossing the floor?

MR. RON MACKINLEY (Prince Edward Island): No, but I can tell you one thing, there are a few on the other side who are getting pretty disgusted and they are looking at coming across the floor. (Laughter) I also have lots of jobs. In P.E.I. there are investigations. The RCMP are investigating one member for vote-buying but I can legally do it because I have the chairman of the caucus who gets paid about \$8,000 and the Party Whip, about \$5,000 or \$6,000; I have a whole bunch of committees that all you have to be is a Member of the Legislative Assembly and I can buy your coming across the floor and do it legally. (Laughter)

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Are there any other questions for Ron? Okay, thank you, Ron.

I would like to extend a particularly warm greeting to Geoff Kelly and the team from Quebec.

I want to tell you, Geoff, that last year I went to Quebec with a number of days of experience as a newly-sworn-in MLA, and not having too much experience, as we say, as a member of Public Accounts, it was quite an experience for me. The warm greeting that you put on in Quebec for me and all the other delegates is something that will never be forgotten. So an especially warm welcome to you and your team from Quebec.

MR. GEOFFREY KELLY (Quebec): Thank you very much, David.

Merçi beaucoup, David, pour ces mots de bienvenue. C'est un grand plaisir pour nous autres, l'équipe de Québec, d'être ici à Halifax cette année. Sans plus tarder, je veux présenter les membres de la délégation de Québec.

Mon nom est Geoff Kelly, le président de la Commission de l'Administration Public et également député de Jacques Cartier, et beaucoup du monde qui visitent mon comté à chaque année parce que l'aéroport de Dorval est dans mon comté -- dans l'ouest de l'île de Montréal, alors je pense nous avons huit millions de visiteurs par année.

À mon extrême droite c'est la vice-présidente de la Commission de l'Administration Public et la députée de Marie Victorin: Cecile Verrette. Marie Victorin est sur la rive sud de Montréal et la vice-présidente de la Commission est une députée ministérielle.

À côté de Cecile c'est Marie-Renée Beaulieu qui est la nouvelle secrétaire de notre Commission, nommée au printemps de cette année.

À ma droite c'est mon collègue Jacques Chagnon qui était le premier président de la Commission de l'Administration Public et maintenant est le président du Caucus de l'Opposition Officielle et député de Westmount-Saint Louis. Alors, les gratte-ciels sont encomptés.

À ma gauche, Jean-Guy Paré, qui est un autre député ministériel et également le député d'Aubinière qui est sur la rive sud -- à peu près une heure à l'ouest de la Ville de Québec.

Pour notre rapport pour cette année, comme vous le savez, les deux principaux mandats de la Commission de l'Administration Public sont de vérifier les engagements financiers de \$25,000 et plus, qui est à peu près trois ou quatre milles par année, je pense ou -- non, plus que ca?

ANOTHER MEMBER: Plus que ca.

GEOFFREY KELLY: Combien par année? Vingt milles ou quelque chose comme ça, là. Ça nous donne beaucoup de travail. Entendent en vertu la loi sur l'imputabilité des sous-ministres et des dirigeants d'organismes publiques, ses dirigeants. Une possibilité de 70 entités, alors, on ne manque pas le gouvernement au Québec. Il y a beaucoup d'organismes gouvernementaux qu'on peut surveiller.

La commission rencontre également deux fois par année le Vérificateur Général du Québec au moment du déposé de son rapport annuel, qui se fait en deux tomes; soit en juin pour le tome un et en décembre pour le tome deux. Ces tomes sont une source importante d'inspiration pour les activités en matière de l'imputabilité de la

commission, mais elles prennent également en compte certaines observations faites par le protecteur de citoyens dans son rapport annuel et regard aussi les rapports annuels et, depuis quelque temps, les planifications stratégiques et les plans d'action des ministères et organismes.

La commission exerce une vigilance tout particulière en regard de la concertation qui doit exister entre les organisations pour certains d'eux aussi. Il arrive, donc, que pour un sujet la commission invite plusieurs intervenants à s'asseoir ensemble à la même table pour discuter ouvertement d'actions administratives.

As an example of this, last week our committee looked into the question of gambling in Quebec society. We invited the Deputy Minister of Finance, the Deputy Minister of Health and Social Services, as well as the President of our Gaming Board in Quebec, to discuss the difficult issue of the social costs of gambling in our society. The presence of the three government bodies that oversee this industry led to an interesting exchange of this growing social problem. According to testimony before our committee, over 125,000 Quebecers have problems controlling their gambling habits.

Enfin, aux termes de ces travaux semestriels, en juin et décembre, la commission propose un rapport sur l'imputabilité des sous-ministres et les dirigeants d'organismes qui résumant les délibérations de la commission et exposent les conclusions et recommandations pour chaque entité veu en comission.

Les travaux des deux dernier mois se résumant, ainsi, neuf dossiers d'imputabilité, la présence de 15 sous-ministres et dirigeants d'organismes -- tous accompagnés d'un nombre important des personnes de ressources, et 31 recommandations ont été formulées par les membres de la commission.

Ce n'est pas un grand surprise, mais le secteur de la santé a été très sollicité au cours de la dernière année -- notamment en matière de recherche en santé et en recherches sociales -- ainsi quand ceux qui a traité aux actions prises en regard de la croissance constant de demandes de service de laboratoires de biologie médical.

D'autres champs d'actualités ont également été examinés par la commission, tel que le gestion des souventions municipalités. La fond lutte contre le propreté de réinsertial au travail, et les nouvelles dispositions de la politique familiale.

That was a very interesting exchange on Quebec's \$5.00-a-day day care, which I think a number of other provinces have looked at. It is a program that has been very popular with Quebec families, but in terms of its administration, a great deal of difficulty coming up with the supply to meet the demand. There has been a program that was put into place, quite quickly, and our commission looked at how the program was put

into place. It led to a very interesting exchange with the Deputy Minister for Family and Childhood in Quebec.

L'examen de ses dossiers a permis la commission d'être tenue informée des développements au cours de siffler les pistes de réflexion pour les actions futures. La commission également a entendu deux dirigeants d'Unité Autonome de Service -- UAS -- it's our equivalent of agencies -- afin de vérifier si les termes de l'entente de gestion -- enseignés avec leur ministères respectives -- sont respectés et afin d'évaluer les gains de productivité réalisés depuis la création de ces UAS.

La commission exerce également en suivie de certains de ces travaux intérieurs. Elle donc réentendu le Curateur Public sur l'évolution de virage que cet organisme est en train de prendre en faveur de la personne.

En regard des engagements financiers, le charge de travail est également importante. Ainsi ont vérifié quelque 20,000 engagements de \$25,000 et plus pour une dizaine de ministères dans le presence du ministre ou de la ministre, mais le retard accumulé pour certains d'entre eux, ne permet pas avec le procès actuel de se maintenir ajout partout. Les efforts sont d'abord faitent pour les ministères jugés importants, ou qui requièrent un attention tout particulière.

En termes d'heures parlementaires de la commission et ceux qu'elles représentes en 1999/2000 -- les engagements financiers: 40 heures, donc 20 hors session et 20 en session; imputabilité: 86 heures, donc 39 hors session et 47 en session. Alors ca donne une grande totale de 128 heures de séances pour la CAP -- et juste pour indiquer a mes collègues que nous sommes performants, les neuf autres Commissions de l'Assemblée Nationale en siègaient pour un total de 190 heures, alors les quarts on est siègés presque autant que tous les autres commissions ensembles.

De plus, je tiens à souligner les activités de la commission nécessite le recours au Service de Recherche de l'Assemblée Nationale. Au cours de la dernière année, le nombre des chercheurs est passé de 1,5 personne-années à 2,5 personne-années et que chaque séance publique est jumelée une séance de travail.

I think we can't say enough as parliamentarians about the importance of having research capabilities to give our parliamentary committees a bit of a corporate memory. Politicians change; listening to the stories around the table this morning, there are lots of elections and things that create different situations in Nova Scotia and Prince Edward Island, notably. (Laughter) Even in B.C., they are called back very quickly or at very short notice, so it is very important for our parliamentary committees to have the research capability to try to ensure some continuity.

À l'année en venir s'annonce toute aussi productive, plus que déjà -- 94 heures sont anticipées et ceux uniquement avec les travaux de l'automne. Soit 39 pour les engagements et 55 pour l'imputabilité. Je peux dire, donc, la Commission d'Administration Public est très active.

En termes d'innovation, la commission était la première à utiliser les convocations électroniques et sert de projets pilotes pour les autres commissions. Donc, depuis juin, les membres de la CAP, ainsi que les autres personnes concernées à l'Assemblée Nationale, sont avisées et convoquées lors d'une seule envoie pour courriers électroniques. Au paravent, quelques cinquantaines d'envoies papiers étaient requis. En type d'exemple, la CAP qu'on voit qu'en même temps l'ensemble de ses activités pour un semestre -- pour l'automne de l'an 2000, ceci représent 13 auditions publics et 15 séances de travail préparatoires.

Quand on opine que passer au présent et futur, dans le context actuel où le gouvernement cherche le mémoir ses façons de faire par la gestion accès sur les résultats, il est important que les gestionnaires publiques demandent qu'ils administrent les fonds publics avec toute la rigueur requise et toute la transparence.

Comme parlementaires, notre rôle est de nous assurer que les citoyens ont obtiennent pour leur argents. Donc nous profitons de cette vent de modernisation pour actualiser certains de nos façons d'affaires et aussi d'être plus efficients.

The Quebec Government passed Bill No. 82 in the spring which is a new model of management based on performance and results. It is a huge challenge to parliamentarians because each government agency and ministry will now be required to table a strategic plan, a mission statement, an annual report, a business plan. A great pile of information will be supplied to parliamentarians.

I think it will be very important in this era of decentralization and new ways of managing that parliamentarians are equipped to read these reports and respond to these reports; if not, it becomes a bit of a paper exercise. I think of an obligation in Quebec law, already, that our regional health councils are supposed to testify once every three years before the responsible parliamentary committee. Of the 19 health councils, I think a couple of them have never come to Quebec City in the eight years since their creation; all but a couple of them are way behind. If, as legislators, we are going to put requirements in the law that people have to come and testify, as parliamentarians, we have to organize our work and our time to make sure that we listen attentively to the managers of various public services.

Un autre défi pour nous autres est accentué le suivi des recommandations faites lors les auditions et ceux, on plus de constats qui à mandé le vérification de l'optisation des ressources faites par le Vérificateur Général.

En conclusion, notre commission d'immersion c'était crée sous le gouverne de mon collegue, M. Chagnon, il y a trois ans -- en avril 1997, en un excellent collaboration avec le Vérificateur Général, mais je veux aussi signaler l'excellent climat de travail qui existe entre les collègues des deux côtés de la Chambre. Vraiment on a réussi, dans le mesur possible, éviter les plus grands débats partisans et on a laissé ça au Salon Bleu de l'Assemblée Nationale et on essaie de mets le focus de nos efforts sur un gestion efficace de la fonction publique québécoise. Alors c'est un grand plaisir de présider la commission, travaille avec mes collegues et, sur ca, M. le Président, merci beaucoup.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Merci. I want to say that it is nice to ensure that part of Canada's cultural mosaic is present here today and I particularly appreciate that you gave your presentation, at least in part, en Français.

Any questions for Geoff?

MR. GEOFFREY KELLY (Quebec): Just on that, David, as an English-speaking member of the Quebec National Assembly, I often feel a need to speak in English in the National Assembly on the same principle.

Alors, quand je suis à Halifax sur le même principe, je trouve c'est très important de m'exprimer en français.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): I am not sure why, but somehow I understand a lot of what you say, which sort of surprises me, regardless of which language you speak. (Laughter)

I think that we have a question from Mr. Russell MacKinnon, from Nova Scotia.

MR. RUSSELL MACKINNON (Nova Scotia): Mr. Chairman, I suppose, maybe, a bit of an observation first. Geoff, himself, has quite a history here in Nova Scotia, for those members who are not familiar, his great-grandfather was a member of the provincial Legislature here in Halifax, a very prominent businessman down in Maitland, Nova Scotia, I believe. Geoff is very proud of those deep roots. Maybe some day he will be standing here in Nova Scotia. (Laughter)

My question is with regard to the suggestion that you had on the requirement of these various officials from different agencies, boards and commissions, and even

departmental heads at senior levels. Could you expand on that, perhaps, a little more as to how that is evolving? It seems to be taking on a new era of accountability within the government structure.

MR. GEOFFREY KELLY (Quebec): It is a very big challenge in Quebec. We already have 14 of these Unité Autonome de Service, our equivalent of agencies. With the new Bill No. 82 that went through, they are talking of creating up to 30 or 40 of them. The idea, the basic deal is more power to the managers, more decentralization, more autonomy, but a greater accountability at the end of the process. That can only work -- and we have already seen it with the 14 Unité Autonome de Service which exist. If a parliamentary committee does not read their annual report, if nobody is looking at this work, there is a tendency for the accountability to go by the wayside.

I think it is very important, as parliamentarians, that we organize our work. We have created a committee of committee chairmen in Quebec who are looking at how to rethink how our parliamentary committees work.

We find that over 85 per cent of the time of our committee is taken up at government work; doing legislation, doing the budget estimates in the spring. Once you take out all the things we have to do, there is very little time left for the accountability. The challenge, I think, for the Quebec National Assembly will be to find more autonomy for the committees to be able to do their accountability work. It is proving to be a very difficult puzzle. As always, I think, one of the stumbling blocks is to get the government and Opposition House Leaders part of the process. That is proving to be a bit of a mystery so if anyone knows how to finesse things past government and Opposition House Leaders, we are open to suggestions. (Laughter)

[11:30 a.m.]

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thanks, Geoff. I believe it would be Richard Patten, from Ontario.

MR. RICHARD PATTEN (Ontario): Yes. I would like to -- je veux poser une question, s'il vous plait, au président de la Commission d'Administration Publique, M. Kelly.

Mr. Kelly, you made some reference to a statement by the head of the Loto-Québec -- and I read this so this may not be a direct quote, but I read that he felt that the commission had no responsibilities related to any of those suicides. My question to you is, does your committee feel it has any responsibility to raise that question as to, who does? Does the government; does the Auditor General's Office feel it should investigate this?

I might also add that I know in Ontario, this is sort of one of the hidden tragedies of gambling. It is very difficult to get figures on it. I have some informal figures on some of the casinos in Ontario. Of course, nobody ever wants to talk about that because it cuts into revenues and it seems a lot of the media are also happy to not expose this because they receive great advertising dollars.

I wonder if you might comment on that?

MR. GEOFFREY KELLY (Quebec): Je pense qu'on a eu une excellente semaine parlementaire à Québec la semaine passée, parce que à la fois la Commission des Finances Publics a rencontré Loto Québec. Alors, ça c'était pour voir les plans d'affaires de Loto Québec et, comme tous les autres sociétés des lotos au Canada, Loto Québec est très efficace de vendre sa salade et d'expliquer les benefices, alors création d'emploi, les revenus, les bons restaurants -- le restaurant au Casino de Montréal, on me dit, est parmi les meilleurs dans la ville -- je ne suis jamais allé au casino, alors je ne peux pas vous dire -- mais mon collègue à ma droite m'assure que c'est vrai, alors au niveau des benefices, Loto Québec est sans pareil vraiment. C'est un entreprise très efficace pour faire la promotion des jeux, mais dans la rapport au mois de juin du Verificateur General du Quebec, Mr. Guy Breton, il a dit qu'il faut, comme toutes d'autres d'OC, faire un effort de faire les couts et les benefices pour la societe.

As I say, the Finance Committee brought in Loto-Québec for two days and they went over its business plans. That is where the quote that you said, well, that is not really the social cost, that is someone else.

The Public Administration Committee brought in the Deputy Minister of Finance -- who is supposed to be Loto-Québec's boss -- the Deputy Minister of Health and Social Services and the head of our Gaming Commission which gives out the licences.

I think the most alarming statistics in Quebec are about the video lottery terminals which now make up 27 per cent of Loto-Québec's revenues but 42 per cent of it is profits. They are limited to bars in Quebec but there are over 15,000 machines. It is there that it is felt -- again, I am not a gambler so I don't play these machines -- just because the games turn over so quickly, they can become very addictive quite quickly.

Professor Robert Ladouceur from Laval University, one of the few researchers in Quebec looking into it, also participated in our committee last week. He estimated 125,000 Quebecers have problems with gaming. It was a very interesting discussion.

The government has announced that \$44 million will be taken from the Loto's profits and be dedicated to research and to supporting various agencies that help compulsive gamblers with their addiction.

As I say, I think it was a good week for Parliament because we took a social issue that is a little bit underground, I think, as you said in your question, and we were able to surface what little we know and I think put some pressure on the Health and Social Service Department to make sure that more research -- there is a team at Laval; there is a team at McGill. Some of our Institut national de la santé publique has started to do research into gaming. All in the optic, as I say, Loto-Québec is very good at explaining to us what the benefits are but we are trying to have a better handle on what the social costs are.

MR. RICHARD PATTEN: Thank you.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Thank you, Geoff, and thank you for that question, Richard.

Are there any other questions for Geoff and his team from Quebec? Seeing none, I would like to move on to Ken Krawetz from Saskatchewan and his team.

MR. KEN KRAWETZ (Saskatchewan): Thank you very much, Mr. Chairman. You are pretty close on the name pronunciation. We will give that one to you, as well. (Laughter) My colleagues were telling me not to begin by speaking in Ukranian so I will refrain from doing that. (Laughter)

I want to thank Nova Scotia, first of all, as hosts, for the excellent conference. Thus far, our members have enjoyed ourselves very much. We have even had the opportunity for some of them to be away until 3:00 a.m. or 4:00 a.m. (Laughter)

I think your sites have been very good.

I am new to this position, having been elected as the Chairman of the Public Accounts Committee back on February 29th of this year. It is with, I guess, the rookiness that I bring to this position, as I see veterans sitting around the table who have represented Public Accounts Committees for many years.

I want to introduce the delegation from Saskatchewan to you. Initially, we were hopeful that there were going to be four members from the Public Accounts Committee, but circumstances have changed and two of the government members were unable to attend.

With me is Carl Kwiatkowski. Carl is a member of the Opposition, as well as myself. Carl represents the constituency of Carrot River Valley. Two of us are, as I indicated, from the Saskatchewan Party which is the Official Opposition in Saskatchewan, currently.

We also have, for the first time in, I guess, the history of CCPAC, representatives from a very important committee in the Legislative Assembly of Saskatchewan which is the Crown Corporations Committee. We have its chairman, Mr. Andrew Thomson, who represents Regina South. Andrew is a government member who is the chairman of the committee. We also have another government member from Regina Northeast, Mr. Ron Harper. We have a member from the Saskatchewan Party, the Official Opposition, Mr. Ben Heppner who represents Rosthern. As indicated, there are representatives here from both of our committees: the Public Accounts Committee, as well as the Crown Corporations Committee.

I want to express Saskatchewan's regret to Quebec for not being able to attend last year's conference. Members were slated to go but, as you recall, Saskatchewan was in the midst of an election. Our election took place just a little over a year ago on September 16, 1999. I want to indicate a couple of things from that election. Listening to the reports and, I guess, now being last, I can make some comments on what I have heard from the other reports. Saskatchewan's election last fall produced an interesting change to the politics in the province. We now have a coalition government, in that our 58 seats that exist in the province: 29 New Democratic members were elected; 26 Saskatchewan Party representatives and 3 Liberal representatives. The NDP and the Liberals have formed a majority coalition that is in the government at the moment.

Our Public Accounts Committee and the membership did not change as a result of that election. The Standing Committee on Public Accounts in Saskatchewan is made up of 10 members: 5 from the Opposition and 5 from the government. The Opposition chairs that committee, so technically, you are looking at five and four voting members. The Liberal Party, the Third Party in the Saskatchewan Legislature, does not have a representative on that committee; the coalition government does, I guess, in the relationship of having those five members. Of our 10 members, 4 MLAs are returning MLAs, having been re-elected in 1999; 6 are brand new members for the first time, serving as members of the Legislature, as well as members on our PAC. We are relatively new.

I also want to introduce Ms. Margaret Wood, seated here, to my left. Margaret currently serves as the Clerk to the Standing Committee on Crown Corporations but will be taking over the responsibility as Clerk to the Public Accounts Committee this fall.

I want to express my appreciation, having worked with a gentleman from Saskatchewan for a short while. Many of you who are veterans and who, of course, come from the Clerks' Offices will know Mr. Greg Putz. Greg has been with the Assembly for a lot of years and has served as Clerk to the Public Accounts Committee. Greg will be assuming other responsibilities, still as Deputy Clerk of the Legislative Assembly of Saskatchewan, but will be assuming other responsibilities for other committees.

Over the last year, the committee met far less than in the previous year, when a large backlog of business was cleared up before the end of the session. The committee's last report to the Assembly was tabled in the spring of 1999 and it included 50 recommendations to the Government of Saskatchewan. The government has responded to those recommendations but, given the election of last September, and other priorities that have been faced by the Legislative Assembly, we have not had the opportunity to attend to the regular business of the Public Accounts.

Currently, in Saskatchewan we have three special committees that have been operating since the winter. They are: a special committee on dealing with child prostitution, a special committee on tobacco control and our Rules Committee. The Clerk's Office is involved in each of these committees, along with members who serve concurrently on different committees. The schedule has been very busy. As a result, our PAC did not start up too early.

One of the other situations that occurred was that on June 1st, the PAC itself elected a new vice-chairman, as our government member who was serving as the vice-chairman from February was replaced by another NDP member; that member, Pat Lorje, now serves as the Vice-Chairman of our Public Accounts Committee.

Two of our big priorities for the Public Accounts Committee have been the search for a new Provincial Auditor and the proposed amendments to the Provincial Auditor Act.

I want to note one procedural change that occurred this April, as well. The Legislative Assembly has changed the standing orders to permit temporary membership substitution on a per-meeting basis, upon the written consent of a permanent member of the committee. What I think that will do is allow both Opposition and government to have full voting powers at the table with the ability to have a member stand in for someone who might be absent.

As I noted, one of the committee's important preoccupations this last spring was consideration of a method of establishing a process for the appointment of a Provincial Auditor, given the resignation of Mr. Wayne Strelieff, who now is with B.C., over on the other side of the table; Mr. Strelieff now serves as the Auditor

General of British Columbia. We wish him well, of course, in that position and we know he will do a terrific job.

In doing so, the committee also took into consideration other proposed changes to the Provincial Auditor Act, as advocated by both the Office of the Provincial Auditor, as well as proposals put forward by the Minister of Finance's Provincial Auditor Advisory Committee. Mr. Eric Cline, Minister of Finance for Saskatchewan, has created a committee that is looking at proposals as to how it might serve the Public Accounts Committee better.

The committee had before it two documents. The first was the special report by the Provincial Auditor to the Legislative Assembly of Saskatchewan Regarding Changes to the Provincial Auditor Act; that title, in itself, is a handful. This was dated February 17, 2000. This document addressed both issues, as did the report of the Provincial Auditor Advisory Committee, the committee that the Finance Minister had struck; that committee forwarded a report to our committee through the chairman to myself, on May 25, 2000.

The committee heard from the Acting Provincial Auditor. Right now, that is Mr. Fred Wendel. He was previously the Deputy Provincial Auditor. We also had members of that advisory committee come before the PAC to review the proposals that were being put forward by that committee.

Both reports were of significant importance to the committee because they affected not only the appointment process for a new Provincial Auditor, but also the operating principles of the Public Accounts Committee and the mandate of the Provincial Auditor.

The major recommendation proposed by the minister's advisory committee was to formally establish the audit committee in an advisory role to the Standing Committee on Public Accounts, to do the following: firstly, assist PAC with the selection of a new Provincial Auditor; review of the Provincial Auditor's budget; review the Provincial Auditor's Annual Report on operations; to provide advice on other audit issues; and to facilitate discussion on resolution of issues between the Provincial Auditor and the Department of Finance and the Crown Investments Corporation.

All of these issues received considerable deliberation in June, as you would expect, with the proposals changing the whole role of an auditor and looking at the proposals of what the committee might do, we had great discussion at the committee level but we did not reach a consensus in June and as a result, we will have further meetings this fall. All of those meetings in June, of course, the committee's website contains verbatim of those meetings for anyone who would like to take a more serious look at

the kinds of changes that are being recommended and where we might go with them. The appointment of a new Provincial Auditor, changes to the Provincial Auditor Act and the necessity of an Audit Advisory Committee will be high on our agenda for this fall's meetings as we begin meeting again as a Public Accounts Committee.

In closing, I want to remind all delegates that Saskatchewan is pleased to be the host jurisdiction for the 22nd Conference of the Canadian Council of Public Accounts Committees in the year 2001. At this time I can report that the conference will be held in Regina in conjunction with the Annual Conference of Canadian Council of Legislative Auditors on the dates of September 16th through September 18th. Of course that expands to, I guess, about September 15th to September 19th if you look at the travel days and we invite you, as well, to enjoy the prairie hospitality in all of Saskatchewan if you come early and stay late.

I want to thank everyone here for being so attentive this morning. I know being last on the list I expected to see maybe one-quarter of you listening to me but I can see everybody is still with me. So thank you very much for those remarks and I will look forward to answering any questions.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Ken, I think if you were to start off in Ukrainian, even if there were 100 people in front of you, that everybody would have been paying attention.

MR. KEN KRAWETZ (Saskatchewan): Thank you very much.

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Are there any questions for Ken and his Saskatchewan team? Seeing none, it is my pleasure to continue a tradition that I had learned in Quebec and that is to allow our other Commonwealth brethren to also make a presentation and we have Tony Fletcher here from Tasmania, one of the six Australian states. Tony, I give you the floor.

MR. TONY FLETCHER (Australia): Thank you, Dave. It is my pleasure to be here and I would like to reiterate the words that were said earlier on by many other delegates. The hospitality has been fine. It is a joy to be here and I say those words on behalf of my wife as well. I would just like to thank Ken, who spoke previously, for keeping the audience here so I at least have someone to speak to as a result of his presentation.

Some members from Australia have previously attended such a function as this. Max Pernoden, who some of you will know, spoke with me on the telephone just last week and wished to be remembered to the many delegates here. Max has an election imminent and thought he had better take care of his knitting rather than travelling the

world at this stage. That is what he is doing. Also, Ken Bacon and Heather Thurstans, who I think were in Quebec last year from Tasmania, also send their best wishes to the people who made them so welcome last year. I certainly will take back the best wishes of anyone who cares to pass them on to take them in return.

Could I just say that last February, 1999, we did have Shiraz and Tony Spillwell and I, who I presume is present at the moment, and John Williams from the Canadian scene, who were in Perth, Western Australia, and I had the pleasure of listening to those people in Perth at our annual conference and they made substantial contributions to the agenda. Could I also remind you that from February 4th to February 6th next year, 2001, the Australian Conference of the Public Accounts Committee will be held in Canberra, Australia. So if any of you are setting your agenda for international travel and would like to attend that, I would recommend it as a conference well worthwhile attending.

In many ways, our Public Accounts Committee in Tasmania, 1 of 6 states of the Federation of Australia, is different to what you are outlining to me here this morning. We come from a slightly different base. The issues are the same but the way we go about our work, I think, is slightly different. Perhaps it is because of the nature of our Parliament. Tasmania has a small, bicameral system based on the Westminster model. There are 40 members in the Parliament, 25 of them in the Assembly -- which is the House of Government -- and 15 in the House of Review, the council, although the Treasurer of the State resides or sits in the council as the only minister there. Of the 15 members of the council, 11 of them are independents, elected to the council, the House of Review, without any Party ties at all. So the government of the day never controls the Legislative Council and I think that situation provides the Public Accounts Committee with a bit more get up and go or a capacity to kick butt, to do things that it wants to do rather than to wait on the government giving it references or referring matters to it for further investigation and therefore controlling the game.

Our legislation had been changed a couple of years ago which places upon the Public Accounts Committee -- of course there are three independent members, two government members and one Opposition member on our Public Accounts Committee in Tasmania. References come from the Parliament, either House of Parliament. We must inquire into and report upon any matters referred to us by a House of the Parliament. Further, we have a discretionary power and that discretionary power is fairly wide and all-embracing. If there is public money being spent, we have the capacity, we have the discretion to inquire into and require the government of the day to be accountable for its actions in spending public money.

We work very closely with the Auditor General. The Auditor General attends our meetings from time to time on a needs basis, an officer of his office is available on a

full-time basis and provides some support. We, in turn, refer matters to the Auditor General as well. Because of this nature of the Parliament, when the Auditor General reports in September of each year, there are not many outstanding issues left in his report. The government and the ministers of the day are very inclined to take note of what the Auditor General says and to go to work on those and correcting any problems that do exist there. So we have a very strong working relationship between government and the Auditor General and between the Auditor General and the Parliament. The Auditor General does assist us from time to time. He has referred issues to us for us to follow up and we, in turn, have asked his advice in relation to a number of matters.

Could I give you an indication of some recent references that we have had and the source of those references? They will mean nothing to you but perhaps they will give an indication of the type of work we can and do do on a regular basis. Our place is a non-government provider of services for disability that went bankrupt in recent times. An employee of our place wrote to the Public Accounts Committee, citing that public money had been spent on this place and as the result of the bad management that our place had gone bankrupt, that the employees were therefore denied some benefits, would the Public Accounts Committee please investigate. So there was a reference coming to us from a private sector employees' representative. We had the discretion to take that matter up and make a judgement whether we inquired or not.

A further inquiry came from the Parliament. It was a proposal of the government of the day to sell off the energy-generating utility and the Parliament requested the Public Accounts Committee to do a cost-benefit analysis of the benefits of selling off the energy generator. That was done and the report was made. The report was negative to the government of the day's intention. The government eventually went to the polls on that issue and lost the election.

We have also had references in relation to the dividend policy to be applied to the public sector and government business enterprises and we have inquired into that matter and reported upon that matter in a non-partisan way.

Recently we had a very interesting inquiry that I will give a few details about just to show the extent to which we can go, in that public concerns, particularly in the capital, were raised with me and other members of the committee with regard to the proposal and the sound process for the trust bank.

The trust bank had its genesis in two small savings banks set up under the Trustee Banks Act. Because that was set up under Statute and because they merged over a period of time, they had no owners. It has been conclusively proven that the state did not own them, even though they were set up under Statute, the customers did not own

them and they had no shareholders. They went through troubled times and eventually it became obvious that they had to be sold or go bankrupt.

The government of the day usually gets power there, agreed to a change in the law to corporatise the trust bank to enable it to be sold on the understanding that when it was sold, the funds of the sale were used to reduce state debt. The Public Accounts Committee was asked by members of the public to enquire into the process of the management of the trust bank.

We drew our jurisdiction from the fact that in 1990, the government of the day invested a \$10 million capital note in the trust bank of the day to help it get started and, further, all the proceeds of the sale would have flowed to the public coffers. Therefore, there was public sector finances involved and, for the first time, we took a step of inquiry into the operations in the closing stages of a private sector organization, as opposed to a public sector organization. Now, jurisdiction was the public sector funds invested in it.

The private sector resisted that in a very substantial way but when we had discussions with them, we agreed to disagree but they agreed to appear before the committee and to provide evidence to the committee on the basis of their management on a number of issues.

Once that was announced, there was a tremendous public interest in that inquiry. All the media were involved. We got a flood of letters from disgruntled employees and from lots of other people who all wanted to have a cut at the trust bank board of management, for what they had done to them over a period of years.

The Public Accounts Committee took the decision that we would inquire into the matter because we had jurisdiction. We did not limit our inquiry to a limited range of issues that were important issues. In inquiring, we tried to make decisions as to whether the board of the bank, a private sector board, had the options available to them, had the advice available to them, had followed protocol in reaching its decision.

Then we reached the conclusion that if all the options were available, if all the advice was taken, if consultants were engaged, then the board was justified in making its decision. Even with the value of hindsight, we believed that the decision was a wrong decision. We were not there at the time to make that decision so it was a matter of them bearing the burden of that decision-making process.

Because of the great public interest in our inquiry, every TV and media representative was present at all our inquiries. We found that the board of the former trust bank was intimidated almost by the presence of the media and found it a very difficult process.

They did provide us with all the information when we called for papers. They presented all their documentation, their budgets, cash flows and financial performance over a period of years, particularly over a critical period of six months from December 1998 to April-May 1999.

As a result of that, we came down with a reasonably favourable report, bearing in mind that there was nowhere else to go but to a sale and in the sale, Tasmania lost an icon industry.

The best interests of the state was by all the money from the sale went to the reduction of state debt. That is a variation on the work we normally do but it is an indication of the parameters of our powers to inquire if there is public money invested in any way at all.

In recent times, we reduced the numbers in our Parliament from 54 down to 40. That has put pressure on the parliamentary committee system. We are now exploring new ways to set up a committee system that is relevant to a small Parliament.

We have three standing committees: the Public Accounts Committee, the Public Works Committee and the Subordinate Legislation Standing Committee. The Public Works Committee, because of the outsourcing of infrastructure development, is finding it has no work at all. It seems reasonably apparent within a short period of time the Charter of the Public Accounts Committee will be expanded to look at much of the work that the Public Works Committee has been doing in the past. It will be, perhaps, a more powerful Public Accounts Committee, still, in the State of Tasmania in the future.

That just gives an outline of the type of work we have been doing. It is my pleasure to be able to share that with you. If there are any questions, I would willingly take them.

[12:00 p.m.]

MR. CHAIRMAN (Mr. David Morse, Nova Scotia): Well, thank you, Tony. I remember it was fascinating listening to Max and Ken last year in Quebec. You have just built upon that tradition.

Are there any questions for Tony?

Okay. Seeing no hands and taking note of the time, we are going to recess to the top floor of the World Trade and Convention Centre, which can be reached by elevator, by walking back out towards where we came from; staff will direct you to the elevators. I would ask that everybody please try to be back here promptly at 1:15 p.m.

Roy Salmon, our Nova Scotia Auditor General will be chairing that meeting which will be a presentation by Sir Graham Day, quite a fascinating gentleman, and I am sure that many of you know of him.

I thank you for your participation this morning. Let's do lunch.

[12:01 p.m. The session recessed.]

[1:27 p.m. The session reconvened.]

SECOND SESSION

John J. Kelly Forum -- CCPAC/CCOLA

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): I have been advised that it would be appropriate for the Auditors General to take the seats that have been designated for the Clerks so that they can be at the table.

Good afternoon ladies and gentlemen. We can get started here. I have the great pleasure of introducing our guest speaker for this session, Sir Graham Day. Sir Graham is Chairman of Hydro One Incorporated which owns and operates the electricity transmission grid and approximately one-third of electricity distribution in the Province of Ontario. He is also Counsel to the Atlantic Canada law firm, Stewart McKelvey Stirling Scales, holds the Herbert Lamb Chair in Business at Dalhousie Business School and is also Chancellor of Dalhousie University. He is a director of a number of public and private companies including, in the United Kingdom, One Ten Limited and in Canada, The Bank of Nova Scotia, Sobeys Inc. and Extendicare Incorporated.

Prior to his retirement -- if you can call it retirement -- in 1993, Sir Graham was Chairman of Cadbury Schweppes in the U.K. and PowerGen, both Financial Times Stock Exchange 100 companies in the United Kingdom. From 1991 through 1992 he was Chairman of British Aerospace on an interim basis during a period of management and strategic realignment. From 1983 to 1990 he was Chairman and Chief Executive responsible, in succession, for the restructuring and privatization of British Shipbuilders and The Rover Group Limited.

He is a 1956 graduate in law from Dalhousie University and a Fellow of University College (Cardiff) of the University of Wales. He was knighted in 1989 by Queen Elizabeth II. It is a great pleasure to have you here, Sir Graham, and we look forward to your remarks.

SIR GRAHAM DAY: Thank you, Roy. Good afternoon, ladies and gentlemen. I was going to start by saying to you that this has the overtones of being in a pulpit and one of the things I wanted to avoid was precisely that. Roy's initial letter to me was to suggest I should talk about ethical leadership. That is a laudable topic but it has, if I took Roy literally, the danger in my trying to offer more precept than example. I am sure that, as occasionally happens in places of worship, your eyes would glaze over and for those of you who can't sleep with your eyes open, they would inevitably close.

I thought that one of the ways I could best address leadership and ethics was to talk about how one's individual ethical positions might develop, not quite parables but stories, some good, one not so good, and to see what, if anything, we can deduce from these examples about the existence of ethical leadership and was it really present. So consequently my offering -- to use another church word -- this afternoon is a potpourri of literary references, some reminiscences -- as my students used to say, I am given to reminiscences and I would tell them it is merely a function of age -- one or two personal judgements and several anecdotes. As we go along, because looking at the time available, it is much more fun for me to participate in discussion with you than I am sure it is for you to listen to me, I hope you will find one or two areas that we can explore together.

[1:30 p.m.]

Raymond Chandler, who is the author of such classic American mystery stories as *The Big Sleep* and *Farewell My Lovely* -- if you are into hard-boiled detectives, some of these stories were made into movies with Humphrey Bogart -- although he was born in the United States, he attended an English public school, Dulwich College, which is just on the outskirts of London. There, just prior to World War I, Chandler received a classical education. It is interesting, it shows where you can go with the classical education. Chandler learned in a system which believed that literature was useful as a source for moral instruction.

The morality which Chandler and his English public school contemporaries thus learned was essentially Christian but with elements of Greek and Roman virtues. The system was intended to produce "a public school gentleman" who was, as Chandler's Headmaster at Dulwich expressed it, "capable of understanding that which was good; capable of subordinating the poorer part of his nature to the higher part." Now it should not be surprising that a public school education at the time included Greek and Roman virtues. Indeed, our word ethics is derived from the Greek ethika meaning standards of human conduct.

My recalling something of Chandler's background and then looking up the specifics, was the result of a comment made to me by a senior colleague at Hydro One in

Toronto, Chris Chorlton. In addition to his other responsibilities, he functions somewhat like a utility infielder. Chris is our Corporate Ethics Officer. When I told Chris that I was to speak to you, we chatted about this and at one point Chris said to me that each person must be or become his or her own ethics officer.

Now, as I considered that concept, I found myself wondering where each of us acquired the foundation for our individual ethical positions, hence my Raymond Chandler reference. In turn, this motivated me to review my own situation. Where, when and from what sources did I receive what I like to call my own ethical foundation?

My English father taught me to read before I was sent to school. Although his family in England was of very modest means, because of his having had rheumatic fever as a child -- which in retrospect he viewed as good fortune -- he was enabled to attend a good private school. Now my father never received all the education he wanted and, like many parents, particularly immigrant parents, he tended to live somewhat vicariously through his child, me. I was encouraged to read everything and anything and to discuss what I had read. When I began school here in Halifax, two of my early teachers, including the principal, Miss Harlow, had taught my mother in school. This school, where I began in 1939, in its teaching, retained many of the attitudes, duties and responsibilities of late Victorian times. I realized only later, as an adult, that all of this meshed perfectly with my father's views of the world.

Thus, without boring you with the details, I can claim that such ethical positions as I have, had their foundation, like Chandler's, in literature and school and, unlike Chandler, at my father's knee. I remember little, if anything, about the teaching of ethics or morals in my undergraduate years except that ethics, as a branch of philosophy, is considered to be a normative science. In other words, a science concerned with the norms of human conduct. Sadly, I do not remember in my time at Dalhousie's Law School in the early 1950's that the ethical dimension was emphasized at all. Perhaps the university and the law school, at least then, saw the law as an all-encompassing ethic itself.

However it was when I joined Canadian Pacific in 1964 that ethics, although not referred to as such, became a real part of my business life. I will relate just one vignette from that time. During the late 1960's, I was negotiating the purchase of five newbuilding 35,000 dead-weight petroleum products takers. After international tenders, we, the negotiating team, had selected a smallish shipyard in the Netherlands. We had no experience with this particular shipyard. Their price was competitive, the technical design was responsive, the shipyard's plant and equipment were adequate and so far as we could ascertain, the shipyard enjoyed a good reputation. We agreed

the price, the specifications and the delivery dates and I arranged to go to Holland to conclude the contract.

Before I left, I was summoned to see Canadian Pacific's Chairman, Norris R. Crump. As I was to learn, Mr. Crump had firm views as to what was right. Mr. Crump quizzed me on all aspects of the ships and as to whether I was confident that they would satisfy the requirements of the back-to-back, long-term Shell charters I was negotiating at the same time. He then asked me if I considered that the Dutch shipyard would make a profit on the contracts. I told him I didn't know and that frankly I hadn't considered that particular aspect.

Mr. Crump then instructed me that I must satisfy myself, as far as possible, that the shipyard would not lose money on the deal. I was told that if I thought a loss was likely then Canadian Pacific would not contract with the Dutch shipyard. Mr. Crump said that while CP required competitive prices, the company would not knowingly cause a financial loss to a supplier, particularly a smaller one. He reminded me also that in the 1880's, when the Canadian Pacific main line was being built across Canada, Dutch bankers had provided some of the critical finance and that CP would never forget its links with Holland.

You can imagine the reaction of the Dutch shipbuilders when I told them that they must satisfy me that they wouldn't lose money, otherwise there would be no contract. However, they did, indeed, respond and the contract was signed and the ships were built. I arranged to be told by the shipyard the financial results of building each vessel. The builders lost money on the first ship -- that is not unusual -- broke even on the second, but they made money overall. Canadian Pacific and its charterer Shell, were both happy and CP contracted, subsequently, to build extra ships at this yard.

That was my first experience with a senior corporate figure who, on a one-to-one without any posturing, laid out what his view of an ethical treatment between purchaser -- us -- and supplier -- them -- should be but also reminded me that in his world, Mr. Crump's world, that moral obligations going back to the 1880's were still very real. Is that leadership? I would argue absolutely. It made a lifelong impression on me, certainly, and I often wonder whether the Canadian Pacific I view today is the same Canadian Pacific that was headed by Crump.

The combination of upbringing, education and experience provided me with the ethical foundation on which I continue to base my personal decisions. I am, as my friend and colleague Chris Chorlton would have it, my own ethics officer. That does not mean, of course, that my judgements and behaviours are always those that might be judged by others to be ethical. However, it means that only I am solely responsible for my judgements and my actions.

It is perhaps trite, I believe true nevertheless, that those in what we describe as leadership positions have a disproportionate role to play in the Canadian ethics paradigm. This role includes ensuring appropriate observances of legislated requirements but much more testing, taking decisions, taking stands and positions where there is no compliance mandated. This is, of course, but one element of leadership.

Professor Andrew Zaleznik of the Harvard Business School, whose primary field is that of organizational behaviour, wrote that leadership is made of "substance, humanity and morality." He goes on to say, "We are painfully short of all three qualities in our collective lives." You will observe that Professor Zaleznik does not use the conventional or populist language of leadership. He chose instead to emphasize the moral dimension. These quotations from Zaleznik appeal greatly to me inasmuch as they emphasize what I see as one of the primary tests of leadership today, an ability to deal effectively with ethical issues.

That you, Canada's legislative auditors of Public Accounts and those who serve on Public Accounts Committees, should be interested in ethics surely is not surprising. Indeed, it would be very much more surprising if you were not so interested. Of course, those charged with auditing the results of governmental activities and processes have professional responsibilities for adherence to appropriate accounting standards but, at least as I perceive it, that is far from a complete statement of your responsibilities.

Looked at from the outside, which is where I am, I consider that you are responsible also, for example, to judge whether value was received and realized in a given situation or whether the procedures followed were both appropriate and adequate. Moreover, in perception terms, I am of the opinion that the public at large considers your reports and public comments to be those upon which reliance can be placed and that such reports are free from political taint and improper suasion. In other words, you are considered to satisfy an important part of our society's increasing need for both independent operational and ethical overviews of the performance of governments, totally aside from accounting niceties.

Thus, I would argue that much of what you do has, and is seen to have, critical overtones. If I am correct in this view, then I would go on to argue that implicit in your functions, there is a clear alignment with what I am convinced is society's steadily growing concern for, and interest in, governmental ethics. I believe that a significant part of Canadian society looks to your reports to learn which behaviours are deemed to be adequate, proper and appropriate and which are not.

I use the phrase ethical overtones in recognition of the reality that most of what you report upon may only incidentally have an ethical element. However, I suggest that the largest audience for your reports result in inferences drawn as to perceived ethical behaviour, even if such inferences are not always referenced to as ethics per se.

The practice of governmental accounts being scrutinized by parliamentary or legislative committees has been enshrined in our particular model of democratic government. The very nature of our Parliament and Legislatures is adversarial and, at least in my view, it is not surprising that committees of Parliament and of Legislatures should reflect this reality. I suggest that this is no bad thing as the inquiries tend to flush out facts, positions and attitudes to an extent not always possible in a written report.

In my experience of Public Accounts Committees, which at one time was much more extensive than I ever would wish, was wholly in the United Kingdom. That experience left me with an abiding and positive regard for the process and no great desire to repeat my own experiences. More broadly, I venture to suggest that our social mores may be undergoing quite significant change. It is not that the words ethics or ethical are used more frequently in our personal vocabularies or, for example, by the media, but that the behaviour of persons, corporations and governments increasingly are judged as being acceptable and appropriate or not.

If, indeed, this change is real, as I believe it to be, then, I suggest, this latest evolution in ethical standards has been apparent only over the last couple of decades. Of course, so-called civilized society's behavioural standards have changed continually over many generations and frequently quite radically.

Those of my generation who attended school in Nova Scotia were required to study Latin beginning at Grade 8. I am sure that many would remember inter alia, Cicero's orations against Catiline and, in particular the portion beginning, "O tempore, o mores . . .", "Oh the times, oh the customs . . ."

Cicero, the lawyer/orator, was decrying the ethical standards of the Roman Republic in general and Catiline's in particular. Cicero went on to say that the Senate was aware of and condoned these improper behaviours. Now of course the fact that Catiline was barred from being a candidate for Consul on allegations which, subsequently, were found to be groundless and, later, was acquitted on conspiracy charges has largely been forgotten. I fear that the power and longevity of Cicero's orations have overwhelmed the facts. Of course, this is not an isolated example.

The point of this deviation into the days of the late Roman Republic, just before the birth of Christ, is simply to make two points. The first, by way of example, is that

ethical behaviour, according to the standards of the time, was a matter of importance to the Senate of Rome, the Parliament of the Roman Republic. The second point, which follows, is that consideration of the ethics, or standards viewed by society as acceptable, is a very old practice indeed.

In very much more recent times, well into the 20th Century, consider how many fortunes were enhanced through stock exchange trading influenced by tipping or insider information. Compare this behaviour with today's insider trading rules and regulations. The gulf between acceptable behaviour on the part of a stock exchange trader then and now is absolutely enormous. This significant change in what is judged to be ethical has occurred in two or, at the most, three generations.

There are periods when what is acceptable to society can change quite quickly and, as I have said, sometimes radically. There are times when even interest in ethical issues has seemed to be very subdued. In my adult lifetime, I consider that the last decade or so has seen a marked revival insofar as interest in what constitutes proper behaviour on the parts of politicians and bureaucrats, the media, the financial services sector and the military, security and police forces to name but a few. I was not of this view only 20 or so years ago.

In the late 1970's and early 1980's, I was teaching full time in Dalhousie University's Graduate Business School. I taught the mandatory second year course in Business Policy, that is business strategy, and elective courses in the transportation and international business sectors. One of the business strategy cases studied by the students concerned doing business in South Africa. In discussing the case with the students, I was both surprised and concerned with the pragmatic views expressed by many of the students. In short, many of these views were that while one might not act thus and so here in Canada, in South Africa, and by implication in other countries, the standards and laws were different and therefore different behaviours were okay in those places. In fact, one student remarked, "When in Rome . . .", and laughed.

During the same academic year, a colleague teaching marketing had a similar experience. In consequence, he and I thought it would be a good idea to introduce an ethics course into the MBA program. We approached faculty in the philosophy and religion departments to see what support might be forthcoming. In the event, the idea had to be dropped. I went back to the world of industry and he back to the U.S. Now, however, most universities, and particularly their professional schools, not only have access to ethics courses, frequently these are mandatory.

In the governance of corporations it is not only compliance with both required and best practice behaviours by directors which is involved, but also the behaviours required to be followed by all employees and, in particular, vis-à-vis third parties with

whom the corporation may be transacting business. Such compliance and required behaviours are especially rigorous for companies in the financial services sector. While behaviours are prescribed, the relatively new position of compliance officer has emerged to police the prescribed behaviours.

I say that I believe this heightened interest in what I see as higher standards of behaviour on the part of persons in positions of responsibility as being about 20 years old. At a fairly mundane level, even the use of the word governance in connection with boards of directors of companies is not much older. As in so many situations, corporate, governmental and financial, actions to bring about change, including mandatory disclosures, oversights with reporting responsibilities and the introduction of various sanctions have been triggered by the coming to light of behaviours which ranged from socially unacceptable to criminal.

Thus, depending on our individual responsibilities in connection with, for example, an office or employment position, or simply in our personal lives, we are subject to an increasing range of legislatively prescribed behaviours. Failure to observe these can result in various sanctions, including being prevented from continuing to practise a profession, fines and even imprisonment. There are also the social consequences of failing to live and abide by not only what the law requires, but also that which society countenances.

The corporate requirements, depending upon the business of the corporation, not only to comply with legislation and regulation, but to put in place and operate compliance procedures, removes from the individual, in connection with his or her employment, most requirements to form or take an ethical position. Such employees' behaviours are both prescribed and monitored. This has the possible virtue that infractions can be deemed to be intentional.

But what of the managers of the employees whose behaviours are so circumscribed? What of the compliance officers? The quote which springs to my mind is from Juvenal, "But who is to guard the guards themselves?"

When recently the Ontario Securities Commission subpoenaed records from various financial services institutions in connection with so-called high-closing practices, that some financial institutions were not involved was as interesting, in an ethical sense, as those who were. As we all know, in consequence of the OSC investigation, pleas and sanctions were negotiated. Now, normal business has been resumed.

A couple of conclusions suggest themselves to me in the aftermath of the high-closing affair. First, a number of employees, many of them quite senior, elected to respond to compensation incentives, rather than to comply with the rules governing their trading

practices, let alone to operate ethically. Second, these employees were able to influence third parties to breach rules also. Third, there was failure on the part of managers and compliance officers to do their jobs. Fourth, it was deemed that responsibility went up the corporate hierarchy only so far. Fifth, under new leadership, finally the OSC has begun to fulfil all of its oversight requirements.

Where then, are the leaders in this little story and where are the followers? Think of the multi-faceted responsibility matrix in this affair: the employees directly involved, their third-party enablers, the managers and compliance officers of both, the general management of all involved companies and the Ontario Securities Commission. The rules may have been appropriate but they were not observed. No one guarded the guards and, apparently, above a certain level, not only was there no effective oversight, there was no deemed responsibility.

While I cannot suggest a substitute for the systems we have in place which afford, as intended, a degree of protection to the general public in a number of areas, including financial services, these systems are not, and cannot be, a substitute for individuals becoming and being their own ethics officers, as Chris Chorlton suggests.

[2:00 p.m.]

As I see it, in Canada we live in a two-tier ethical environment. One is, or tries to be, mandatory and specific, including through legislation and regulation. The other is the always shifting moral sands of the subset of society in which we live. For the great majority of Canadians, I suspect that ethical challenges are not the stuff of everyday life. For some, however, ethical challenges may not be frequent but may be of a magnitude which is testing indeed.

At board of director and senior corporate management levels it is my experience that very few significant ethics issues arise. However, particularly for companies doing business on a world scale or where sale of the product or products requires the exercise of judgement, including ethical judgement, the instances are much more frequent.

I said to you earlier that I used anecdotes from my own business life when teaching, a few of them observed, a few personal. Therefore, let me leave with you just three, both as illustration and for whatever insights or food for thought in respective ethical leadership they may offer.

The first is quite recent and in factual terms very modest and involve, again, Hydro One's Ethics Officer, Chris Chorlton. A year or so ago, when gasoline prices were lower than they are today, gasoline service stations in the greater Ottawa area were

experiencing one of the periodic gasoline price wars. A particular service station was offering \$5.00 cash rebates in connection with the purchase of a minimum amount of gasoline. Instead of maintaining its own fuel depots, Hydro One has authorized its employees to fill up wherever might be convenient and provided the employees with a company credit card for that purpose. Not surprisingly, line crews will find it most convenient to fill up at the start of an assignment and near their home base.

Chris Chorlton received a telephone call from one crew explaining that at the service station offering the \$5.00 cash rebate, they had tried to have it applied to reduce the purchase price on the company's credit card but that the service station operator refused to do this. The crew boss said that his crew proposed to collect the \$5.00 rebates and pass the money on to a named charity, in this case a hospice. He asked, would that be okay? You can be sure of Chris' approval.

Now \$5.00 times the number of fill-ups during a local gasoline war is not a lot of money. Nevertheless, the Hydro One crew in question tried to lower the cost to their employer, declined to pocket the money, conceived an alternative plan and checked with the Corporate Ethics Officer. Now as Chairman of Hydro One, presently an Ontario Crown Corporation, I am both very proud to be able to recount this to you and I am also gratified that our conceiving of the role and the function -- let alone picking the right man for the job -- of a Corporate Ethics Officer should work so very well indeed.

My second anecdote is about Cadbury Schweppes. This is back to South Africa. For five years, until 1993, I was chairman of that company. As some of you may know, the original Cadbury was a Quaker who, through the preparation and sale of drinking chocolate, sought both to offer an alternative to spirits and to find an ethical way of earning a living and supporting his family. Now today, Cadbury Schweppes is a widely-held company doing business in more than 140 countries around the world, including South Africa.

In the late 1980's, led by the United States, western and other governments put increasing pressure on international companies with operations in South Africa to leave the country because of South Africa's apartheid policies and laws. Many companies did leave, particularly those from the United States. Those who left either sold their South African businesses, closed and mothballed them, or created non-owned local franchise operations. Trade sanctions against South Africa were increased and more stringently enforced.

Cadbury Schweppes had a long history and several profitable businesses in South Africa. Cadbury Schweppes' employees, including in its management ranks, were predominantly Black. Cadbury Schweppes employees were in a company pension

plan and had opportunities for education and housing assistance. Cadbury Schweppes openly contributed to anti-apartheid campaigns in South Africa. Cadbury Schweppes decided to remain in South Africa but with two modifications: first, no new money from outside South Africa would be invested in the South African businesses; second, dividends would not be declared to the benefit of the parent company and its shareholders in Britain.

This was consistent with the policies of Mrs. Thatcher's Government which endeavoured to maintain a dialogue with South Africa. However, Cadbury Schweppes' stand was not welcomed by the Government of the United States nor, for that matter, the Government of Canada, and certainly not by single interest groups. I don't know how many of you can think back to the days of the Commonwealth Conference in British Columbia when Canada was the host government, the time Mr. Mulroney and Mrs. Thatcher exchanged publicly some fairly strong language. When Mrs. Thatcher arrived in British Columbia, someone had invested the appropriate sum of money in renting a small propeller-driven airplane which towed a banner on which the words were inscribed, stick to it girl. That was one of her favourite stories. She just loved the story, loved the sign behind the plane that towed it over and over. At that time, I was convinced that our stand on South Africa and what we intended there was totally ethical and, with the benefits of 20/20 hindsight, I am fully comfortable today with what our board decided in the late 1980's. Interestingly, where was the leadership? Was it governmental? Was it corporate? Who had what ethics?

My third and last tale concerns my time as Chairman of British Aerospace. British Aerospace was the result of the nationalization by a 1970's Labour Government in the U.K. which combined a number of airframe and weapons manufacturers. It was privatized early in Mrs. Thatcher's time as Prime Minister. Among the company's products were various types -- indeed they are today -- of military aircraft. In 1991, Indonesia, which is the world's fourth most populous nation, was discussing with us the purchase of several new jet trainer and fighter aircraft. There was vocal opposition from a group protesting the forced annexation of East Timor which took place in 1975. It was alleged that if these aircraft were purchased, they would be used to further suppress opposition to the annexation of East Timor.

The relevant facts, as we ascertained them, were five in number: first, the population of Indonesia was over 200 million and that of East Timor around 1.5 million; second, Indonesia had over 270,000 persons in her armed forces; third, Indonesia had been a republic since the end of the Second World War and was a member of the United Nations; fourth, since Indonesia's independence, the only armed conflicts in which she engaged was with the Netherlands in 1947 and again in 1948 as Holland sought to regain her former Southeast Asian empire; fifth, the aircraft in question, jet engined

and fixed wing, were not interdiction types and no helicopter gun ships were to be supplied.

We concluded that if Indonesia wished to overwhelm East Timor, she did not need fighter aircraft. Indonesia's record for peaceful co-existence was as good or better than most of Southeast Asia and that whatever one might think about the East Timor situation, this was separate and apart from the acquisition of fighter aircraft. With the support of the British Government and my board of directors, the sale was concluded.

Now to finish. Let me turn again briefly to Cadbury Schweppes. I told you of the Quaker beginnings of the company. While that particular religious connection tended to diminish over time, even on the parts of the present generation of Cadburys, much of the ethical orientation continues. Remember what I told of Cadbury Schweppes and South Africa.

My immediate predecessor as chairman was Sir Adrian Cadbury. Despite the company's shares now being very widely held, there continued to be two or three family members involved in the business. Incidentally, today there is only one. Sir Adrian is a graduate of Cambridge University where he was a Rowing Blue and an Olympic oarsman. He did his National Service as an officer in the Brigade of Guards in the British Army.

It was to Sir Adrian Cadbury the London Stock Exchange turned for its first inquiry into corporate governance following the Guinness affair and the imprisonment of some of the people connected with that particular business. That, of course, set in train the Toronto Stock Exchange establishing of the Day Report and so on. Adrian was the first corporate leader I met who spoke freely about ethics in the normal course of his duties. I was with him on one occasion, shortly before his retirement, when he was speaking with a group of our latest university graduate recruits. He was questioned concerning how one could know if a particular conduct was proper or not. Adrian was asked to whom, in the company, when these questions arose, they should be put. He answered that asking such a question was unnecessary and went on to say, "if you have to ask whether a particular course of action is proper, the answer is always no."

Since then, I have thought of Sir Adrian Cadbury's response as an answer to very many of the questions about whether a possible action is ethically okay or not. I have quoted it used it frequently and I commend it to you. Here endeth the lesson and I now look forward to hopefully a constructive exchange with you. (Applause)

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): We will now open it up to questions and if you could identify yourself before you ask your question, that would be appreciated.

MR. JOHN WILLIAMS (Canada): Sir Graham, we certainly very much appreciated the points that you brought out this afternoon. We, of the Public Accounts Committees, very much have that role of trying to uphold ethical standards in government. I am sure that everybody around this table, including the Auditors General, too, who are here, take that role very seriously and hope that we can make a significant contribution to the democratic process in doing so and we very much appreciate hearing from you from the business sector of how it is being upheld there.

The point that you mentioned earlier in your speech that you feel there has been a revival in ethical behaviour in the last 10 years. I wonder if it is actually a revival in ethical behaviour or in the fact that we now, in this complex world where morality is becoming more relative, shall we say, rather than a societal standard of ethical behaviour, that we recognize a need to police it more now compared to in the past? You referred to the Chairman of CP who obviously had his very own ethical standards and high standards. You mentioned Lord Cadbury, who had very high standards too. Are you saying that we have gone down to the point that we recognize there is a need to police it, or are you suggesting that we recognize amongst ourselves that we have actually been voluntarily increasing our ethical standards in the last 10 years?

SIR GRAHAM DAY: Thank you, Mr. Williams. I think the revival, which I believe I see, is not so much revival in ethical behaviour as a revival in interest in ethics; I am not sure as cocktail party conversation yet, but it certainly is, in my experience, very much more discussed than it was a decade or so ago.

As I think I suggested, I see no way around Parliaments and Legislatures prescribing behaviours that have to be followed, that those behaviours should be monitored and there should be consequences for breaching prescribed behaviours. I think that is a sad comment but that is just the way it is, because if Mrs. Jones and Mr. Smith, dealing with the financial services sector, are to do so with an appropriate level of confidence, then I think there have to be systems like this.

I think I have to say there are lots of other duties imposed upon directors, including directors of companies of the financial services sector, which, if I may say so, merely shift obligation to a board which is not really the most appropriate form to discharge it away, perhaps, from Parliament.

I am cheered by my perception of the interest in ethical behaviour because I think it is much more now front of mind, at least, for people in business. I would hate to say that I hold myself out to speak for the whole of that constituency, but that is my perception.

I can go back, again, to my days at CP in the 1960's and stand on Mr. Crump and his particular view of the world. The idea that you talked about ethics, I don't think all the time I was at CP I ever heard the word used. Certainly, it is only in recent years that companies have contemplated having an ethical oversight in addition to, or in part substitution for, some other mechanisms.

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): Ontario, Richard Patten.

MR. RICHARD PATTEN (Ontario): Sir Day, I gather your middle name is not Stockwell. (Laughter)

SIR GRAHAM DAY: No, it is not and I have not appeared before you, despite the temptation, in an appropriate water-related garment. (Laughter)

MR. RICHARD PATTEN (Ontario): Sir Day, a couple of comments. One would be, I can recall fighting international corporate business on their practices, especially in Third World countries, in the 1970's, 1980's and 1990's. I would agree with your thesis that I think there is a change. There certainly is a much broader discussion today than there was around the ethics, the accountabilities and the humanities of things. I attribute some of that to the ability of more people who have, let's say, just common means to participate in pointing out discrepancies.

I was quite interested in looking at The Gap, Nike, and all the things that they do. I would suggest that often ethics can be driven by the self-interest of good business and being able to maintain things. Nike, as you know, was criticized roundly for its use of child labour, et cetera, and today, of course, it has come out with a very strong statement saying that it will have third-party monitoring of children in its factories, no matter where they may be in the world, et cetera. I would suspect that is because their business could be hurt, was being hurt. Their reputation, certainly, was being hurt, et cetera.

My final brief comments. We talked about governmental and we talked about corporate, but I would like to think that the non-governmental sector played a significant role in this growing awareness of ethics. I must say, I am still quite discouraged in the governmental sense, or political arena, around the area of ethics, their prescribed behaviours and things you can and cannot do. I know we have an Ethics Commissioner who just asked for a raise because he was only being paid \$1.00 a year. There are Integrity Commissioners in Ontario, for example, and in other areas, and I think that is a positive step.

I don't find too many political leaders talking about ethics today and I wondered whether you would agree with my comments, or not.

SIR GRAHAM DAY: I think your first point on good ethics equals good business is absolutely right. I suppose a little bit of the cynic in me says that even if you are not a believer it is still good business if you can demonstrate ethical behaviour.

I think the Nike question is quite difficult. Not to excuse any of the behaviours which you and I, at least, might judge as not acceptable. But we can't take, say, Canadian standards or western standards about children working and apply them to some of the poor Third World countries because work of some kind will be necessary for those children, simply to survive, eat and live. I think if you have been in those parts of the world, you know that. Now, there is clearly a difference between the kind of work which a child -- begging the question of age -- might be able to do and that which that child should never be called upon to do, thinking back to the days of coal mines, chimney sweeps and so on. Probably that is what Nike is talking about, about agreeing to monitor.

I guess I believe, as a citizen, that governments generally have quite a way to go in the ethical stakes. Sometimes you can say that it is only what individual members of governments, Parliaments, or whatever, get wrong or don't do that is picked up by the media, and that which goes well and is ethical is not news. I believe that is probably true, also. It may be a naive statement but I would like to think that governments, being governments, have, perhaps, the highest duty to set and observe ethical standards than do the governed themselves.

Just a final comment about the perception and interest in ethics. I have three grandsons: one in Nova Scotia and two in Ontario. I find them disproportionately interested in what you and I would call ethical matters. They don't use those words. They just think, whatever it may be, this is bad and wrong, or that is good. Children do have an influence, including on their ageing grandparents. (Laughter)

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): Ontario, Steve Gilchrist.

MR. STEVE GILCHRIST (Ontario): Thank you very much and thank you, Sir Graham, for your comments and your presentation so far. In your presentation, you mentioned that there certainly has been an increase in the interest in ethical behaviour. To some extent, perhaps, that is a result of the increased democratization of information dissemination, the Internet; in Toronto we are now up to seven daily newspapers.

I accept your comment as well about the higher standard to which governments should be held when it comes to conducting ourselves ethically. The problem is, perception is reality and people's perceptions are shaped not by our comments directly, because very few people read Hansard and very few watch the Parliamentary

Channel. It is the media that shapes those perceptions. The media is full of biases. They lack balance. They look for the salacious and the inflammatory. They like a good fight.

Many of our colleagues have weekly newspaper columns -- and that includes members from all three Parties -- depending on the constituency they live in. One of the government members lives in Guelph and the Guelph newspaper was recently purchased by the Toronto Star. One of the very first things the Star did was pull her weekly column and replace it with an anti-government activist's column. I mean the effort they were trying to make couldn't be more blatant.

So given that perception is reality I wonder if you would have any suggestions on how we could marginalize the biases, the lack of balance that will always be there in the media and how we can get the message out to the people in our constituencies that what we are doing is reasoned, honourable and ethical?

SIR GRAHAM DAY: I wish there was a pat answer to that. You speak of your personal experience but I think that not only would that experience be paralleled across this country, I know what you have said would be very familiar to anybody in public life in most of the other countries I have either worked in or visited. The United Kingdom have an agency established by government but manned by independent persons who can be called to judge -- not overall but article by article -- if the facts are manifestly distorted, it doesn't matter whether it is vis-à-vis government or any individual. There may be a mechanism like this in Canada and if there is I am certainly not aware of it. But perception indeed is reality and as a colleague of mine in the U.K. used to say, the media will never let the facts stand in the way of a good story. I am afraid this is just one of the crosses that those of you in government will have to continue to bear and those of us exposed to the media will have to believe only half of what we read and/or see and hear; the problem will be to know which half we can so believe. I think that is going to be a continuing challenge.

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): Alberta, Mary O'Neill.

MS. MARY O'NEILL (Alberta): Sir Graham, I would ask if you would just expand on your last concluding comment when you recounted the comment made by Mr. Cadbury that if you must ask about a certain action and whether it is appropriate, the answer is no? Putting that into today's context and balancing against the other axiom that the unexamined life is not worth living or the unexamined action is not worth discussing, debating, or doing, could you comment on that, as my experience is a lot of people's knowledge of ethics is not rooted and founded in say a classical education or in those kinds of deliberative thought processes?

SIR GRAHAM DAY: I would first of all remind you that Adrian was speaking to an intake of university graduates and I think therefore concluded that they had an ability to weigh alternatives. But if they were so close to the margin they felt they had to ask the question, or in other words pass the buck, then the thing they should do is resolve that question in the negative. Is this ethical or not? If you have to ask the question, no, it is not.

[2:30 p.m.]

You are absolutely correct, of course, that that particular audience to which Adrian was speaking is not an average audience either in Britain or here or elsewhere. Hence, I would turn to my little tale about the \$5.00 gasoline rebate, where there was a mechanism, an individual, a long-service employee who was known and obviously trusted by the employees, to whom the question could be put. Now I also suspect that both the crew and the crew chief knew exactly that it would not be proper -- ignoring the value -- to put a series of \$5.00 bills in their pockets. It seems to me they were really saying, I know it is not proper but we don't want to leave the \$5.00 on the table so we would like to do something else with it and is that okay. What I didn't say is that this crew had also observed people from other employment pocketing the \$5.00 and they thought that was wrong.

I believe most of us have a pretty ingrained sense of what is right and wrong. Unless we have an extraordinarily poor upbringing, regardless of education, we do know right from wrong. It is helpful, despite what Sir Adrian said, I think, for a company or any organization to provide a focal point where the question can be asked. Sometimes it may be a group of people, as in the case of my Hydro One example, who are looking for confirmation that the view of one of their number is the proper view and they may be just, quite frankly, seeking a comfort level because comfort in forming a judgement, right though it may be themselves, was just not adequate comfort. Frequently, people do want that extra little bit of approval.

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): Canada, Philip Mayfield.

MR. PHILIP MAYFIELD (Canada): I appreciate very much your remarks, Sir Graham. Regarding the question that perhaps need not be asked that you concluded with, I suspect a number of legislators like myself are asking that question with regard to say, gambling. Gambling is an issue which is very popular, there is a demand for it, government has organized it and collects a good deal of revenue from it. Now we are in the position of beginning to assess the consequences of that increased gambling activity with not only poverty and hardship but, in fact, higher suicide rates. What I would like to hear you articulate, if you would please, is perhaps the kind of ethical

framework that you would put this question to as you were coming to a conclusion about government's involvement in this issue.

SIR GRAHAM DAY: I live in a community of about 1,100 people. Some two and a bit years ago a woman in our community who, in terms of community involvement, volunteer work, had had a pattern for well over a decade of being an outstanding contributor. She held a position for two summers in a row with modest income, heading a particular endeavour in the community. In the course of the second year it became apparent that a theft had taken place. In the event it was not possible to quantify this with precision but it looked to be somewhere between \$3,000 and \$5,000 and in a small community and in a community endeavour, this was quite significant. It emerged that this woman had been playing slot machines, had stolen the money to do just that. Her life is now destroyed, her children have left, her marriage has dissolved, the house had to be sold to pay the debts and this is not only a tragedy for her, it is a tragedy for our small community.

For my wife and I, it was one thing to have an anti-gambling view, however, it seemed a bit cerebral, it hadn't touched us and you sort of debated it around the dinner table at what you thought was a fairly high moral plane. However, when something like this comes home and touches -- directly or indirectly -- virtually every family in our community, then the issue becomes real. It is no longer an intellectual issue, it is no longer cerebral at all, one is forced to think that it is wrong.

One can say that there are all kinds of temptations that if one could, one would try to remove. Some of them, we have an easy ability to live with: booze, cigarettes, whatever. Others we live with but not with ease: drugs. Gambling appears to be one of those things that if it wasn't around, you would really have to go and chase it across the border or somewhere else. As a taxpayer of Nova Scotia, despite my views as to the rate of tax I pay -- incidentally when I moved back from the U.K., my British friends, my American friends and my Canadian friends said, my God, Graham, you are going soft in your old age, you want to go from a 40 per cent marginal rate to a 55? That aside, I would cheerfully pay my share on my income of whatever it took for Nova Scotia to get the same income from the tax source rather than gambling; that is a personal view. (Applause)

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): Any other questions? Ontario, John Hastings.

MR. JOHN HASTINGS (Ontario): Thank you, Sir Graham, for your presentation. I am wondering whether we in this room or pretty well in most of society, including yourself, haven't subscribed to what I call the Pierre Berton comfortable-pew view of ethics and governance; that is the growing corporatization or bureaucratization of the

ethics business where because you have in place institutional safeguards for the defence, protection and advancement of ethics through having a corporate ethics department, or an ethics position in the university, or an integrity commissioner for wayward legislators, that somehow or other we have pretty well captured and become comfortable about how ethics are growing and how good we are when, in fact, maybe we are not so good or maybe we are very selective in the use of ethics.

I can think of how governments, federally or provincially, view the use of relationships in countries like Cuba, that it seems to be okay to have used property that belonged to somebody else, if you subscribed to the Helms-Berton view of the world, or if you subscribed to another view which is that apartheid, which was evil, et cetera, we should not have any connections or relationships with South Africa at that time. Yet, today we have similarly different views from an ideological perspective on ethics. I am wondering, where do you see yourself falling in those complex considerations? Are we, in fact, doing too much to corporatize or bureaucratize ethics, when we should be looking at the spirituality, or the spirit side of ethics -- not necessarily in a religious dimension either?

SIR GRAHAM DAY: I guess I would have to say that in too many instances you are correct. It is like ticking the boxes on corporate governance, if I do all of these things my corporate governance is okay so, I have another box and we will call it corporate ethics officer or whatever the case may be. Once I have done that, I have set up some machinery and we drive on. That is absolutely the danger and I am sure that there are organizations that do that because they can point to it as ethics having been at the front of their minds at some point or another.

I referred a number of times in my remarks to Hydro One. This company, which as I said is owned by the Province of Ontario, is led by a very remarkable woman, Eleanor Clitheroe. Interestingly some 50 per cent of the senior management are women and the average age of the senior manager is about 45 years old. Both the gender mix as well as -- let me tell you -- ethnicity and age makes it quite unique for any company in Canada, let alone one which is a utility. Eleanor has what she calls, the leadership group and she has moved inexorably to having mentoring, so that the corporate view of the world which she thinks, which the management leadership team thinks, which the board endorses, gets permeated down the ranks.

My own starting point is that the vast majority of people, of employees are decent, hard-working people, who, by and large will not do things which are wrong. If I had to start from some other point I think I would terminally go into my alleged retirement. I do believe that, so I think that one starts with some kind of message of hope and not complacency but nevertheless, a belief that what you are trying to reach or those who you are trying to reach are at the margin. You can't reach them, as you

correctly say, simply by saying, we have got someone in this slot or we have a mechanism, therefore we have done what we have to do. You have to be proactive beyond merely having a nominated person. If you have those elements and you are not out really carrying the message to the great body of employees, then you will have repetitions at perhaps increasingly senior levels of the high closing situation to which I referred. That is not the only example, there are others.

I am glad that you chose to remind me and indeed, remind us all, Mr. Hastings, of the danger of comfort. I don't think business is a comfortable place, if it was it is not now. I don't think it should be. I guess I would also hope and believe that either government or Opposition should not be comfortable either. A little discomfort is a marvellous encouragement toward trying to do things right.

MR. CHAIRMAN (Mr. Roy Salmon, Nova Scotia): Thank you very much. I will turn the Chair over to Mr. John Holm.

MR. CHAIRMAN (Mr. John Holm, Nova Scotia): Thank you very much, Roy. I will start off by saying most people involved in government, whether they are on the government side or in Opposition, do enjoy a little bit of discomfort from time to time. Certainly, Sir Graham, when you began your remarks you were saying that you hoped that people's eyes would not glaze over and that wouldn't lead to closing. From looking around the room during your remarks, I can assure you that that did not happen. I am not even going to begin to try to summarize, I started to make some notes, but you have left us all with so many thoughts.

One of the things you said was in talking about your grandchildren and whether something is good or bad. Whether we talk about ethics or ethical leadership, we are all charged with some pretty heavy responsibilities that have major impacts upon the citizens in our communities, our province and country. Whether we want to call it ethics or whether we want to call it good or bad, we are making decisions that are extremely important. The concept of good, or bad, or ethics and how that affects other people and what kind of role we are playing is extremely important and it is one that we have to keep in mind and be, as you say, our own ethical officer.

So, I want to thank you very much and on behalf of the members who are here today, to provide you with a small token of our appreciation. It is not a sea-do but it is the best that we could come up with on our budget. Thank you very much. (Applause)

MR. RUSSELL MACKINNON (Nova Scotia): Ladies and gentlemen, we have a little treat for you. We will show you why we did win the war in a few moments. We are going to introduce you to some very special guests. If you can envisage back to 1869, it was the time that the 78th Highland Regiment was stationed in the Citadel

here, in Halifax. This regiment was one of the most famous Scottish units in the British army and presented an impressive site in their MacKenzie tartan kilts, feather bonnets and bright red doublets. And, as with any highland regiment, the heart and soul of the 78th Regiment was represented by its pipers. Being a Scot myself, I can identify with that. Dressed in contrasting green uniforms they figured prominently in all aspects of a soldier's life.

Ladies and gentlemen, I now introduce the 78th Highland Regiment. (Applause)

[2:50 p.m. Demonstration by 78th Highland Regiment.]

[2:55 p.m. 78th Highland Regiment exits.] (Applause)

MR. RUSSELL MACKINNON (Nova Scotia): The 78th Highland Regiment, by the way, is actively involved in daily activities at the Citadel. At 12:00 noon they do their gun salute, as well. The only thing I am curious about, I hope those guns are registered with the Canadian Gun Registry because I know somebody in government would like to make some money off that. (Laughter)

With that, ladies and gentlemen, we will now recess for a little break, for coffee, tea and other refreshments and then we will resume.

[2:58 p.m. The session recessed.]

[3:27 p.m. The session reconvened.]

MR. CHAIRMAN (Mr. Darrell Dexter, Nova Scotia): Good afternoon, delegates. Could everyone take their seat so we can begin this session. My name is Darrell Dexter, I am a member of the Public Accounts Committee here in Nova Scotia and I will be acting as the chair for this session.

Before we begin there are a few announcements I would like to make. Tomorrow morning at 8:30 a.m. the session that will be getting under way with respect to globalizing accountability, is being chaired by Jim DeWolfe and I understand the speakers that morning will include Mr. John Williams. I understand that the federal members have to go back to Ottawa and must catch a plane earlier that morning, so we would ask that the delegates be here at 8:30 a.m. so we can begin promptly at that time. Secondly, following this session this afternoon, we will be having our official photographs taken and will be proceeding from here down to the Grand Parade. The photographs will be taken there so, if following the close of this session if you could proceed down there to get that done. Finally, this evening's buses will be leaving for Pier 21 at 6:30 p.m. so we are asking if everyone could be ready and waiting at 6:20

p.m. in order to get the buses loaded and transport you down there for what should be a very entertaining evening.

THIRD SESSION

Mr. Jean-Pierre Boisclair, President CCAF-FCVI Inc.

MR. CHAIRMAN (Mr. Darrell Dexter, Nova Scotia): This afternoon it is my pleasure to introduce to you our guest speaker for this session, Mr. Jean-Pierre Boisclair, who I understand would prefer to be called J.P. He is a chartered accountant and the most senior, full-time officer since the creation of the CCAF in 1980. Prior to his involvement with the CCAF, he was partner in a national firm of chartered accountants and prior to that, he was CEO of an aerospace industry manufacturing company.

In 1997, J.P. Boisclair chaired the independent review panel on Modernization of Comptrollership in the Government of Canada. He serves as an external member of the Government of Canada's Comptrollership Modernization Deputy Ministers Task Force, is a member of the external advisory panel on Performance Reporting to the President of the Treasury Board.

[3:30 p.m.]

This afternoon Mr. Boisclair will be speaking to us on Public Performance Reporting and Governance -- Creating the Culture. On your desk you will find a handout which he has generously provided to us. (Applause)

MR. JEAN-PIERRE BOISCLAIR: Thank you very much. Bon après midi. Good afternoon everyone and thank you for inviting me to come and participate with you. I am a little worried about two things; first of all, I never like following Sir Graham Day in a speaking situation, there are very few people in this country as articulate as he and I thought his remarks were extremely relevant to dimensions of what I am going to talk about this afternoon, Public Performance Reporting and Governance -- Creating the Culture. A number of aspects of that I think you, as members of Public Accounts Committees across the country, are in a particularly well-suited position to deal with. The other thing is I don't know whether the gentlemen with the bayonets are still out there and if you don't like what I have to say, I don't think I would want to become practice for the pointy end of their instruments out there. In any event, I am pleased to be here. I recognize a number of people around the table (French) but I don't think everybody here is necessarily familiar with CCAF and I would like to take just one brief moment to tell you who we are, in case you don't know who we are.

The foundation is a national, non-profit research foundation, we have been around for 20 years. Our mission is to provide thought leadership to build both knowledge and capacity for effective governance and meaningful accountability, management and audit. The principal focus for our work and the primary beneficiary of our work is the public sector in all of its different dimensions. We conduct research, we have educational programs and a number of capacity building activities. Our work is primarily aimed at and our niche is governance information and related governance and accountability practices. We are particularly concerned with integrated financial and primarily, non-financial performance information used to report publicly or to support strategic and business planning and results improvement by governments and by all manner of public sector institutions.

One of the handouts you were given describes our mission briefly and also describes a current and very major program of research that we have under way in the area of public performance recording and that is going to be the focus of virtually all of my remarks this afternoon.

The foundation started life being primarily concerned with legislative auditing and public sector auditing. Hence, we were called the Canadian Comprehensive Auditing Foundation at the time. To be frank with you, that was largely because just about the only ones who wanted to talk about the subject of accountability around the time we were created, were the auditors. In the last number of years, management has come to the table, we think members of governing bodies, such as yourselves, are much more attuned to these issues than they were two decades ago and are pursuing these issues. Really, the moment it was possible to bring both management and members of governing bodies into the tent with us, the word audit in our name became somewhat constraining. So we just simply changed it to CCAF. It is not a mystery, secret cult that we have created. It used to be the Canadian Comprehensive Auditing Foundation.

We are supported in equal thirds by the federal government, by the collective of the 10 provinces and by the private sector. It is a unique partnership. Most of the work that we do tries to bridge their interests and, more importantly, tries to bridge the interests of elected people such as yourselves, management and professionals such as auditors, who find themselves in a role, either providing assurance about that information, about public performance information, controls, controllership, et cetera. That is who we are.

There are two things that I want to talk to you about this afternoon and I am going to try to keep my remarks to a minimum so that we can pursue questions that might be of particular interest to you.

One dimension of what I want to talk about is the human side of the public performance reporting coin. Our view, and I think the view of a number of people, is that it is time to take the discussion about accountability and public performance reporting away from simply a technical discussion of how to do it to the leaders and how to lead that kind of information agenda forward into the future.

We have made a tremendous investment in public performance reporting in the last 20 years in this country and in other western countries. Untold millions of dollars have been poured into research and practice around evaluation and a whole series of allied processes to measure and report on non-financial performance results.

I would offer a view that it has probably come to a point now where to really realize the benefit of that investment, we have to look beyond the technical approaches and start looking at some of the human side or the human factors that are either going to allow that performance reporting to go forward and make sense, or which are going to hold it back. That is one aspect of the research that we have been engaged in for the last year and that I would like to touch on.

The second aspect that I would like to come to has to do with principles to guide public performance reporting. It is time to really try to, I think, come to grips at this stage with an agreed basis for public performance reporting.

In the process of our work, somebody coined one and said, you know, the catch-22 of public performance reporting and accountability is -- and it was an executive in a large government who said this -- we pretend to report; they, the Legislatures, pretend to use it. That, I think, is the dynamic that we need to work at right now, that not just is the technical reporting sound, meaningful and comprehensive, but our ability to use that information or to manage the information agenda, and to have all of that guided by a meaningful set of principles.

I would like to share with you, this afternoon, as the second part of my remarks, five or six principles that have emerged from our work which you are certainly free to consider, debate, question and, possibly, accept.

This group -- and I must declare my bias right now -- is an especially important group to us. You are elected members; you are part of what, I think, is really a circle of control. Your help is desperately needed to move the performance reporting and accountability agenda forward, as part of what Sir Graham Day was talking about a few minutes ago, setting the tone from the top.

A lot of what has to do, and it will be obvious in my remarks, with good public performance reporting is nothing more or less than a mirror image of good values and

good ethics. What gets reported is a reflection of that. Setting the tone from the top is something that can really only come from the governing body.

I guess it is also up to you in large measure, and your strategically placed Public Accounts Committees, to create imperatives to take up that agenda, to get management's attention around it. It links into your governance responsibilities and, I think, in particular, perhaps, a capacity to sharpen up the discussion around public performance reporting. In other words, all elements of building a culture for public performance reporting.

Maybe before talking about that, it is worth asking ourselves the question, is there well and truly in the public sector a culture that exists right now as to good public performance reporting? I have asked that and I think we should pose that question in the private sector, as well.

I was at a meeting recently where the former Chair of the Toronto Stock Exchange Committee on Corporate Governance, Peter Day, offered the view that despite all that has been done, we have utterly failed in the private sector to create a culture of good corporate governance. We haven't got beyond the box ticking that Sir Graham was talking about and really embedded that in the thoughts, hearts, minds, actions, values and ethics of people who are leading the private sector.

I think I have heard, interestingly, from public sector executives and members of governing bodies such as yourselves, that we have also failed, perhaps, in the public sector to sufficiently do that, as well, at every level, not just federal and provincial government but in health care institutions, in educational institutions, and so on and so forth.

Most people acknowledge that there are strong imperatives at work to change that situation, that the country has to work better, that the notion of global competition is one that requires understanding of performance in its many dimensions, if we are going to compete successfully and that kind of information is important, that we have to somehow or other find a way of providing direction to knowledge workers, that there is significant political risk in uninformed publics, that virtually every major government in Canada has adopted one form or the other -- and you can choose your terminology, labels or your banners -- but most governments have moved to results-based management.

In order to sustain results-oriented management regimes, it is important to have meaningful performance information and to be able to report out to the stakeholders on the results that are being achieved. Most of all, the imperative to manage risk and

uncertainty, is an important one and which is, I think, turning people's minds to this issue.

Although the culture may not be where we would like it to be right now, there are strong forces at work to change it. Forces which I think, again, you can harness and reflect on. At the same time, there are strong forces, and we are not discouraged by them, that tend to hold progress back. I will accept right up front that robust, meaningful performance reporting brings with it its own risks. Not everybody will like the performance story that you are telling and will not be satisfied with it. That imposes an obvious political risk. Secondly, human nature. There is a natural inclination. No one likes to have their performance judged.

We will recognize those risks and from our point of view, we are not discouraged by them, and that is really the backdrop to the work that we have been doing and the input that we have been receiving.

The research that we have been working on with respect to the human side of the equation has consisted of a series of interviews with a number of top executives in the public sector. For example, with Clerks of Cabinets, with deputy ministers, with Ministers of the Crown and in provinces, with members of Legislatures, some of whom are in the room here today, and with a certain number of professionals, what we were trying to understand from them was their view of the issues that will be most important to deal with in creating a culture for good public performance reporting, a culture in which that kind of reporting will be nurtured.

Really, the issues around which they have to provide leadership, four such issues emerged from our consultations. There may well be others, but four emerged as predominant. The first one was creating relationships based on respect and fairness. I don't believe for a moment that that will come as a surprise to anybody in this room.

Those who were talking to us about the need to create respect said, first and foremost, it is a matter of understanding our respective responsibilities; that is, between management and members of governing bodies. They also, I think, reflected -- and we don't have the answers, but I think their reflection is accurate -- that somehow or other, governing bodies and management have to find a way to work as a team in order to generate and maintain respect between each other, that perhaps there has been too much of an attitude on the part of executives in the public sector that elected people cannot be trusted to make the right decisions, and on the part of elected people, that many managers and executives are not to be trusted when they come forward with the performance information story.

We went to the United States and talked to a congressman there. We just wanted to get a flavour for, perhaps, some differences between Canada and elsewhere. He said to us that whenever they bring a senior public servant in front of a congressional committee, that they always have the citation for contempt in their back pocket, on the theory that that person will never bring forward the straight goods and they are prepared to cite him or her.

On no circumstances did we hear that here in Canada, and I am very glad that we didn't. But there is a measure of distrust and, in certain cases, disrespect between public sector executives and members of elected bodies which really corrodes an information-rich agenda. It suggests that where there is a lack of respect and a lack of trust, obviously it is going to be more difficult to bring the information forward.

The other aspect of creating relationships built on respect and fairness, a lot of the discussion that we had with people had to do with risk and a sense that somehow or other we have become reasonably good at risk identification. We can figure out, pretty well, what the major risks are and what they might look like. Where we have failed is to figure out how to share risk meaningfully between governing bodies and management. That is something that they are concerned about.

The last element of that whole area of trying to build relationships built on respect and fairness was fairness itself. A sense that good, meaningful, robust performance reporting that actually tells you what was accomplished and what was done against some kind of a reasonable expectation needs to be used fairly. If, in fact, the performance picture that emerges is something less than satisfactory, then we have to find the ways to build learning organizations to learn from our mistakes and to go forward from there. That whole business of creating an ethos of learning organizations is not something that has been handled well in the public sector.

These are the challenges. I am not presenting them this way in any way to be discouraging, but there was certainly an overwhelming sense that if good performance information, which so many Public Accounts Committees around this country have called for, and which are implicit in your hearings, in your interactions with legislative auditors and with management, when you have them in front of you, as you are calling for that more robust information, the other side of the class, as it were, sitting on the other side and saying here is an important precondition before that information can flow.

The second one was creating reasonable expectations for what should be reported. Clearly, embracing robust performance reporting requires everybody involved making difficult judgements about what information to report and how to present it. Quite

frankly, those decisions, as I said at the beginning, are tied to the values of those who generate and report the information, and the reporting choices are never neutral.

Having said that, two dimensions of the question got a lot of air time during our discussions. One was a sense that, perhaps, now is the time we require some principles to guide reporting judgements, principles that would guide what kind of information key users need; principles that will help tailor reports to particular circumstances; and for understanding how reported information is to be received and used. That was a strong sense that we picked up, especially from the people who were involved on management.

I would like to come back to some of those principles as kind of a separate and last subject before we go into questions.

The third aspect of creating the culture for good performance reporting had to do with creating rewards and recognition. Again, that should come as no surprise to you. People do what they feel gets rewarded. Rewards and recognition are important.

I think most of the people we have dealt with on this felt that Public Service professionalism and pride -- and I think there was a deep-seated sense that most public servants are there clearly not for the salary that they could earn compared to what they might earn in the private sector, but because they are there, they are motivated towards a public agenda and they have a series of things that they want to do that motivates them in different ways. That professionalism and that pride is extremely important but it doesn't stand up all on its own, that there are other rewards and incentives having to do with increased authority, perhaps the ability for good reporters in the system to have a competitive advantage in obtaining resources.

One of the things that we find quite interesting is that most or many public sector organizations do not ever tend to discriminate between those who do a good job of reporting and those who do a poor job. There is a set of rules that tries to bring the lowest common denominator up to a medium level and never recognizes those who are excelling in the process. That is unfortunate.

Some thought around the notion of a competitive advantage and obtaining resources for good reporters: career progression, linking the notion of performance reporting and accountability to career progression; capacity development opportunities; peer recognition; and, perhaps, a lot more controversial -- and some jurisdictions have done this, others have not -- creating financial compensation or to tie part of financial compensation into results achieved. That discussion becomes particularly problematic when you try to play it down below the level of senior executives in Public Services,

and try to take into account all of the employees and public servants, including those who are unionized.

Nevertheless, that is viewed not only as a significant challenge, but a significant element of creating that culture in which people will be more, rather than less, inclined to give you the information that you would like to receive about your government's performance.

The fourth dimension for leadership is really creating individual and organizational capacity, creating or building the capacity of those who prepare and those who receive performance information. That is particularly problematic. The example that I like to use is from when I was in the aerospace industry. I learned enough that I could climb into a cockpit of an aircraft and start the engines, get some power going, and suddenly 500 dials would come alive in front of me. Lights were flashing, dials were flickering, and it was all very exciting, except I had no idea what it meant. I am not a pilot, I have no idea how to fly an airplane and I have no knowledge of that, so all of this information coming to me meant little.

I think there is a sense that if we want to create a culture of good governance and good performance reporting, all of the players in the system have to have a reasonable knowledge of the business in order to judge the information being received and to use it in a meaningful fashion.

I am going over this very quickly, this will be a published report which you will be able to access in due course and it is a lot more detailed, I just want to touch on the highlights with you this afternoon.

The other aspect of building capacity had to do with organizational capacity. It would seem there is a view and I think it is supported in practice, that a lot of our accountability mechanisms have been created and built on the premise that information will not flow so these practices are designed to ferret out information. What happens when information does start flowing? Can we manage that with the same approaches that we had when the information wasn't flowing?

A good example that I will give you -- maybe it is a bad example given some of the recent headlines about the Royal Bank, but I will try it on anyway -- when the Royal Bank were enhancing their corporate governance process, amongst other things created a committee of the board of directors, a governance committee, to negotiate between the board and management -- amongst other responsibilities -- the information package that they should receive and also to deal with the circumstances under which their directors would either feel they wanted more information or management was reluctant to provide it.

In any event, what they were trying to do was create a mechanism that recognized there was going to be a fair amount of information flowing through a process and to try to have, if you will, gatekeepers in the system to help regulate that information flow in a reasonable way. In many public sector organizations and even fairly large governments, we don't always see those mechanisms in place and one wonders whether really creating that culture, in which information will flow and good governance will take place, doesn't at least in part mean starting to think about developing those mechanisms and putting them in place.

The overarching and critical success factor -- again, this will not surprise you -- has to do with leadership. Leadership was what we heard at every stage of the way, that it would take significant leadership to move the four kinds of issues I just talked about. What we tried to do out of all of the discussions we had was to distill some characteristics that you might associate with that kind of leadership. The first was that leadership needs to be focused, if substantive and sustained progress is to result.

A couple of dimensions of the focus people talked about are important. One as to purpose, why would we really want to improve the quality of performance reporting in this country? I think no one saw it in the unalloyed context of accountability for the sake of accountability, but rather they saw it in the context of improving results. If we can make that connection point, then we start to have something.

Secondly, leadership must be focused as to a manageable number of outcomes and strategies. I would like to come back to that in my remarks about principles because I think it is an important one. Also, leadership clearly needs to come from the top in the sense of First Ministers, it needs to come from the top in the sense of those who head up public services, including Clerks of Cabinets, Clerks of Privy Councils, et cetera, and that needs to come, importantly and above all, from Legislatures, recognizing that a Legislature is a place where competing policies, ideas, philosophies, agendas are played out. Nevertheless, unless there is a measure of leadership that comes around these issues from the governing body, we won't succeed in creating the environment for the very kind of reporting and information that we constantly call for or that members of governing bodies call for.

[4:00 p.m.]

The second dimension of leadership is that leadership has to be manifest, it is not metaphysical, you have to find it embedded in decision making, in policy, in principles, in values, in incentives, some of the things I was talking about before. If you start tracking down that, there are a series of specific things that you could go back and really attribute leadership to and that really can only be driven by

government bodies and, in particular, incentive regimes or that kind of thing. I think also regimes that have to do with values and ethics are another.

The third dimension of leadership is that it be persistent and that it be steady. I think the reason why that is so important is that, as I say, public performance reporting will not always be a good-news story. It may present results that a government thinks are reasonable results, but beauty is in the eye of the beholder and those who receive those reports may think otherwise. At that point in time governments are going to be in for criticism and sometimes that is going to be extremely painful. The leadership needed to stick through that kind of thing, to steady an organization as it goes through that, suggests that leadership has to be persistent.

Leadership has to be values-based; I am not going to get into that, because that was the whole subject of Sir Graham's speech, except to say that it can't be overemphasized. Our foundation is involved on an international context with issues of accountability, reporting, and so on and so forth, particularly in developing countries where the temptation is to take what we have -- which on a scale of one to 1 million would be viewed as being hundreds of thousands of times more transparent than what is happening in their countries -- and suggest that they follow our lead. The reality is that good accountability and good reporting does stem from rule of law, from values, from ethics. Of all of the things that I think are important for members of Legislatures and parliamentarians to lead on, it is that very issue. If you get that issue right, the reporting will eventually resolve itself if you are patient enough.

In the handout you have there is a little checklist that will be included in our research publication. It is designed for people such as yourselves, possibly when you are having hearings, discussions or whatever, I would certainly encourage you to take that checklist and consider whether or not it is something that you might want to bring into your deliberations, your hearings, and into your consultations with others, around this whole subject of trying to advance leadership.

Reasonably quickly I would like to come back to the notion of principles to guide public performance reporting. Right now there is no equivalent in the private sector with respect to financial reporting, Generally Accepted Accounting Principles guide, reporting judgements made by corporations and they guide the subsequent audit that takes place by their auditors. There is no set of equivalent principles in the public sector for public performance reporting that includes non-financial information.

About six months ago, we launched a process that currently has three governments working in it. It is the management groups of those governments to try to define, at least in their view, a set of principles that would make sense in the context of where

they want to be a few years from now and where they think their governments might want to be a few years from now.

I should also say to you that Canada's legislative auditors who are meeting in the next room, went through an equivalent exercise about one year ago and produced their version of what they think good public performance reporting should look like. Our intention is to take what we get from management and what we get from the legislative auditors to come back to you, the elected people, plus others who are not in this room, obviously, to see whether we can't find a common, or at least an emerging common consensus or agreement around those principles.

I would like to share with you the seven things that the management community in the public sector has thus far come forward with. One is to make reporting manageable for users. Focus on fewer but more critical things. That is going to require so much courage to implement. The whole question of public performance reporting has thus far been driven from the technical side. So, if you can measure it and if you can report it, nail it down and put it in, with the net result that performance reports oftentimes look more like telephone books. I pity anyone who actually has to try to use those reports to try to understand the overall performance of a department, or a program, or a jurisdiction as a whole. The need to select what is important, to focus on it and to report on it is, at least in the view of management, a paramount principle. Failure to do so simply means we are going to overwhelm the users of reports or continue to.

The second principle that they have is to link goals, performance expectations and results. Again, that requires a lot of courage because what it really means is to present performance results in the context of what you expected to achieve in the first instance. At that point in time, of course, the most powerful comparison or how people will form judgements is the gap or the difference between what you expected to achieve and what you actually did. Yet, without that, what does the performance report really say?

Next is to integrate financial and non-financial information. By that I mean, and I think they mean, more than putting it in the same covers of a book. What they really mean is advancing the state of public performance reporting to the stage where you can start to develop almost the equivalent understanding of the return on investment that you got for the taxpayers' dollars and virtually to express it in those terms, with respect to non-financial performance results. That is not totally impossible and yet I think it is very important. What we find today all too frequently is that we will have a discussion that has to do with money and that discussion is not tempered by performance results or we will have a discussion about performance results, completely forgetting that it took money to get there in the first instance. At that point in time all kinds of expectations are created and oftentimes those expectations,

because it hasn't been a balanced conversation that takes into account the financial and non-financial, take us in the wrong direction.

The fourth area and I think this one is new, important, and absolutely critical, is that good public performance reporting should disclose risk. Every business, including government business is risky business and there are risks associated with it. I would like to use a private sector example because that is the easiest for me right now and that is, again, the case of a bank. The performance of a bank isn't judged against a template that suggests that 100 per cent of the loan portfolio will be consistently realized. It is judged against what you consider to be a reasonable norm for the performance of a portfolio and at that point, establishing that reasonable norm means recognizing the inherent risk associated with that kind of business. There is no control system in the world that will mean governments won't somehow or other leak money. Different programs, different services are going to have different levels of risk.

When I was in the aerospace industry we did not design aircraft to never crash. There would be no aircraft flying if we attempted to do that. Our standards were extremely high, especially for commercial aircraft, but it wasn't perfection. We had to understand what those risks were and ultimately to disclose those risks. That, I think, is not something that we have ever seen to any significant degree in public performance reporting.

The fifth dimension of reporting principles emerging has to do with disclosing capacity to deliver results. I think it is really that dimension of performance reporting that starts to look forward, or the decisions, choices, and trade-offs that we are making today, enhancing or diminishing our ability to deliver reasonable levels of results tomorrow, next year, and into the future. That starts to take into consideration that, you know, rust out of infrastructure, diminishment or even rust out of your human resources and your management groups, et cetera and that is an important dimension of performance.

Sixth is presenting comparative information, either comparisons to past performance on the part of your own jurisdiction, department or agency, or to others.

Seventh -- and this one is different -- is disclosing management's level of confidence in the reported information. Meaningful non-financial performance information that focuses on a few important things will not necessarily have associated with it 100 per cent confidence. Let me give you an example. In financial statement reporting the rule of thumb is 95 per cent confidence in the information being reported. To not disclose the level of confidence in information, given that different people are going to use that information for different things -- let me give you an example. We are starting to see information coming out that compares the performance of one hospital against the

other for specific medical procedures. Based on that information, people are actually liable to make decisions to go to one institution or the other. Is that information sufficiently reliable for people to make that decision? Is it a reasonable basis for decision making?

Information is used in a whole bunch of contexts. Information that would be used to more generally represent the performance of a government, really in support of the citizens electoral franchise, does that need to be at a level of 95 per cent, or are we making a huge investment in unnecessarily accurate information? All that is being suggested here is that it is important that the reader of a performance report understand how reliable that report is or is not and we should make no assumption that all information reported is desirably at the same level of confidence. That is impossible in practice and probably not desirable in theory.

So those are our seven dimensions or emerging principles, if you will, that I think are exciting in the context of guiding public performance information for tomorrow. I will admit to you that what those principles are trying to mirror have emerged as, "principles of good governance" or governance responsibilities. As you start to track down, for example, the governing body's responsibilities with respect to policy and strategic planning, disclosure of results and expectations plays into that. Responsibility to both be knowledgeable about and manage risk, is reflected here. Responsibility with respect for ongoing capacity of a government or a public service organization of any kind to sustain results, is an important governance responsibility that is reflected here.

The only one that is not specifically reflected is the responsibility to ensure appropriate level of control with a capital "C" and in a way that gets dealt with in the discussion of risk. You cannot discuss risk without thinking about the kinds of controls you need in place to manage that risk. That is what is going on.

I think having cited those principles, I can come back now to saying that public performance reporting and creating that culture of governance, again, comes back to the fundamental values and ethics of governing bodies and of the management of public organizations, in the sense that the extent to which all of these things will be mirrored in public performance reporting or a reflection of people's values and what they believe is important. I think I am going to leave it there.

I would like -- and I hope that you would be interested -- in going forward with our research agenda and with our conversation with your help into the future. As I say, now we have heard from legislative auditors in our work, we have heard from management, we have heard from some elected people, but I think in order to create

something that will be enduring, enduring and meaningful, that we would require your leadership in the process.

I am asking you for that and we will certainly be back to many of you in this room to specifically try to engage you in your thinking in this; also, to ask for your leadership in taking these kind of issues into your Public Accounts Committee hearings, possibly thinking of having some stand-back hearings on these kind of issues, on reporting frameworks, on human dimensions and so on, to try to push that kind of an agenda forward.

In any case, that is not an attempt to try and tell you how to do business but a request to help provide the leadership for the future. I will stop there and I would be very pleased to respond to comments, questions. You may think that I have landed from Mars. If so, feel free to say so.

MR. CHAIRMAN (Mr. Darrell Dexter, Nova Scotia): We have a few minutes left and perhaps we could entertain a few questions. David Morse from Nova Scotia.

MR. DAVID MORSE (Nova Scotia): J.-P., you, I think, are advocating trying to quantify the risk and return from government programs. Am I . . .

MR. JEAN-PIERRE BOISCLAIR: I am urging disclosure and reporting. Some of that might be in quantifiable terms and other of it may not be in quantifiable terms. Not everything that is important can be quantified.

MR. DAVID MORSE (Nova Scotia): Well, you may have answered my question but I was going to ask you, how would one go about quantifying the return from a social assistance program, or Medicare, or public education?

MR. JEAN-PIERRE BOISCLAIR: I will take one that is really soft, on the theory that if it is really soft, it might meet the test. This is one that we have actually done, so I am speaking to it and it is not a hypothetical example. The transfer of intellectual property to developing countries and the investment that Canada makes in that process is significant. Our foundation runs a very small international program that is funded by CIDA. Over the years, there have been two or three program evaluations of that program. When they came to us and said, it is time for a fourth evaluation in order to continue the program, I finally blew my gasket. I said, look, that is enough. The first three evaluations told me absolutely nothing about what is being achieved here, what the taxpayers are getting for their dollars and, certainly, what CIDA is getting for their investment in the dollars. I said, why don't you let us do it.

What we did was, we established a set of 10 expectations for what our programs should specifically result in, in the developing countries that received our aid. Over a period of 20 years, we have had close to 60 countries participate in this program, so it is far flung right across the world.

We established what we thought should actually take place as a result of people benefiting from our program. We went out and we collected, I think, fairly meaningful evidence against those expectations. Some of the expectations had to be tempered. For example, we realized that our program would not be the sole contributing factor to a change in behaviour in a developing country but it would have some impact.

So what we did was we assigned a weighting to the different expectations, went out, got the evidence. A lot of the evidence we had in our own files, a lot of the evidence we could get by cross-referencing a multiplicity of things and figured out the extent to which those expectations had been achieved in each of those countries. Having done that, we simply multiplied the investment that we had made by the extent to which the expectations had been fulfilled or not fulfilled. We did it very simply.

The tough thing for us, however, was, what was our reasonable expectation for performance in the first instance? Anybody who has ever been involved in the process of intellectual property transfer knows that you are going to have a rough go of it, especially with developing countries, especially around subjects of accountability and auditing.

We started off by saying that even on the best day, if we were doing our best and the countries that were receiving our aid were doing their best, a reasonable expectation for performance would be that 25 per cent of the total investment would be lost. We started with that. Then we said, because we are who we are and we strive for excellence, there might be some days when we actually achieve excellence. We reckoned that 15 per cent of the investment should operate in an above normal range, that the balance of the investment should operate somewhere in a normal range. So 60 per cent, you would sit back and say, okay, the results were reasonable. We then compared what had actually been achieved against those norms, applied the dollars and we were able to go back and say, okay, here is the return that we got. What that did was to integrate the financial and the non-financial, so it brought it together. That is a little example and that is very soft programming.

Now, it is going to be a major challenge to do this in larger circumstances, obviously. The biggest thing that is holding it back is not the technology of doing that, it is the willingness and the desire to do it.

MR. DAVID MORSE (Nova Scotia): There is a corollary that comes with my question. So you have got a number -- and let's say there are only two countries that have been affected by this transfer in intellectual property. One comes back with a high performance, one comes back with a low. Now, when you get that number, does that mean that more intellectual property should be invested in the country that came back with a high number or the one with the low? Because the one with the high number may now be mature and will not benefit, particularly, from more of a transfer, or should you focus into the low?

MR. JEAN-PIERRE BOISCLAIR: Sure. But what you are raising now is exactly the conversation that that information wants to tease out. At least you have the information to make that call.

MR. CHAIRMAN (Mr. Darrell Dexter, Nova Scotia): I think, given our agenda, that our time has elapsed for questions. I hate to cut it off but we do have pressing things that we are going to need to get to shortly.

I want to take the opportunity to thank J.-P. for, certainly, a thoughtful and thorough presentation in this matter. Certainly, it has raised a number of issues that have been on the minds, I think, of many Public Accounts Committee members in all jurisdictions. I think the seven emerging principles that are set out in the document set an ambitious performance expectation in and of itself.

I would like to present to Mr. Boisclair a little gift on behalf of all of the delegates. Thank you very much. (Applause)

I have just a few things before we leave. Again, we are going to be leaving here and going to the Grand Parade on the outside, just across the street from the World Trade and Convention Centre, for the official photograph. This room is going to be locked so that if you want to leave your things here, that's fine. It will be secure in this room.

I want to remind you, again, that tomorrow morning's session at 8:30 a.m. needs to start on time so I would ask all the delegates to be here promptly at 8:30 a.m.

The final thing I want to remind you about is when the buses leave to go to Pier 21. If you leave here and somebody says to you, what time should I be at the World Trade and Convention Centre in order to get the bus to Pier 21, the final answer is, 6:20 p.m. because the buses leave at 6:30 p.m. If you are here at 6:31 p.m., you are going to be waving to the bus, so please be here at 6:20 p.m., so we can get you on board and down to Pier 21 at 6:30 p.m.

Mr. Williams?

MR. JOHN WILLIAMS (Canada): Where exactly is here, in this room?

MR. CHAIRMAN (Mr. Darrell Dexter, Nova Scotia): The World Trade and Convention Centre, right here on the front steps.

[The session adjourned at 4:27 p.m.]