

CANADIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

NINETEENTH ANNUAL CONFERENCE AUGUST 17 and 18, 1998 YELLOWKNIFE, NORTHWEST TERRITORIES

Report of Proceedings (Hansard)

Tuesday, August 17, 1998

Opening Comments

CHAIRMAN (Mr. Erasmus): ...Good morning everyone. I would like to call the meeting to order. My name is Roy Erasmus and I am the Chair of the NWT's' Standing Committee on Government Operations, which is the Committee in our Legislature responsible for ensuring the Government's public account. I am the MLA for Yellowknife North and my constituency includes the area referred to as Old Town and Latham Island, N'dilo the ????? and Dettah. I was first elected in 1995 and, of course, I fully expect to be re-elected for a couple more terms. Unfortunately, Fred Gingell, Dean of the Chairs of the Canadian Public Accounts Committee is not here today. We certainly miss him and wish that he was here, unfortunately he was not able to attend. I trust that so far everyone is finding the accommodations and arrangements for the conference to your satisfaction.

[--Applause--]

Thank you. Of course we like to take credit for these types of things, but our staff back there who are answering the calls and arranging everything, they certainly deserve all the credit. In addition to the opening at the visitors' center last night, which was well attended, there was a generally a good turn out of over 110 people, including 52 from CCPAC, 39 from COLA and 22 accompanying persons as well of course, the people from Bermuda, South Africa and Australia. But in addition to that, I am sure you will get to experience first hand the northern hospitality we are famous for and to taste some of the traditional country foods that so many northerners enjoy. I am sure there are some of you who have visited this part of Canada before and to you I say

welcome back. If this is your first visit to Yellowknife, I offer a warm welcome and urge you to explore as much of our fair city as possible and drop off a few shekles along the way.

As most of you know, this is an exciting time in the Northwest Territories. We are only 227 days away from creating two new territories in Canada's north and the NWT will be divided into Nunavut and the new Northwest Territories on April 1, 1999. To this date, we do not have a name yet for the western territory. We have not been able to agree on that.

The process of dividing the NWT into two new jurisdictions definitely been a challenge for the members of the Legislative Assembly and the government, especially when coupled with the need to eliminate a deficit and yet still meet the needs of the residents of the Northwest Territories. We believe that this is a positive step for the people in both new territories. In Nunavut, the Inuit, who are the majority of approximately 25,000 residents, will get a government that is closer to home and one that they believe can be more responsive to the needs of the people in their unique area. In the western part of the NWT, we are optimistic that our own territory will allow us to move ahead more rapidly. We have a vast amount of resources, including the opening later this year of Canada's first diamond mine and like Nunavut, our own needs and characteristics. We recognize that the task at hand is not an easy one, especially when you factor in the north's high unemployment, a young population, an overwhelming demand on health care, housing, social needs and the need for more education and training. However, leaders and governments in both jurisdictions believe division will allow them to deal with the unique characteristics of their territory and be more responsive and accountable to residents.

Being accountable to the people we represent is an issue that is near and dear to us all as members of the public accounts committees and legislative auditors. As you are aware, accountability of governments and members of federal, provincial and territorial parliaments has never been under closer scrutiny than it is today. The media and many members of the general public are somewhat cynical about government and politicians in general. Governments and legislatures, in response to the demands of the electorate, are having to conduct business in a more open way than ever before. This increased transparency and accountability is crucial if the public perception is to be restored. Public accounts committees and legislative auditors can play important roles in helping to turn this negative tide around. It is our task to ensure that our governments are accountable and, perhaps more importantly, are perceived to be accountable and transparent to the people we represent. The next two days will give us all a chance to share information and ideas being used by other public accounts committees and legislative auditors.

Enjoy the conference and once again I welcome you to Yellowknife and the NWT and I hope you find these meetings well worthwhile. If there is anything that we can do to help make your visit more enjoyable and memorable, please do not hesitate to ask me or one of the conference staff whom can be easily identified by their conference shirts. Once again welcome to Canada's north! Just before I turn this over to my co-host Mr. Denis Desautels, I am afraid I forgot to introduce the names of the members who played the opening drum song for us. The leader is Alfred Baillargeon and the other two members are David Drygeese and Peter Charlo. Also, my co-members of the Government Operations Committee of the Northwest Territories are seated back there. We have, Ed Picco from Iqaluit; Tommy Enuaraq, Member for Baffin Central; David Krutko, Member for Mackenzie Delta; Michael Miltenberger, Member for Thebacha who just flew in; and Seamus Henry, Member for Yellowknife South who is floating around here somewhere and will be joining us shortly. With that, I will turn you over to Denis Desautels.

[--Applause--]

MR. DESAUTELS: Thank you very much, Mr. Erasmus. Good morning to all of you. I would like to join Mr. Erasmus in welcoming you to our 1998 annual conference and to Yellowknife. For those of you who may not be aware, the Auditor General of Canada is the auditor of the Northwest Territories and this is in that capacity that we act as hosts of the COLA portion of this conference. Now, as auditor of Canada's territorial government, all of Canada's territorial governments, the Office of the Auditor General of Canada has had a long association with the Legislative Assembly and the Government of the Northwest Territories, and we look forward to the same kind of productive relationship with the new territory of Nunavut.

This conference is always an important event for members of Canada's legislative auditing community. In fact, this year's conference has taken on even more meaning and has necessitated a mini-conference to advance certain strategic issues sufficiently so that we can make final decisions here in Yellowknife. COLA has become, over the years, an important association for us and a progressively more dynamic instrument. At this conference we will consider updating the mandate of COLA in our working arrangements to make COLA even more effective. We feel that this is necessary to respond to the new challenges, which our offices and our profession are facing.

(Translation) Those challenges center around the changing expectations of taxpayers and new approaches to public management, two subjects that are closely related. We are now seeing a much greater demand for transparency in accountability relationships, along with a demand for better information on what has been achieved with public spending, which is of course very much what legislative auditors have long been advocating, even if they often felt somewhat lonely in doing so. At the

same time, there are important changes taking place in public management, here in Canada and in most of the world. I am referring here to devolution, to partnerships between governments and to new service delivery mechanisms. These changes require legislative auditors to adjust their work methods and, when dealing with partnerships, to work in a co-operative manner to serve their legislatures in a cost efficient way. (Translation ends)

For all of these reasons and many others, it is crucial for legislative auditors across Canada to exchange ideas and approaches to collaborate on the development of new methodology and to find common solutions to similar problems. I am sure the friendly atmosphere of Yellowknife, a well organized conference and the excellent facilities and support will help us achieve our objective. So, enjoy your stay in Yellowknife and have a very pleasant conference. Thank you very much, merci beaucoup.

MR. SCHAUERTE: Next on our agenda, I will relay a couple of administrative and program notes before the COLA delegates move next door to Katimavik Room A. As you can well imagine, during a two-day conference, our time frames are going to be a little tight and we would ask people to be attentive to the itinerary and in particular, a little bit later on this afternoon, when we go over to the legislature for the joint session, make our way back to the hotel and then down to the Back Bay docks, where we will be boarding the M.S. Norweta for a trip to Mackenzie Island and an island barbeque with northern entertainment. So, if we could just, keep things moving along on both sides of that wall, then we would have a very productive conference, I am sure.

Coffee breaks are being held jointly, for the most part, just out front of the Katimavik Rooms A and B. you will see the coffee stations. There will be pastries and fruit and juice, coffee, tea, water, et cetera. We will have a chance to get together and mingle a little bit during the coffee breaks. The washrooms are down to the left, outside your meeting rooms. The group photos are actually taking place this afternoon when the joint session is concluded at the legislature, weather permitting, and it looks very positive. We can go outside in front of the building to, first of all, get a shot of the COLA delegation and then the CCPAC delegation. Translation services, the devices and earpieces have been distributed to everybody and I would ask the COLA delegates to take your units with you when you do move next door in a few minutes time. As well, we will be producing Hansard transcripts for both sessions and as a matter of course, if the Chairs of the various sessions could ensure that people identify themselves and the jurisdiction that they represent, that would assist our Hansard people. As well, whenever possible, if you have written copies of your presentation notes or anything you might want to refer to at length during your sessions, please provide those to the conference staff and that would also facilitate the Hansard production.

A couple of important notes, last night when we were at the visitors' center, somebody had grabbed a jacket very similar in appearance to this. It is kind of a blue, smokey-grey jacket with a plaid lining. If somebody could maybe contact me during the break, if you can get a chance to go up to your room maybe and see if you might have the wrong jacket. The owner of that jacket would certainly like to get it back.

[--Laughter--]

The accompanying persons have a very interesting program, I am sure most of us would like to have joined them today as they traveled to Dettah and Prelude Lake for lunch and then on to Cameron Falls. Largely due to the attention and hard work of a couple of staff in particular, I would like to recognize -- I am conference organizer in name only -- if you would like to throw your kudos in any particular direction, it is Ronna Bremer and Soledad Boado, as well as the folks from the AG's office who are joining us from the Edmonton office and have been up here all week. A big hand.

Thank you.

[--Applause--]

Last but not least, if you have any questions or require any kind of assistance, please contact one of the staff in the conference shirts or myself or Mr. Erasmus, if there is anything we can do at all. I am sorry a couple people could not go fishing yesterday, however, those that did had a very enjoyable and productive time, but if we can help out, please let us know. So, with that the opening ceremonies will come to a close and we can ask the COLA delegates to move to Kat A.

Administrative Matters

CHAIRMAN (Mr. Erasmus): ... Administrative matters and I will turn it over to Craig James, the CCPAC executive director, to outline those matters.

MR. JAMES: Good morning, everybody. My name is Craig James, for those who do not know who I am. I am Clerk Assistant and Clerk of Committees in the British Columbia Legislative Assembly, one of the table officers, and also have responsibility for the various select standing and special committees of our House, of which we have seven sitting inter-sessionally this year, not including the House's Management Committee. I also have been Executive Secretary/Executive Director of this organization since the mid-1980's. This morning, very briefly, I wanted to go over a couple of matters pertaining to the Council that have occurred over the past year and then, maybe toward the end of one of the sessions tomorrow, we might be able to

address some of them as well. None of which are terribly important, but just for information only.

Last year, I suggested that I would embark upon a newsletter for the Council and to that end published one issue of a newsletter called "Scrutiny," which was an amalgam of various issues which have arisen with other public accounts committees across the country and matters that various auditors general across the land were confronted with. I hope, over the course of the next year, to distill that into two or three issues which range from four to six pages, published in point form, certainly far more readable, but equally as having some value to all the members of the Council. So we can talk about that a little later on if you like.

Secondly, the Council's constitution is not before you this morning. We can certainly make copies available to you. I do not know if there is any need really to address the constitution for the Council this year, maybe over the course of the next year or so. There may be other issues contained in the Council's constitution which members may like to bring to the attention of the group. As well, British Columbia has now, for several years, maintained the Council's homepage on the Internet and for those who have some interest in what the Council has done over the years, as well as currently, including conference transcripts, all they have to do is access that homepage, as well. I am certainly open to any suggestions for improvement, including links and other items which could be placed on the Council's homepage to facilitate the exchange of information, not only among public accounts committees throughout the country, but also internationally, which is a matter of which Western Australia will be discussing later on during the sessions.

One thing I would like to toss out now, so that maybe by the end of tomorrow we can have some resolution of it, and that is whether the Council would be interested in striking a committee to deal with a particular matter over the course of the following year and whether that matter should involve just certain matters that are perplexing, say to various public accounts committees or whether they would like to have sort of a joint task force between this Council and the Australiasian group or between this Council, and say members of COLA. If you have any ideas at all, I would certainly be interested in hearing about them and maybe we could strike a committee of several jurisdictions that could, over the course of the following year, put together a report which, ultimately, would be somewhat approved by the Council and the text of the report placed on our homepage.

That is basically it for now, but I will be speaking to many of you between now and the end of tomorrow in any event, just to get your views on how you see this thing operating and whether you would like to see various changes or improvements made to it. Thank you.

Business Session 1: Round Table Reports from Jurisdictions

CHAIRMAN (Mr. Erasmus): Thank you, Craig. The other administrative matters were already covered by Mr. Schauerte, but before we get started with the reports from the jurisdictions, I just wanted to indicate that we are allotting two hours for this and we would like to, as usual, allot approximately eight minutes and hopefully people will stick to this as closely as possible. If you have hard copies, please present them to us for Hansard. One of the staff people will be happy to collect them. All the questions, I believe, we want to handle at the end. If there is enough time after your presentation, then we will have questions. However, if you take up your whole eight minutes, then there will not be any time. We were hoping to start with Alberta, but I understand Mr. White is driving in and he has not arrived yet, so we will start with B.C. and all three delegates wish to say a few words, I understand. We will start with Mr. Pietro Calendino.

MR. CALENDINO: Thank you very much, Mr. Erasmus. I guess I have to say that it is surprising that conferences like this, this time we are starting from the west. We usually start from the center of the universe, which happens to be Ontario or La Belle Province. I am pleased we have the opportunity to open up to this reporting from the various jurisdictions. Our committee meets about once a month in the inter-sessions and then when we are in session, we generally meet about every week. The topics we have covered this past year, we began the intercessions by looking at the reporting of the forest industry and the way they do scaling and the committee looked at theft in the forestry industry, theft of logs and generally the integrity of the system. The committee came to the conclusion that basically the operation the ministry has developed reflects a generally sound accounting system. That does not mean improvements cannot be made and I think suggestions have been made to the industry to better improve the tracking of logs and the scaling of logs and the licensing, as well.

The other big item, which took quite a number of meetings, was the issue of the Year 2000 compliance. In other words, the computer difficulties we are going to be faced with January 1, 2000. The reports given to the committee is that generally all the ministries are performing quite well in upgrading their systems, both in software and hardware. Only three of the ministries are somewhat behind the others, but they are also working in compliance except that they are not, or because of the way they do their operations they cannot, adopt the system that the other ministries are adopting. They are putting some software to comply with the rest of the ministries in government. Those ministries are Forestry, being one, Transportation and Highways,

and I think the third one, I cannot remember which one it was, but I think it was Children and Families, a new ministry that has to change their reporting system and accounting system. The cost of this upgrading was originally estimated to be about \$60 million. The last report we have is that it has now gone up about \$75 million and growing. We hope that it will not grow too fast and too much.

The next big question we are undertaking for the committee, and that may be something specific to the West Coast, is earthquake preparedness for the province. Many of you may know, British Columbia is on an earthquake fault and we tend to have small tremors all year long and all predictions keep pointing to the fact that we may have a big one soon, so we have to prepare. The government is spending quite a bit of resources in earthquake preparedness. At the end of this month, we are going to have an exploration trip to California and see how they are managing to prepare for major tremors. We will be looking at what San Francisco, Oakland and the Los Angeles area is doing and hope to gain some ideas from those jurisdictions that we can adopt in British Columbia. I am told by Craig that one big report was just produced by the Auditor General's office and presented to the members of the committee. I have not seen it yet in my office because my office was shut for the last couple of weeks. That is a report on pharmacare. That is the next thing we are going to analyze as a committee. As you may all be experiencing across Canada, pharmacare is probably the fastest growing cost for any jurisdiction. I think in British Columbia it has reached the proportion of about half a billion dollars to cover the cost of drugs. We have adopted a system which we call "Reference Based Drugs", which means that the doctors, before they prescribe a very costly, patented drug, have to look at alternatives which cost a lot less. That is what we call "Reference Based Drugs" and that is the generic drugs. If those generic drugs tend to have the same effect with patients and do not have any bad side effects, then doctors are advised to prescribe the generic drugs before they have to turn to the costly, patented drugs. I think that is about what we are covering on the committee. My colleague is going to speak on another item. Hopefully, I have not covered my four minutes and then there will be some time left at the end for other people to ask us questions. Thank you.

MS. GILLESPIE: My name is Evelyn Gillespie. I have been a member of the Public Accounts Committee since June of this year, so this is my first opportunity to attend a conference like this and I expect it to be very useful. I am going to speak, just for a moment, on health regionalization in British Columbia. Health regionalization has been underway as a policy framework in BC since 1993 and in 1996 we did a major review of the health regionalization that had taken place to that time. We had a two-tier system where there were community health Councils and regional health boards and after the review, that was seen to be too complex and that system has been revised so that a community is served either by a community health Council or a regional

health board, but not by both. Shortly after the review, the Auditor General undertook a review of regionalization as it was in place to that moment. It was about six months after the review. The Auditor General made a number of recommendations around the establishment of a policy framework for the community health Councils and regional health boards to do their work. Much of that work has now been done by the Councils and the boards themselves. As well, as a British Columbia organization, they are coming to the point where this fall they will have some recommendations about how the appointments to these boards and Councils ought to be undertaken. We have discussed whether or not there should be specific requirements for expertise, legal expertise, health expertise, accounting expertise, or whether the appointments ought to be more community-based health interest kinds of appointments and that will be determined by the Association of Community Health Councils and regional health boards over the next couple of months. Now I am going to turn it over to John Weisbeck.

MR. WEISBECK: Thank you very much. First of all, I wanted to extend Fred Gingell's regrets. As some of you are probably aware, he is undergoing some health problems and was unable to attend today, but I am sure his heart is here with us. As a new member, I had the opportunity to attend a conference in Austin, Texas a few months ago. This conference was based on accountability and performance-based budgeting. Great conference. Forty-four states represented. A number of Canadian provinces, as well, were represented. I think what is happening in the states right now, is they are doing an analysis and trying to determine what states are doing what and where they can sort of base models on. I think we came to the conclusion that there really is not a model out there. Although there are couple of states, Florida, Oregon, Minnesota and I think Texas, that probably are doing better than other states in their accountability aspect. We all found there is no doubt, that it is an evolving process and obviously you have to adapt it to your own needs and your own provinces. The challenge out there, it was certainly was expressed by a number of people, is that the public wants to be involved. You know, we talked about apathy of the public, politicians and cynicism and I think what we are finding and what they are expressing was that really the public is angry. They really want to be involved. They want to have some input. That is going to be our challenge and I think all of us are looking forward to that challenge.

CHAIRMAN (Mr. Erasmus): Thank you, BC delegates. We could allow a couple of questions. Doug is saying probably some people will not use all of their time. So, if there are any questions and if not, we will move along. Saskatchewan delegate.

MR. KOENKER: Mark Koenker from Saskatoon. Your last comments about the public wanting to be involved, could you elaborate on that? I think in some respects we find that the public might want good government, but does it really want to be

involved in the issues that your colleagues discussed at the kind of policy formation level? Or to be involved in the public accounting process itself? Can you elaborate on what you mean by the public involvement, John?

MR. WEISBECK: I think that the criteria establishes what the public wants to get out of a system. I look at my own situation. I am the critic for post-secondary education. We look at the performance-based budgeting in education. In some cases, getting a job is the most important thing to some people. In other cases, being happy with what you receive as an education that can be all sorts of things that might be of importance. I think when you get the public involved, you ask them what criteria you want to establish, what is important to you, what sort of end results do you want to have because they can be completely different.

MR. CALENDINO: I will add some comments. I was at the same conference. I think what we need to understand here is the American system is somewhat different from the Canadian system. What I seemed to have gathered there is that the conference was mostly about local governments. State governments were represented, but their adaptation of performance-based budgeting is still a long way, other than maybe a dozen states in the U.S. Their idea of involving the public is...It goes like this.

In New York City, for example, they wanted to do something about the bad state of streets. They did a polling of, I do not know, maybe 500 people, I think, in a city of about 50 million, they did a poll of about 500 people and they consider that public participation.

In Charlotte, North Carolina, the city government has formed a number of committees to advise councilors what to do and who takes the advice is the staff and then the staff relates to the councilors and the mayor what the public wants. Things like that. At least in British Columbia and in the Vancouver area -- and I was in local government for nine years -- we tend to do those things already. We have public committees that advise council on what is expected in the community, so it is a little bit different what the Americans do and what we do in Canada. That does not take away from the fact that the public wants to be more informed of the decision-making process, et cetera.

CHAIRMAN (Mr. Erasmus): Thank you, Pietro. I have one more question from Saskatchewan.

MS. STANGER: Just a short question. Violet Stanger, MLA for Lloydminster constituency. Are you saying that the Americans are promoting community-based decision-making more adamantly than we are? It is just a question. That is sort of what I got from your comments. Either one of you.

CHAIRMAN (Mr. Erasmus): Pietro.

MR. CALENDINO: I do not think that necessarily they will let the community make the decisions. I think the decisions are still made at the executive level. What they are doing is that they are opening it up to a little more public participation, more public input through committees, through open processes and open meetings.

MS. STANGER: It would seem to me the buck always stops with the people that make the decisions.

MR. CALENDINO: Absolutely. As John says.

CHAIRMAN (Mr. Erasmus): Thank you. I have one more question from Mr. Mayfield.

MR. MAYFIELD: Again, picking up on the public participation. In British Columbia, I am aware of the consolidation of school boards, the difficulty of health that you mentioned. I am wondering how you see this increased participation with this kind of consolidation where people, in fact, feel that they are losing the input they have traditionally normally had. Do you see this process going in reverse?

MS. GILLESPIE: I will speak to the question around health care. Health regionalization as I said, has been in process since about 1993 in British Columbia. It is a process of devolving the decision-making from a centralized...from Victoria to the communities and that is actually quite the opposite of what you are saying. People in communities who have an interest in health care and who are willing to serve on a community health Council or regional health board and are then appointed by the Minister of Health in order to do that, that is an opportunity people have never had before. I see the situation going quite the reverse there.

MR. MAYFIELD: That may be true for?...where the population is, but you take communities like Lillooet, and Ashcroft and the interior, their voices now come from Kamloops or consolidation of these groups. They do feel as though they are losing the input they normally had. You talk to people who have sat on the school board, the teachers who have related to their boards, to the administration of the hospitals, that local input is being lost and they resent that.

MS. GILLESPIE: Okay, I am going to leave it to Pietro to speak to the school board, but again, in terms of decision-making around health care, the community health Councils or the regional health boards are comprised of people from all of those communities. In every region it is done differently. Quite often the meetings will move around from one municipality to another within a region.

MR. MAYFIELD: (inaudible)..large, that the local input is lost. For example, if you have to travel three hours or even an hour and a half to go to an evening meeting, that is a limiting factor and the voice is lost from the local community.

MS. GILLESPIE: Again, I would say quite the opposite in that the voice, that there has never been that voice from the local communities before. The decision-making that is done around health planning for a region or a community is decision-making that has been done in the past in Victoria.

CHAIRMAN (Mr. Erasmus): Thank you, Evelyn.

MR. CALENDINO: Can I finish commenting on the education side?

CHAIRMAN (Mr. Erasmus): One more comment from Pietro, then we have to move along.

MR. CALENDINO: In terms of public participation in education, I have to admit that the decision-making processes of school boards have been limited somewhat, in that there is a whole bunch of targeted funding. They have no choice. There are certain programs like special education, aboriginal education and ESL, English as a second language, which are targeted funds. It leaves maybe 50 or 60 percent of funding that the boards can make decisions on.

The real issue of public participation is that in legislation now we have legislated -- and that is a few years ago -- that every school in every district has to have a parents' advisory committee. So the parents' advisory committee then have a district parents' advisory committee which is representative of every school committee and that district advisory committee is what basically tells the school board what priorities they want the school board to follow. That generally is the case. I was a school trustee for nine years. We listened to what parents wanted and we implemented basically the demands of the parents.

CHAIRMAN (Mr. Erasmus): Thank you, Pietro. We now move on to Manitoba. The Manitoba report will be done by Mr. Conrad Santos.

MR. SANTOS: In Manitoba, the Standing Committee on Public Accounts has 11 committee members and the Minister of Finance serves as a member of the committee. The committee is traditionally chaired by an opposition member. In 1995, we had an amendment to our standing rules which created a permanent vice-chair to be elected from this standing committee and my colleague here, Mr. Ed Helwer, has served as vice-chairperson of that committee. He is with the government. I am with the opposition. But, we are friends.

Unlike other jurisdictions, the Public Accounts Committee in Manitoba does not have the ability to schedule its own meetings. Rather, the meetings are scheduled by the Government Houseleaders Agreement upon consultation with opposition parties. In 1991, the standing committee adopted a motion providing for several recommendations including the adoption of a working agenda.

The committee continues to utilize a working agenda and this year's meeting is no exception. Since the last conference, the Standing Committee on Public Accounts in Manitoba met only once, on February 11, 1998. At that meeting the following reports were considered, but not passed: Report of the Provincial Auditor for the Year Ended March 31, 1996 -- notice the year, 1996 -- volume 1, Provincial Auditor's Report on Public Accounts and the Operations of the Office of the Provincial Auditor for the Year Ended March 31, 1996, and Public Accounts Volumes 1, 2, 3 and 4 for the Year Ended March 31, 1996.

I like to criticize our own committee by saying that reports should be timely and this is not timely, if it is about 1996.

At this meeting the committee adopted the use of an agenda which is consisted of 11 questions from the Minister of Finance and provincial auditors.

However, the committee spends the majority of its time discussing only one question, the first question on the agenda relating to the possibility of changing the public account processes and procedures.

It should be noted that the 1996 provincial auditor's report and the 1996 public accounts, were initially considered, but were not passed by the standing committee at the previous meeting held on May 15, 1997. Since these reports were not passed at the committee's February 11 meeting, they remain outstanding and must be referred again to the committee's consideration when its next meeting is convened.

Accordingly, given the fact that nothing was passed at that one and only meeting in February 11, 1998, the committee has not provided a report to the House. There are at least five outstanding reports tabled in the Manitoba Legislative Assembly: The Provincial Auditor's Report on Public Accounts and Operations of the Provincial Auditor's Office for the Year Ended March 31, 1997.

This was tabled on December 10, 1997 in the House, along with Public Accounts, Volumes 1, 2, 3, and 4 for the Year Ended March 31, 1997.

These were not prepared for consideration at the February 11, 1998 meeting but will be referred to subsequent meetings of the Public Accounts Committee. Although there

is not any legislative requirement to do so, the provincial auditor's report on value for money audits, autumn 1997, was also tabled in the House on December 10, 1997. The provincial auditor's examination of governance in Manitoba's Crown organizations was tabled in the House on June 7, 1998 and the Provincial Auditor's Report on Value for Monies Audit, spring 1998, was tabled in the House on June 22, 1998.

My colleague here, and the vice-chairperson, Mr. Ed. Helwer, also their Caucus chair, will make additional comments to finish this report.

CHAIRMAN (Mr. Erasmus): Mr. Helwer.

MR. HELWER: Thank you, Mr. Chairman. My name is Ed Helwer and I am the vice-chairperson of the Public Accounts Committee. As a government member, I certainly realize that the Public Accounts Committee does serve a very useful purpose for the people of Manitoba. This past year we have had a meeting with the provincial auditor and his staff to try to find new ways to improve the operation of the Public Accounts Committee and to make the committee more accountable and work in a proper fashion. At the present time, the meetings are set up by our House Leader and in conjunction with the opposition and with the Minister of Finance. This is fine, except it seems very difficult sometimes to get meetings. Hopefully, in this coming year we are going to make every effort to have more meetings and to improve the operation of the committee and also, hopefully, pass the 1996 and 1997 auditor's reports.

I just want to say at the present time in Manitoba, we have a boundaries commission that has reported with new maps and new constituency boundaries and they are changed considerably and we still have the 57 seats. The committee has just released the first map and then they will be holding, listening to presentations by the public and then they will come up with their final report and present that to the legislature, probably this fall.

If we have an election in 1999, we will probably be under new constituency boundaries and who knows what may happen because our chairman's constituency disappears under redistribution and mine is considerably changed. So by this time next year, we could have new members. It is hard to say. Thank you for the opportunity to add to the report.

CHAIRMAN (Mr. Erasmus): Thank you, Conrad and Ed. Any quick questions? Mr. Picco.

MR. PICCO: Thank you, Mr. Chairman. Mr. Chairman, in his opening remarks Conrad said that they did not schedule, I guess the members did not schedule your

own meetings and then your colleague went on to say how important your Standing Committee on Public Accounts was to the people of Manitoba. I am wondering, maybe some clarification on the frequency of your meetings because I think you said, February 1998 being your last meeting date? In the same breath you say how important the standing committee is. Who arranges the scheduling of your meetings and is there some concern within the members of the committee itself that you are not having more meetings of the Public Accounts Committee? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Erasmus): Conrad.

MR. SANTOS: Mr. Chairman, in the defense of the Manitoba system, we have to take note of the fact that there are a number of estimated hours, 240 hours devoted to scrutinizing every item in the government budget in all departments, in all the units. Anyway, there are functions that are shared by standing committees to the House and the Public Accounts Committee only dealt with the after the fact kind of expenditure and is not really that crucial in terms of accountability for the expenditure of public funds.

CHAIRMAN (Mr. Erasmus): Ed.

MR. HELWER: I just want to add that Mr. Santos is correct in that we do have the 240 hours that the critics can question the Ministers and the departments. We also have sometimes because it is difficult to arrange meetings, we usually have a short fall session in November or December and then we go back into the legislature sometime in February or March and try to end by the end of June. It is difficult when we are in estimates or when we are dealing with bills to have a meeting because we also have annual reports of all of the Crown corporations to deal with. We have a number of different meetings that take our time, so it is difficult to get a meeting date. Thank you.

CHAIRMAN (Mr. Erasmus): Thank you. Could I ask the members to keep the side conversations down please? The room is a bit echoed and we are interrupting with the discussion here. Mr. Calendino from BC.

MR. CELENDINO: You are saying you have 240 hours of estimates for the various ministries. In British Columbia you have between 400 and 500, but at the same time we also have regular meetings of the committee where the Auditor General brings reports regarding every aspect of government. The committee goes over the reports and we have ministry staff to come and respond to the Auditor General's reports and suggestions for improvement, both in terms of transparency and accountability. Then, the elected members put their own input in there as well. It seems some of these

things have not taken place. Could you explain why you do not meet as often and you do not have the Auditor General's report to the committee?

MR. SANTOS: As previously stated, each jurisdiction is unique in its own system of accountability. Manitoba chose by tradition and practice to spread accountability to all of the various standing committees of the House. The Public Accounts Committee being chaired by the opposition, the only committee chaired by the opposition, can only meet at the agreement of the two House Leaders. The chair has no power to call meetings. I wish I had.

CHAIRMAN (Mr. Erasmus): Thank you, Conrad. Mr. Helwer.

MR. HELWER: Conrad is correct, except that it is difficult because we have various reports of the Crown corporations and we have to meet to deal with those annual reports. We are probably meeting every week, at least the committees are, to deal with annual reports of the different Crowns and the various departments of government. These do take quite a lengthy time, but in the coming year, I believe, we have a commitment from our Minister of Finance and our auditor and everyone involved to try and improve the working relationship of the Public Accounts Committee and try to make it more effective.

CHAIRMAN (Mr. Erasmus): Thank you, Ed. The next delegation to make a presentation will be New Brunswick and Mr. Dale Graham.

MR. GRAHAM: Thank you, very much, Mr. Chairman. My name is Dale Graham and I represent the riding of Carleton in central New Brunswick. Along with me today, on my right, is Ken Johnson, Vice-Chair of the committee and Don Forestell, which is the gentleman who keeps me in line as chairman, Don is Clerk to the committee. Some changes were made to the committee over the past year, as many people were in Edmonton last year. Harry Doyle was the vice-chair. Mr. Doyle has been appointed to the new Cabinet of Chamil Theriault as Minister of State for Youth, so Mr. Johnson has become vice-chair. As we meet this fall, certainly there are two other members that were on the committee who have been appointed to Cabinet. I am sure at that time they will be replaced.

The New Brunswick Public Accounts Committee maintained an active schedule during the past year. The committee tabled a report in the Legislative Assembly on December 5, 1997, which highlighted the committee's activities during the previous session. Included in the report was an outline of a review conducted by the Auditor General which found that the officials of the Department of Human Resources and Development had failed to comply with the Public Purchasing Act.

The department had purchased over \$2.5 million of computer hardware and software without first calling for public tenders as required by the act. However, as there was no evidence of willful non-compliance, no penalties were recommended. The report also questioned the propriety of certain economic development activities that were being carried out by the provincial Crown utility MV Power. The committee requested that the Auditor General inquire as to whether the Crown Corporation had the authority under the Electric Power Act to fund economic development activities in the province. This review is currently being carried out by the Auditor General.

The issue of public/private partnerships also remain high on the agenda. In its report, the committee noted that the province had recently entered into an agreement that saw a private company construct and own a public school facility in Moncton. The government also signed an agreement which saw another company build and lease a youth correctional facility to the province. The latest public /private ventures are the building of a new high school in Fredericton and the construction of a new toll highway from Fredericton to Moncton. All of the projects involve long-term leases over 25 years in duration. The Auditor General has noted that it must be ensured that the financial statements of a province properly reflect the substance of such arrangements.

During the committee's hearings this spring, many questions were asked to officials as to the viability of such long-term leases, and whether such methods of financing is in the best interest of taxpayers. The committee asked the Auditor General to look into the matter and compare total cost under private/public sector arrangements with the traditional government methods of financing.

It is part of the committee's intention to meet more frequently with the Auditor General. The committee met in a closed session on January 6th, for advanced briefing on the contents of the Auditor General's 1997 annual report. The meeting was significant in that it was the first time the committee met in a joint session with the Standing Committee on Crown Corporations. The Auditor General explained the nature of his work during the year, and highlighted significant findings to the committee. The report was released to the media and the general public later that day.

The committee met for 13 days in May and June of this year to consider departmental reports and to pose questions to the officials of the various government departments. Among the topics of discussion were Year 2000 readiness, timetable of financial information, use of performance indicators by government departments, hospital corporation governance, funding of new toll highways and the continuing debate over excellence in education.

I might add that the Public Accounts Committee in New Brunswick is always chaired by opposition members. I am on the opposition team. We set up all of our meetings. We schedule our meetings. The first meeting is to set up the agenda and we pretty well put our timetable together. As I mentioned last year, we met 13 days and I think the year before we met 12 days.

I guess as a committee, we certainly have the leeway to do and ask each department whatever department we want. Within the next few months, we will be meeting again and certainly, preparing a report for the House which usually sits around November. If there are any questions, please feel free to. I will take them at this time.

CHAIRMAN (Mr. Erasmus): Thank you, Dale. Mr. Christopherson, from Ontario.

MR. CHRISTOPHERSON: Dave Christopherson, Hamilton, Ontario. Thank you, Chair. Has your Auditor General confirmed for you the amount of savings by going with the public/private partnership in the building of the schools?

MR. GRAHAM: No. It is being looked at now. He has not reported back to the committee yet.

MR. CHRISTOPHERSON: Is it a point of controversy within the legislature or is it pretty much accepted? If money is being saved, I can appreciate that the arguments are somewhat limited, but if there are valid questions along, that is why I asked whether or not your Auditor General had stated a public position with regard to net savings?

MR. GRAHAM: I think the committee had concerns, also the Auditor General had concerns on how it was being shown on the books, the government, over a long-term lease. So I think overall we, as a committee, and the Auditor General, certainly are looking at it.

MR. CHRISTOPHERSON: It is not resolved yet, whether or not you are actually saving money at the end of the day?

MR. GRAHAM: Not at this time, no.

CHAIRMAN (Mr. Erasmus): Thank you, Dale. Any other questions? If not, the next presenter is Mr. Jack Byrne from Newfoundland.

MR. BYRNE: Thank you, Mr. Chair. First of all, I would like to thank our hosts for the hospitality thus far and we look forward to the rest of the conference. Along with myself here this morning, Gerald Smith, Mark Noseworthy and Anna Thistle.

Since last year's conference there has been some changes to our committee. The former chairman, Ed Burn, is now the leader of the official opposition, no relation to myself, by the way. We have a new addition, Sheila Osbourne.

Last year, we had four hearings or investigations. The first was the Western Memorial Hospital Corporation which was probably the most interesting. It is the second largest hospital board in the province responsible for the bulk of the primary, secondary and ambulatory and long-term health care on the West Coast of Newfoundland.

The board has 1,000 full-time employees and expenditures of over \$65 million. Of this, the Department of Health funded \$52 million. Some areas of concern for the committee were:

- Boards cannot produce financial statements for two years and up to now are produced on audited statements for up to 1996.
- The board had \$4.5 million of accumulated bank debt, which was in contravention of the Hospitals Act, and without approval of the Minister of Health.
- The board had \$1.2 million of account receivables from former patients with little collection activity.
- The hospital gave employees loans and advances of varying types; and,
- The major problem of the board is it often borrowed to finance the loans and they gave out these loans anywhere from zero to 11 percent.

So there was no consistency on who they gave the loans to and at what rates and both of the loans were outstanding for several years. There were several senior executives receiving salaries six months in advance and the problem was the board had no authority to make the loans and/or advances. One senior executive owed the board \$40,000 for personal expenses. The Auditor General in her review found that the credit card was abused. The hospital was paying personal employees and charges, which contributed to the travel expenses of the hospital being 111 percent over budget. There were instances of non-compliance with the Public Tendering Act and other instances of mismanagement of a minor nature.

Now, since the Auditor General's report and during the PAC investigation, two senior officials were suspended. One was since reinstated, but has since left. Since the public accounts hearings, the board of trustees at the Western Memorial Hospital has changed and major shake-ups in the Department of Health and the hospital itself. The Department of Health, of course, was responsible for monitoring all financial information of all hospitals in the province. The Public Accounts Committee, actually today, is looking at going back and reinvestigating for improvements on accountability and management practices of the board.

The second one we looked at and had a hearing on was the Newfoundland Medical Care Commission. It was almost entirely funded by the province with expenditures of \$150 million. The committee dealt with concerns in areas of management practices and controls over payments. Under the management practices the committee dealt with problems in planning, reporting, human resource management, budgeting and cash management. In the areas of controls over payments for the committee, there were problems with beneficiary registration. In Newfoundland, the population is approximately 500,000 people and you had the cards out for the MCP, approximately 800,000. We looked at the fee for services claimed, processing and control of those salary positions. The committee found that several doctors were overpaid by hundreds of thousands of dollars due to the loopholes in the claims processing, and also there were problems within the system with respect to the worker's compensation recoveries.

The third set of hearings set were on the Economic Diversification and Growth Enterprises Act, or as we call it, the EDGE Program. The program is administered by the Department of Industry, Trade and Technology. The intent of the program in the legislation is to encourage private sector job creation and diversification of the provincial economy. During the hearings, the committee reviewed and evaluated the act and determined several sections are ambiguous. We also looked at the compliance with the legislation by companies applying under the act and also department's compliance to the act. The committee revealed instances of non-compliance by both firms, both groups, which received incentives under the act and by the department in monitoring such firms. The committee examined the application, evaluation and approval process and found instances of non-compliance and inconsistency. Also checked was the budgeting and financial reporting of the program to the House of Assembly.

The last set of hearings was on the Federal Provincial Cost Sharing Program, the Canada-Newfoundland Strategic Investment and Industrial Development Co-operation Agreement. Short name, anyway. Our committee examined the program with the officials of the Department of Industry, Trade and Technology. The intent of the program was to increase external investment in Newfoundland with federal funds by ACOA, Atlantic Canada Opportunities Agency. The committee looked into compliance with the agreement, found that nothing was properly administered or controlled and this funding was not adequately controlled. It was also discovered there were problems with the preparation of the financial and management information and with review of the programming and budget. We ended the hearing process with discussions regarding the increased monitoring of the program itself.

Now, upcoming this year, we had the Auditor General's report, of course, and we went through the Auditor General's report. A lot of issues. Too many to handle, really.

We are looking at six now for the upcoming year, six investigations and/or hearings, to Newfoundland and Labrador Computer Services, which has been privatized a couple years ago, and there are certain concerns with respect to the Auditor General that the conditions of the agreement have not been met. We are going to have to look at that and find out why and see what we can do there.

The privatization of Newfoundland Hardwoods, the Auditor General also had problems there with the agreement and the financial statements and what have you, and if the money that the province was supposed to receive, if indeed they did receive it. We are looking at the Government Purchasing Agency. The committee has met and we discussed this. This is the six we put forward, the Government Purchasing Agency, the Public Tendering Act to see if it is being followed by the different departments and Crown corporations and what have you, and by the way, the Public Tendering Act this spring has some major changes in it and we may end up having a look at that. The St. John's Health Care Corporation which has some major changes the past year, I am being fairly brief here because I only have eight minutes, but the St. John's Health Care Corporation is the major board in the province, we are looking at that and the Auditor General has concerns there and so do we, and review the government's pension plans. There is a \$3.1 billion liability there and we decided we would look at that.

One other point, Memorial University of Newfoundland, back in 1993, the government of the day made some changes to the act and now the Auditor General does not have full access. The Auditor General can have access to the statements done by the MUN itself. The province puts in \$130 million into MUN. The strange thing about this one is that -- and I think the general consensus of our committee -- is that we want to get the Auditor General in there to have full access and that the committee, our committee, does most of it. I would imagine we can call pretty well anybody in the province before our committee, including the Premier, ministers, whomever. But the Act back in 1993 was changed to exclude MUN, as a Crown agency, and that the senior executives of the MUN, we cannot call them, they do not have to appear before the board. So we want to have that changed. That is basically it for now, Mr. Chairman. Thank you. Any questions?

CHAIRMAN (Mr. Erasmus): Thank you, Jack. We are going to be a little bit tight on time, so I will have to ask if there are any questions, could you perhaps approach the members at the coffee break or lunch hour. We will bow to our federal colleagues. One question then.

MR. WILLIAMS: Thank you, Mr. Chairman. It is John Williams from the House of Commons. Listening to the problems you have, has the RCMP been called in to investigate some of these irregularities?

MR. BYRNE: Well, there is one area that we wanted to look at, our board, and we decided that we would not. There is another privatization with farm products and the police are doing an investigation into that one. Any of those I mentioned here, no, there has been no police investigation at this point. We are not really completely finished with some of these yet, either.

CHAIRMAN (Mr. Erasmus): Thank you. We will move on to the Northwest Territories, Mr. Ed Picco.

MR. PICCO: I was speaking to you in Inuktitut which is the common language of the Inuit of the Northwest Territories and it is spoken in the circumpolar north from Alaska across northern Canada, Labrador, Quebec and Greenland. It is one of the eight official languages here in the Northwest Territories. You can imagine sometimes when we do our public hearings, we have quite a few different languages that have to be translated at any given time and it is one of the things that makes us unique here in northern Canada. On behalf of my colleagues on the Standing Committee on Government Operations, I would like to welcome you to the City of Yellowknife and to the Northwest Territories. I hope your stay in our capital will be an event that you will look back on very favorably.

The Northwest Territories is unique in many ways, as I just said, and I hope that each of you will have the opportunity to experience some of the facets of our northern mosaic. The political system within the Northwest Territories is different and unique. We have a consensus style of government, meaning that we have no political parties in our Legislative Assembly. The 24 elected members select the Premier, Speaker and the seven Ministers who oversee the operations of government from among ourselves.

We do not have a Public Accounts Committee within the present committee structure. We have a different type of committee system that offers checks and reviews on government operations, legislation and spending to various degrees of success, and that is a little ad-lib from myself. The Standing Committee on Government Operations has the mandate to examine the reports on the annual financial statements and the public accounts of the Government of the Northwest Territories and also the reports of the Auditor General for Canada. So in effect, the Standing Committee on Government Operations comes closest to the role performed by the public accounts committees in the provinces and in the Yukon.

Excluding myself, there are six members on the committee and three alternates. None of the members of the Standing Committee on Government Operations are members of Cabinet. As we do not have opposition parties and we try to work on a consensus basis, our committee plays a somewhat enhanced watchdog role in terms of public

accounts. Our committee differs from that of the provinces and the Yukon, as well, in that we also consider matters other than public accounts.

In November of 1997, the Standing Committee on Government Operations reviewed the report of the Auditor General to the Northwest Territories Legislative Assembly. Now, the committee members addressed a number of important issues arising from the report, as well as issues in previous Auditor General's Reports and committee reviews. With respect to the Auditor General's Report for the Year Ending March 1996, the committee made six recommendations to the Assembly. The recommendations addressed the issues of a big topic right now across Canada, pay equity liabilities, environmental cleanup, the purchase of financial information systems and processes for handling cash at the regional and local levels, and the linkage between goals and results by the Northwest Territories Development Corporation in their business plan. I guess that would be something similar to what we were talking about earlier, Jack, with the EDGE Program.

The first issue addressed by the committee dealt with the unresolved 10-year long pay equity dispute, which continues to be a matter of concern. Now, although the government has placed a \$40 million offer on the table to our public servants here in the Northwest Territories, it has not changed its accounting treatment of the contingency and there is no estimate of or allowance provided in our financial statements. Despite receiving assurances from the Minister of Finance that prudent fiscal management would enable these funds to be found, there is no line item for it in our budget but we are going to find them somewhere. The committee remains concerned with the absence of the liability in the financial statements. The Standing Committee on Government Operations recommended that the government identify the amounts to be entered into the public accounts to reflect pay equity liabilities.

Another interesting and long-standing issue the committee addressed was the environmental cleanup of contaminated sites and their related restoration costs. In response to the Auditor General's report, the committee recommended that the sites, where there is a potential for harm to residents and wildlife, be catalogued and the cost of the cleanup identified. The Government of the Northwest Territories is in the process of completing this task. The committee also recommended that plans should be made to find the necessary funding and deal with the sites immediately. The sites where the Government of the Northwest Territories may have inherited a liability should be identified and the responsible agencies notified as to the potential cause of action.

On a matter of interest, in October 1996, upon the recommendation of our committee, we requested that the Auditor General conduct an intensive investigation into the Department of Municipal and Community Affairs regarding the financial health of our

communities and how well their programs and services were being managed. The evaluation resulted in 13 recommendations and was tabled in the Assembly this past February. The value for money audit proved to be a valuable mechanism for evaluating government financing to our communities. Many communities in the north have become less dependent upon the territorial government for assistance in managing their affairs. With the evolution of community empowerment, there is a need for continuous reassessment of the roles and relationships between the community governments and the Department of MACA. The review of the report of the Auditor General on the Department of Municipal and Community Affairs was performed by the Standing Committee on Infrastructure, which I happen to be the chair of, and we made 13 recommendations that were presented to the Assembly and were accepted.

On April 1, 1999 the creation of two new territories looms before our government. At the next meeting of the Canadian Council of Public Accounts Committees we will have a new member at the table and that will be the Government of Nunavut. There are many financial issues that have to be resolved and more to be decided upon in the preparation for April 1, 1999. Now, for the next eight and a half months, the creation of two new territories will be the primary focus of our government. During session five of this conference, we will be covering this event and some of the accountability issues associated with it in more detail. In closing, I would like to once again wish you all an enjoyable and a very memorable visit to our part of the country. Mahsi cho, qujannamiik, thank you, Mr. Chairman.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Picco. One quick question, Mr. Santos.

MR. SANTOS: Thank you, Mr. Chair. I am struck by the practices in the territories, having no political parties and basing their decision-making on consensus. Of course, I agree that cooperation is better than competitive adversarial systems. However, it seems that political reality is quite different from the rest of the provinces, where a different value perspective even on the alternative means of reaching the same goals and objectives are part of the whole institutional system. It seems to me operating by consensus is as dangerous and risky as interpersonal relationships when you say, "trust me." I would like some explanation how the system works in practice in the absence of power and influence on the partners who are supposed to be cooperating.

CHAIRMAN (Mr. Erasmus): Mr. Picco.

MR. PICCO: Thank you, Mr. Chairman. Mr. Chairman, I would love the opportunity to debate Conrad today on the workings of consensus government, but I guess, Conrad, the acid test of consensus government, as it were, is when you have no

money. For example, when you have money within a consensus government system and your government is doing very well and we want to build a bridge in your riding and I want a road in my riding, you get together and you have consensus, but when there is no money for your road and there is no money for my bridge, then you have a problem with consensus. If you can look at the situation regarding the people that make up the Northwest Territories, where we have so many different groups. We have Dene, Metis aboriginal, non-aboriginal, we have some large Francophone populations, for example, in my riding, we have eight different languages. So the only way to make it work and following on the aboriginal model, which our government is based on, would be the consensus government system. So to say there is some type of danger in that, I think there is an inherent problem within the parliamentary system itself, if you look at it fundamentally, as opposed to the American system of government. There is danger in any type of political system. To kind of accentuate our system and say it is more dangerous or there is concern with it, I do not think it would be a fair statement and I would have to differ with you on that. Again, I would go back, Conrad, to the acid test of what consensus government is. I do not have time this morning really to go into a long debate or explanation the workings of consensus government, but I would be very pleased to have a coffee with you and later on after this morning's break, Mr. Chairman, or maybe during our fifth session tomorrow to give an overview. Thank you.

CHAIRMAN (Mr. Erasmus): Thank you, Ed. That is a good idea. With that, we will move on to Nova Scotia. Howard Epstein.

MR. EPSTEIN: Thank you very much, Mr. Erasmus. In Nova Scotia, we do have political parties, three of them, and we trust each other absolutely and without hesitation...

[--Laughter--]

Especially when we have the opportunity to keep an eye on each other, which is why I am accompanied today by two other members of the Standing Committee of Public Accounts. On my far left, Mr. Hyland Fraser, a Liberal, and therefore government member of the committee and vice-chair of the committee, and Mr. Neil Leblanc, PC member and the finance critic for the PCs. To my right is Mora Stevens, who is our Clerk. I am the Chair of the committee.

Our tradition is that the Leader of the opposition names one of the members of their Caucus to chair the committee. I am the finance critic for the NDP and for the opposition and, therefore, was asked to chair public accounts. Perhaps many of you will remember that we had an election in Nova Scotia as recently as March, which resulted in a minority government situation. I am a newly elected member of the

legislature and my experience, therefore, is extremely brief and it may be that the points I want to draw to your attention are points that are already well-known to many of you, but they were interesting and novel to me so I will recite them.

First, let me just observe picking up on a couple of items that others have mentioned. We do have an interesting program coming up later this year. Some points we have not had the opportunity to examine yet, at least not in a huge amount of detail. One is the P3 device for the building of schools. I have heard this mentioned by several people so far and the public/private partnership arrangements are ones which have been extremely controversial in Nova Scotia and our Auditor General has commented on these in a preliminary way in his latest annual report, which came out in January of 1998. At that time, he pointed out that a lot of the background policy work to assess P3 for its utility in the building of schools had not really been done to his satisfaction by the Department of Education, and he was looking forward to having the opportunity to actually examine the leases when they came out because, of course, there was a question not only of value for money, but of the proper accounting format. That is to say, whether the leases should be treated as capital or operating leases, which would be quite crucial for the government's books. Just recently, he did issue a special report on the very first of the P3 leases that we have had in Nova Scotia. We are about to hold a session to look at his special report about that first lease. He has not looked at all the leases because I think this is so far the only lease that has been completed. So, that issue is coming up for us. We are going to be looking at that.

We also have problems with health regionalization. This is something I believe the British Columbia delegation mentioned. This has led to a lot of controversy, interesting and novel forms of expenditures for the hospitals or funding for the hospitals in that the government has been loaning money to hospital boards so that the money is not shown as operating funds on the government balance sheets, but is treated as debt and, therefore, this affects whether the government is in a deficit, a balance or surplus position. We are going to have a look at this a little later in the year. However, this is material yet to come.

The two main points I wanted to bring to your attention that struck me of interest so far are these, and they both require me to tell you a little bit of the story of a man named Ralph Fiske. Ralph Fiske is a businessman in Nova Scotia who is now, I believe, in his 70's by age. He has a long history of being involved in politics. He is a former Cabinet Minister under the government of Liberal Premier Gerald Regan. He served in the Cabinet. After, he was appointed by the current Liberal government -- the Liberal government was elected in 1993 -- to be Chair of the Nova Scotia Gaming Corporation, which had the job of overseeing the operations of the two new casinos that we had. He was appointed as first chair in early 1995 and then resigned in

October of 1997. His letter of resignation was never made public and, of course, there was a lot of interest in why it is that he might have resigned his position.

At the time -- and this was prior to our election, of course -- in March of this year, there was a Liberal majority government and, therefore, according to the structure of our committee, there was a majority of Liberals sitting on the Public Accounts Committee. They were not interested in hearing what it is that Mr. Fiske had to say about why he resigned and he was, therefore, not called as a witness. However, in the late spring of this year, with the minority government situation we had in Nova Scotia, the composition of the committee was different. The composition of the committee was that each of the three parties had three members on the committee and this was true of all legislative committees. What that meant was, with the three-three-and-three structure, there were six opposition members and therefore a majority, and we said to ourselves, why do we not call Mr. Fiske and see what he has to say.

Now, I guess this was really my first point, which is that it seems to me useful in the investigative powers of a public accounts committee to have a working majority of opposition members so that they have some free reign. There may be other devices that would give power and other forms of abilities to a public accounts committee to move strongly, but certainly having a majority of government members did not seem a particularly useful way to go and even though our tradition, as I think in some other provinces, is that the opposition chairs the committee, in and of itself that does not really give a huge amount of power to how the committee conducts itself. So that is my first point really, that it seems to me there are some structural ways that we have happened into because of being in a minority situation that might give additional strength to a public accounts committee.

Now, continuing with the story of Mr. Fiske, we had no idea of what it is that he might say. We simply called him because we did not know what he would have to say and it seemed interesting. Of course, the gaming corporation had control of a lot of money and a lot of revenues to the government and we were interested and had some questions. What we found was that in essence we stumbled into a public scandal because when Mr. Fiske did testify, what he said was that he had resigned because although he was a life-long Liberal and it was a Liberal government and that he himself believed in having gambling casinos in the province, he did not think the government was behaving in its relations with the operators of the casino in a proper fashion. What he pointed out to us was that a number of commercial disputes had arisen between the gaming corporation and the casino operators. These had moved along to the stage of being about to go to commercial arbitration under the contract that existed between the gaming corporation and the Sheraton Casino, but just at the time it was about to go to arbitration, there was involvement from the Premier's office and essentially what he told us was that a settlement had been negotiated in which the

province was disadvantaged to the tune of about \$20 million. He found this unpalatable and ended up resigning as Chair of the gaming corporation. Needless to say, this immediately became a large public scandal and there was a huge focus on this and a lot of publicity and he had named about a dozen people he had dealt with, including two Premiers, two deputy ministers in the Premier's office, various lawyers, the vice-chair of the gaming corporation, all of whom he had spoken of and he had talked about their activities and, of course, there was not only a feeling that we had an obligation to listen to what those other people had to say, but indeed many of the people involved were standing up and saying, we want to be called, you have to listen to the other side of the story. So what this leads me to are problems we encountered because we did proceed to hold several sessions in which we heard other people who had been involved in this and we are continuing, we have future sessions scheduled. What this leads me to wonder about are the problems of a public accounts committee conducting something that is akin to a public inquiry, and what we found is that immediately, there were a whole variety of technical, evidentiary and procedural problems that arose:

1. Did the Charter of Rights apply? If so, how?
2. Do the rules of fundamental fairness that would normally apply in administrative law apply to the Public Accounts Committee?
3. Do we have a right of subpoena?
4. Do the witnesses who come have a right to legal counsel? If they do, what can the legal counsel do?
5. Do people who are named have a right to participate in the proceedings of the committee and maybe ask questions of other witnesses of their role?

These are things which might be normal in public inquiries and indeed in all provinces and most territories. There now is a Public Inquiries Act and there is a lot of Canadian law on public inquiries, but none of it seems to actually apply to public accounts committees. In any event, this led me to try to write a paper on how to conduct a public inquiry through a public accounts committee. I have written a first draft of this paper. It is, I am sorry to tell you, about 18 pages long with appendices. We have brought a disk and it is being run off and there will be copies available later on. We dealt with quite a number of these issues as we went through and there are quite a number of complexities. So, for all I know, any number of other committees may have dealt with these before and these problems may not be unique, but I was not aware of anything in writing so I thought I would take a stab at it.

In any event, that is what we have been doing in Nova Scotia and where we are so far and if there are any questions, I would be happy to take a run at them. Thank you.

CHAIRMAN (Mr. Erasmus): Thank you. Howard. One quick question; we are running a bit behind. Mr. Santos?

MR. SANTOS: Thank you, Mr. Chair. Very quick. Unless the Public Accounts Committee is the majority in the committee on the side of the opposition, and unless it has resources of its own independent of the government, I do not think it can really hold the government accountable. Any reaction to that statement?

MR. EPSTEIN: I am not sure I can agree or perhaps I have not understood the full impact of what you said. It certainly helps to have as many resources as possible so that you come well prepared to your committee hearings and not just go in cold. I think most parties, all opposition parties, will have their own staff and researchers and, of course, the press are active looking for matters that might be points of vulnerability for a government and of course the individual members, themselves, are busy trying to understand what goes on in the different government departments. I would think, as well, although this is not yet a position I am in, that where an opposition has formerly been the government, they would also have good knowledge of where some of the weak points might be. So, if I have understood your point, certainly I would agree as many resources as possible would be a big advantage but I do not think in such a structure, we are without resources. We would just use as many resources as we have available to us.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Epstein. With that we will take a short break until 10:45 a.m. with the COLA delegates. Thank you.

[--SHORT RECESS--]

CHAIRMAN (Mr. Erasmus): Can we get some order, please? Thank you. If we could ask everybody to please be seated and keep the side discussions to a minimum. We are running a little bit late. We are hoping to end by 11:45 a.m. and we still have several presenters. The first presenter is from Ontario, Mr. Richard Patten.

MR. PATTEN: (Translation) Thank you, Mr. Chairman. First of all, I would like to give thanks from our Ontario delegation for the reception as well as the preparations that were made. (Translation ends)

My name is Mr. Richard Patten. I am the vice-chairman of the Public Accounts Committee for the Ontario legislature. I would like to introduce my colleagues. Two over from me is Mr. Peter Preston, who is a member of the government side and he represents the riding of Brant Holderman. To my immediate left is David Christopherson, who is representing the NDP Party on the committee. To my right is our esteemed clerk for the committee, Donna Bryce, many of you will know and as

members we feel very honored to have her be the clerk for our committee. I thought what I might do is minimize the details of what we have done over the last year or so because while they were interesting to us as members and we think helped make a contribution to the accountability and improvement of certain systems, I believe that some of the things that may be of interest to you is we had numerous days of hearings, we brought forward people from the finance department, we scrutinized our collection processes, we looked at the area of transfer payments, et cetera, we looked at the uncollected debts that were accumulating in the province through OSAP which is a student aid program and other forms of delinquent debts. The thing you might find of interest is the government cut the size of the committees this year from 14 to 9 and the proportions being representative of the proportions of elected representation in the House itself. In preparation for -- some of you may or may not know -- in the next election, the ridings in Ontario, provincially, will be exactly the same as the ridings federally. So our legislature will drop from 130 members to 103 and the representation, of course, will increase a good 20 to 25 percent. I know in my riding, it will be up to 107,000 constituents. So, it is a fair size. I would not mind that, frankly, if I had the same resources as the federal members had, but we have to live with these things.

There was a private members' bill put forward in the House. It actually passed committee and was on its way to third reading, unfortunately, the government prorogued the session and it did not go forward for third reading. It was to deal with the issue, which I think was a pertinent one and certainly members obviously on all sides of the House shared, and that was the frequency of reporting by the Auditor General. Often we are looking at analysis done by the auditor that are a year and half until the report comes out, then we have a chance to take a look at it, and by this time things have changed. Some of the systems are outdated. New procedures have been put in, et cetera. So we felt that is a limitation, especially in these days of information system changes, that is a pertinent one. So I suspect that issue will raise its head again.

On the millennium bug issue, it was interesting to hear B.C. talk about their estimates and what ended up to be perhaps a \$75 million problem or challenge. In Ontario we have got some fairly broad estimates as well, but in the neighborhood of \$200 million to \$400 million dollars. Something which is a fairly broad set of parameters. However, the Auditor General has assured us that things are under control. He has laid his job on the line and we have great confidence in Eric Peters so we hope that he is right.

My final comment is, and other members may want to make a comment but I want to keep mine brief, is that we have doubled the size of our delegation this year. I believe that we have an extremely amicable relationship on the committee and you do not see too many partisan fights that go on because I think the focus is on, and we share the

focus of accountability and try to improve the accountability to the public and whoever may be in need of receiving information. We did double our representation this year and that is why there are four of us instead of two, and I am pleased about that. From last year's experience, the reports we provided I think helped with that. So, we are delighted to take part in this event and look forward to further discussions and I will pass it over to any of my colleagues if they wish to add to my comments. Thank you.

CHAIRMAN (Mr. Erasmus): Thank you, Richard.

MR. PRESTON: Peter Preston, Brant Holderman, good morning. In the interests of saving time that is my submission. I will answer questions later. Thank you.

[--Laughter--]

MR. CHRISTOPHERSON: Dave Christopherson. Ditto.

CHAIRMAN (Mr. Erasmus): Thank you gentlemen. Time for a brief question. Seeing none, we will move on to Prince Edward Island. Mr. Robert Morrissey, first, thank you.

MR. MORRISSEY: Thank you, Mr. Chair. I am Chair of the Public Accounts Committee for Prince Edward Island. With me is Elmer MacFadyen who is vice-Chair of the committee and member of the government. Uniquely, since the last public accounts conference, I became Opposition House Leader and Mr. MacFadyen is now Government House Leader. So, scheduling events is relatively easy. I must indicate, Mr. MacFadyen cooperates with me very well, even though he is a member of the government. As well, our committee will be making a few changes because there has been some structural changes with a government cabinet shuffle and that will come a bit later, as well, for me personally. Midway through the spring session of the legislature, the leader of the opposition suffered a major heart attack and I have assumed his responsibilities since that time.

The big issue with Prince Edward Island was the ongoing debate and discussion within the Public Accounts Committee and legislature as a whole about the autonomy and the accountability of the University of Prince Edward Island and the college. Finally, we agreed as a committee to have the Auditor General request the Auditor General's office to do a value-for-money audit of the University of Prince Edward Island. Naturally, we had the same concerns coming from the university, primarily the president, about the autonomy of the university and academic independence. The Auditor General has advised me that the audit is going quite well and we expect a report in the fall. But he indicated that without, we took the motion within the Public

Accounts Committee meeting, it was taken back to the legislature as a whole and was unanimously approved by the legislature. The auditor told me without that support, it was unlikely that the university would have cooperated with the auditor in making their books available and cooperating. So, for any of you who are considering -- I recall at last year's meeting in Edmonton, there was a lot of discussions about auditing independent bodies of government, primarily from the academic community, given the old longstanding argument of academic independence. The public's concern to elected members that so much money is going to these universities and you people cannot answer questions on accountability, especially when tuition's continue to rise and the student body continues to come to government and say where is the money going?

So, we are looking forward to this first report. I am not sure if any has been done in the country. I know Newfoundland attempted to in the past, but I am not sure where that went. So we are underway. The auditor advises me that the university is cooperating, at first rather reluctantly, but lately they have been cooperating well with him and we expect to have a full and thorough review. That, Mr. Chair, is the only thing new we have to report. As well, at the Atlantic Veterinary College is part of the university. So, it is a somewhat different structural environment there. We have the same issues that I have heard from the around the table. Interesting, I forget which jurisdiction raised the accountability of health agencies and boards and although we are small, it is amazing how similar some of the issues are confronting legislatures and Public Account Committee. I would pick up on one item from Nova Scotia's presentation and although we currently, and I have only had the experience for the past year sitting on a public accounts committee, is that while the opposition chairs the committee, I feel it is more symbolism than the operation. It leaves the impression that the opposition can control what it wants, but in fact, I think the fact that the opposition chairs the Public Accounts Committee actually diminishes the Opposition role because the Chair only votes in the event of a tie and I have not seen a lot of ties when it come to a decision, but so far it has not frustrated me. I think if the public accounts committees are truly going to be an impartial, sorry, an independent watchdog of government spending, then the structure of the committee should be looked at. Truly then, the opposition, if government has nothing to hide, then the opposition will have control, true control, of the Public Accounts Committee, as is happening now in Nova Scotia. I am not sure who really benefits, in fact, I think government may benefit as much there as Opposition. But the fact that the opposition parties chair, I think is more for public consumption than actual practicality.

Mr. Chair, with that I am not going to say anything else. Mr. MacFadyen, as vice-chair, is going to make some comments on the structural and the operations of the Public Accounts Committee in Prince Edward Island. Just before I close, I know he is

dying to say this, we are not meeting currently because I, as Chair of the Public Accounts Committee, forgot and overlooked the fact of having to get permission from the House for sitting inter-sessionally. So I take responsibility for that in P.E.I. and Elmer will not have to accuse for that. We have to wait until the House resumes in the fall. We are having a wonderful summer. We are not meeting, it is my responsibility and I accept that, but we look forward in the fall. We have a busy agenda. We did sit and set an agenda. It is an aggressive agenda and I look forward to sitting over the fall. Mr. MacFadyen.

MR. MACFADYEN: Thank you, very much. I guess as a member of the government, having attended the session here last year in Edmonton, and I came back from Edmonton, being the new kid on the block I guess to say, brought back to our government a lot of ideas that were shared around the table and learned a great deal in regards to the role, functions and processes that are carried out by public accounts committees in other provinces. In our province, we are small. Before the election in November of 1996, we had 32 sitting members; we now have 27. The population distribution in regards to districts that we represent are fairly even in regard to the number of people we represent as constituents. I find that we rely very heavily, which is only rightly so in regard to the role that the Provincial Auditor plays in regard to auditing the books and holding the government accountable. Within our committee on public accounts, although we are small, we have nine members who sit on public accounts. Five are from the government, three are from the official opposition. In our province, in the last election, we elected an NDP who also sits on the Public Accounts Committee. The Chairman of the Public Accounts Committee comes from the opposition and as my colleague said, it really diminishes the role or function in regards to the part that they can play. Being opposition they can, in fact, hold the government accountable, but the government's agenda is to carry on with the business of the province and the Public Accounts Committee is to ensure that the operations of the government are done in an effective, efficient and accountable manner.

We have reviewed, as a Committee of Public Accounts, and gone through the Auditor General's report, and in our government, with 18 members of government elected, we have 15 of us that are new to the business of being a politician representing the interests of the people of Prince Edward Island. We also had the distinct honor that in our legislature, all of our estimates are done by the Legislative Assembly. The Public Accounts Committee does not do the estimates as is done in some provinces or so I understand. We are asked questions in the House, the Ministers are, but as a government we go through the budget before it is presented and make sure that all the i's are dotted and t's are crossed. I find it is a very rewarding and challenging experience to sit on the Public Accounts Committee.

In our legislature, in the past sitting, we just introduced in cameras in our legislature and there is...they do not sit, in regards to the committee of public accounts when we meet. The Public Accounts Committee, of course, is open unless it is deemed by the committee that we go incamera. We have had many lively discussions in regard to issues that are important, which have been identified.

We have had a number of people that appeared before the committee in regards to the operations, in particular, of Transportation and Public Works. By saying that, I do not mean to zero in on one particular aspect of our government in regards to problems. In our province, we operate with boards. We have problems that are over expenditure in our health system.

We have five regional boards in our province. We have a population of about 135,000 people, almost as much as this gentleman from Ontario in regard to who he represents. I am sitting here saying with the number of people I have to visit and look after, I wonder how you do it when you have the numbers that this gentleman is talking about. I believe that the role and functions of the Public Accounts Committee, as indicated by my colleague...I think in order for committees to be working properly you have to be able to get along with people. We are very amicable with one another, but when it comes down to the political will, I think that our party will overrun the amicability of one another and I thank you for the opportunity of sharing the information.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Morrissey and Mr. MacFadyen. One brief question from Nova Scotia.

MR. LEBLANC: Neil Leblanc, Conservative MLA and member of our committee. I have been a member in the past, I have been a back-bencher, I have been a Cabinet Minister. I lost in 1993 and was re-elected in 1998. It is our committee that is involved a lot and I was commenting a little bit on the review of what the Auditor General is doing and the work that you have been asked to do at the University of PEI, or whatever. In Nova Scotia, because of the minority situation, even within the House, the Auditor General's been directed to do quite a few reviews and it is getting to be relatively repetitious. Every issue that is controversial, we have either appointed select committees or we have asked the Auditor General to review, like P3 schools and so forth. I often ask myself as to what the role of the Auditor General is. When he gives a report, he does not question government policy as to whether it is right or it is wrong. He always says that is not his role to do. It does not give a quantifiable yes or no, whether 3P schools or the private/partnering process is good or bad. He will just look at it objectively and make some comments. I am asking myself we have a very volatile situation in Nova Scotia and public accounts is evolving even within the last two or three months by my assessment and it begs the question, how much of a role

the Auditor General will continue to play and whether he will evolve within our province versus other situations where you have majority government. I think Nova Scotia is going to be something that, for a lot of other provinces, you could probably keep your eye on because I think it is going to change both the role of the Auditor General and the role of the committee. But subsequent to another election, it begs the question as to whether it will reinstate to where it was before and only time will tell as to whether we change public accounts and it will stay that format subsequent to new elections. Submerged, I am not so sure. I think I will pass on that one.

UNIDENTIFIED SPEAKER: I just have one comment, Mr. Chair, and it follows upon the Chair of Nova Scotia. I do not feel that the Public Accounts Committee, through the office of the Auditor General, should become boards of public inquiry. I think that will compromise not only the independence of the auditor, but I think when you get to areas that are left in if the committee goes so far and recommends a public inquiry then go, but I do not feel that the committee on public accounts should move into that area. The Auditor generally does what is called, what value for money audits. So, he will come back and say, yes it was a good, money was spent well or you wasted money here or you saved money. I feel strongly on that side of it having been in government and opposition in the past, then government and opposition again, that they should stay, the committee should stay away. I am not sure, I have been hearing different comments here, but I feel strongly that the committee should not go that extra step to actually engage into a public inquiry on every issue that is coming forward.

MR. LEBLANC: If I could, Mr. Chairman, just in closing, our chairman indicated that there is a review of a casino and the whole dealings of it. Believe me, when the opposition controls the committee, it can turn into almost a public inquiry because we have the ability to call as many witnesses as we want and, as the chairman has indicated, everybody who was named wanted to come forward and tell their side of the story. So, it can become a very long, tedious task and if you say that you do not want to call somebody then, as an opposition Member, it is sort of said, well, gee, you should be asking everybody who wants to come before the committee to come. So, this can become a full-time profession of just sitting on public accounts and I think there has to be a medium, middle ground on this thing here, but it is going to evolve, like I indicated earlier in my comments, and it will be interesting to see where it ends up. I would like to thank you very much.

MR. ERASMUS: Thank you, Mr. Leblanc. Mr. MacFadyen, did you have one last comment?

MR. MACFADYEN: Yes, I just wanted to point out that on the Public Accounts Committee as well, I think the role of government is to govern and on the Public

Accounts Committee in our province, the majority, as I assume in other provinces, rests with the government that is in authority. The idea in regard to holding the government accountable is when the meetings are open, it gives the opportunity of the media and the press to use whatever means they have at their disposal to make sure the public is kept informed.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. MacFadyen. Ms. Stanger, did you have a brief comment?

MS. STANGER: Yes, I just had a question for Mr. Morrissey and Mr. MacFadyen. I was wondering if you thought -- we call him the provincial auditor or the auditor -- should have say in policy. It has always been my view that the auditors do not set policy. We, as legislators, set policy and comment on policy. It would seem to me that is not the role of the auditor to discuss policy.

The other comment is that I have been silent for quite a few minutes on this topic, but I believe in my heart of hearts that the government must have the majority of members on the committee. The reason is I believe in my heart, in our parliamentary system, that the minority have their say, but I believe the majority have their way. I cannot see in a parliamentary system that this could function in any other way. So, I would like you folks to comment on those two questions.

MR. MORRISSEY: Mr. Chair, just briefly. Having been in government for 11 years, I firmly believe the auditor should stick his nose out of policy decisions. That is the role of the elected people.

MS. STANGER: Hear, hear.

MR. MORRISSEY: Government auditors pass judgement on if government is spending dollars well.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Morrissey. We will move on to Quebec with Jacques Chagnon.

MR. CHAGNON: (Translation) Thank you, Mr. Chair. It is now time for you to take your headsets and put them on. Mr. Chairman, ladies and gentlemen, I am pleased first to introduce myself, Jacques Chagnon. I am a member for the Westmount/St. Louis District, which is the center of Montreal. On my right, my colleague, Mr. Cote, vice-chairman of the commission and member of a riding called La Belle Tres, which is in the suburbs of Quebec City. We have with us the secretary or the clerk of the committee, Mr. Alain Major.

I remember two years ago when our meeting was in Victoria. We had, at that time, a board called the "Budget and Administration Board," which checked part of the work of our auditor. It was a little strange thinking of the files which the Public Accounts Committee usually studies. The chairman of the commission at that time, Mr. Jacques Parris and myself had been asked and suggested this should be changed. Since then, we have launched the public management or administration board which is almost a twin of the public accounts committees or commissions or boards that are found in the provinces, with the same characteristics. The chairmanship belongs to an opposition member and the vice-presidency, vice-chairmanship by a ministerial member.

Since Victoria, we have created on April 10, 1997, that board. We created it on the basis of a pilot experience, which was renewed three times and after the 21st of October it will be renewed again when we resume our work at the National Assembly, if there are no elections, of course. This is not up to us to decide, the date of elections, whether we have elections or not.

However, I am confident on the 21st of October or later, depending whether there are elections or not, the present government, National Assembly, composed as it is now or as it will be in the future, will propose the setting up of that board in a more permanent fashion. That board is somewhat different from the public accounts boards or commissions in your provinces.

Of course, we study the auditor's report, but we also look at the financial commitments of all departments of \$25,000 or more. The Minister defends, the members adopt the monies for the various departments and it seems normal for us that Ministers come before the board to explain why they have spent \$25,000 or more for each item. So each Minister does this. This exercise represents approximately 50 percent of the meetings held by the board. We had about 50 meetings last year. Fifty percent of those had been called to ask Ministers to come and defend their financial commitments. Of course all subsidies, grants, whatever are taken into account in that \$25,000 or more. Every time it goes beyond that amount the Minister must explain why this money has been spent.

Since last summer, we prepared two reports and tabled them at the National Assembly. The work methodology that I initiated at the parliamentary commission is based on the time of the tabling, twice a year, of the report of the Auditor General, which is tabled at two times, early December and early June. This allows us to take the December part, analyze everything that is pointed out by the Auditor General, submit a report to the National Assembly in May but before the tabling of the second part of the report, we function as a pendulum. When the first part of the report arrives, the recommendations of the parliamentary commission are tabled. Come the second part, members start working on the second part until the same exercise repeats itself in

December of the next year. So we are always able, within six months or less, to table for the government on the last report of the Auditor General.

We also heard heads of special units. A little bit like England in some departments, some autonomous unit services or units were set up managing for instance the air service of the government or the internal mail of the government, management of other activities which were repatriated from the departments and organized under an agency. So we have examined the work of two of those agencies.

We also took initiatives on the report of the Public Service Commission. The Public Service Commission would issue a report that is an organization which comes under the National Assembly. The appointments are made by the vote of two-thirds of the members of the National Assembly. We examine the report of that Public Service Commission.

I should mention, we also tried to change certain government approaches. As the auditor had done earlier in one of his documents, we checked questions of tariffications of services and products provided by the government. We were able to see there was no general policy and harmonization measured on the tariffs, the rates imposed by various agencies and departments. Through the deputy minister, we tried to make sure that we be given a more structured, more coherent, consistent policy or structure of the tariffication of these government products and services.

Our parliamentary commission also had a round table on the function of internal auditing in the government. After many years, we realized that this internal auditing, whether it be organized by the comptroller of finances or the various departments, has become a little bit chaotic with time. The role of the general auditor and of the internal auditor, the role of the financial auditor has become... Well, people are stepping on other people's feet, but following the various administrative amendments or reforms, deputy ministers realize this function should be revitalized and look at the various control mechanisms between central agencies and external agencies for control and examination. I will talk about that this afternoon when we are at the legislature.

We also studied all the questions of casual work. In public service where you have almost 300,000 employees, the heaviness of the administration of that organization brings about difficulties. We looked at the fewest, such as the difficulty of seeing people who have a precarious status in the public service. We made recommendations to the government and treasury board saying we would like to see these recommendations applied as soon as possible.

Finally, it should be pointed out that the commission looked at the special report of the Auditor General. First report, the history of the report, which was filed in May, on

the matter of the terrible management of the public curator's office. This report brought about a lot of comments in the media by legislators. Unfortunately, we were not able to come to consensus, as we are usually able to do. Opposition members' recommendations were not accepted. However, we will follow up this file and in November, in particular, so the public curator can give to us a statement or description of the situation. Indeed, last week we were told or today she will be filing at my office, a copy of her report that she will be defending in November, before the parliamentary commission.

Our commission will resume work next November and will sit to the end of October or November to look at the various agencies and departments which were examined by the Auditor General, in its last report filed in June 1998 and for which, as I said again, following the same ill-fated process, we will file at the end of November, the report of our commission on the recommendations of our commission on the Auditor General's report. Thank you very much. (Translation ends)

CHAIRMAN (Mr. Erasmus): We are a bit behind schedule so we will not be able to allow any more questions for the rest of the morning. We had been a little bit more lenient to have a give and go, but we will have to do without any more questions. Next we have Saskatchewan, June Draude. Perhaps you can move a little closer.

MS. DRAUDE: I have seldom been told to speak up.

[--Laughter--]

I will not repeat what I was just saying except that I am June Draude and I am the chair of this committee. We have a number of new members here since last year. Among the newly appointed members are two previous chairs of the committee, Mr. Shillington and Mr. Gantfoer. The latest make up of the Saskatchewan Public Accounts Committee certainly will not lack experience.

Before beginning my comments, I would like to take this opportunity to thank our hosts for permitting Saskatchewan to participate this year, with an expanded delegation. Traditionally Saskatchewan has sent the chair and the vice-chair of the committee, but this year the committee permitted a third delegate to attend, Mr. Osika, and we also have a number of members of the committee. They are Mr. Mark Koenker, Violet Stanger, Walter Jess, and Mr. Osika, as well as our deputy clerk, Mr. Greg Putz. Over the last year, the committee did not meet as regularly as it had in previous years. There were ten business meetings held. One of the main reasons for the reduced number of meetings was the controversy over the examination and sale of Channel Lake Petroleum Limited by Saskatchewan Power Corporation, and its subsequent review by the Standing Committee on Crown Corporations.

A number of the members of the Public Accounts Committee joined in that review and were very much preoccupied. This precluded the regular work of both the Crown corporation's committee and the Public Accounts Committee in the spring. During the ten meetings, the Public Accounts Committee concluded the examination of the fall 1996 Report of the Provincial Auditor, with the exception of the matters relating to Workers' Compensation Board. Issues relating to the Workers' Compensation Board will be examined in conjunction with the 1997 review of the auditor. I will explain why in a minute. The work done covered the examination of about 11 departments and agencies and led to nine recommendations, so far. The committee plans to proceed to the auditor's 1997 reports later on this fall. The chair in Saskatchewan calls the meetings, but since the government has the majority of members, we have to make sure there is a quorum before we can actually have a meeting.

Regarding Workers' Compensation Board, in May of last year the committee initiated deliberations on chapter 3 of the fall report of 1996 regarding Workers' Compensation Board. As Mr. Aldridge reported last year to this conference, the Saskatchewan Public Accounts Committee heard testimony from the Chair of the Workers' Compensation Board, who very reluctantly appeared before the committee. He stated that the board is a quasi-judicial independent body, with no relationship or accountability to any committee of the legislature and this quasi-judicial body continues to question the jurisdiction of the provincial auditor's office. Both the Provincial Auditor and the WCB claim to have legal opinions supporting their respective positions. So the committee directed the chair to request these opinions and to seek separate legal opinions and written arguments with respect to the autonomy afforded workers' compensation. They were also asked how that autonomy related to the jurisdiction of the provincial auditor and to audit the Workers' Compensation Board, period.

Opinions and arguments were asked for from the Provincial Auditor, WCB, from the Legislative Council and law clerk and the Department of Justice. In February of this year, the committee carefully reviewed the legal opinions and the question of WCB autonomy from the Provincial Auditor and the Standing Committee on Public Accounts and came to the following conclusion, and it said: "The Standing Committee on Public Accounts has the authority to examine those aspects of the reports of the Provincial Auditor, which deal with the Workers' Compensation Board and which fall within the scope of the provincial auditor's mandate, as stated in the act."

"and further, pursuant to the terms of reference and mandate of the Standing Committee on Public Accounts, as a consequence of the provincial auditor having produced and tabled a report on the Workers' Compensation Board, the committee had the jurisdiction to consider that report as tabled, and examine any subject in it. Further that the provincial auditor has authority in relation to the accounts of Workers'

Compensation Board, that this authority is defined by the terms of the Provincial Auditor's Act and by concerns relating to the adjudicated, independence of the board.

Finally, that the Standing Committee on Public Accounts recognizes the autonomy and independence of Workers' Compensation Board and that the provincial auditor and Standing Committee on Public Accounts should take significant care so that the fundamental principal of the board's independence was not eroded."

Having made that conclusion, the committee will, at a future meeting, examine the auditor's various comments and recommendations regarding the board. We, in the fall, one of the first things we will be discussing is the millennium bug, that a number have mentioned here today. To date, we have no definite reporting on how Saskatchewan is standing, and we have no idea of what type of money has been spent. That concludes Saskatchewan's report. Thank you.

CHAIRMAN (Mr. Erasmus): Thank you, Ms. Draude. Next we have from the Yukon, Missy Follwell.

MS. FOLLWELL: Thank you, Mr. Chair. I would like to thank our hosts for the very warm hospitality we have received and to say I think it is a real privilege that we could meet here this year in the last year that Northwest Territories will be sitting as a whole.

I regret that I do not have any members of our Public Accounts Committee with me. I am the Deputy Clerk of our legislature and the Clerk to the Public Accounts Committee. Unfortunately today, this very day, is what we call Discovery Day holiday in the Yukon and today is the 100th Anniversary of the gold rush discovery. So needless to say, our members felt it was much more important to be in their constituencies and I am sure you understand that. Particularly because some of our constituencies are as small as 160 electors, unlike 107,000. So if the MLA is not there, it is definitely noticed. So regrets from our members.

Our committee has not yet been active since the last election. They held an organization meeting in the spring. The leader of the official opposition was elected chair. We have five members only and on it we have one official opposition, one-third party member, three government members. However, on September 18th the committee is actually going to hold a retreat outside Whitehorse at my little cabin, in fact, at Tagish, a lake south of Whitehorse. They will have a one-day retreat at which time they will set their agenda for the upcoming year and discuss with each other how they want the committee to operate. We are all very optimistic it will work consensually as some of you have mentioned your committee works. So with that Mr.

Chair, thank you for allowing me the privilege to speak. I hope we will have much more to report next year.

CHAIRMAN (Mr. Erasmus): Thank you, Ms. Follwell. I would like to thank you for coming as well. I am sure you would probably have liked to stay home to participate there. The next speaker is John Williams from the House of Commons.

MR. WILLIAMS: Thank you, Mr. Chairman. Like everyone else, I would like to express our appreciation for the hospitality we are receiving here in the Northwest Territories.

We had a federal election a year ago in the spring. The Public Accounts Committee was first organized on October 6, 1997. It has 17 members in this parliament to reflect the make up of the House of Commons, therefore it is a fairly large committee. In fact, I think maybe the largest committee of the House of Commons. It changed its format in the last year. In the last parliament, the committee met twice a week. Once in-camera to be briefed by the staff of the Auditor General and followed by a full, open committee hearing after that. Now the committee meets three times a week, once informally to be briefed by the staff of the Auditor General, followed by two full committee meetings every week. Sometimes they may be in camera, when we are dealing with the preparation of a report. By having two full inquiry meetings every week, the productivity of the Public Accounts Committee has improved fairly significantly over the previous parliaments.

In the last year, we have dealt with -- like everyone else has been dealing with -- the Y2K, the year 2000 millennium problem. This is one of the first issues the public accounts have been able to deal with before it happens rather than after it happens. I think it is something we should all take on a proactive basis.

The committee has tabled 14 reports in the last year. We have dealt with, as I said, the Y2K problem. We have also dealt with the numerous other issues, including the commercialization of the Air Canada's navigation system, which is now called NavCan. The Auditor General reported the system had been sold for as much as \$1 billion less than the Auditor General had felt that the value of the navigation system could have been worth. We investigated that in fairly significant depth. From a personal position, I was quite critical of the privatization of NavCan. We had found the government had intended to prepare an interim report on the pros and cons of benefits and the lessons learned through the privatization of NavCan, to be followed by a final report. They never did get past the preliminary report before deciding they really did not want to find out all the lessons that could have been learned. One of the things we have learned about NavCan is it is a non-profit agency that has been created. It has no shareholders, it has no representation from the public. It has been

granted a perpetual monopoly. There is no access by the Auditor General. It has no access to information. It is not required to report to parliament. It is not supervised by any committee. In essence it has taxation without representation, has become a law into itself and I think will create some serious problems down the road.

Other issues we have looked at, for example, West Coast salmon habitat for the Fisheries and Oceans. Again a full and comprehensive report by the Auditor General showing that habitat is a major problem in the declining resource of the salmon fish stocks in the West Coast and also in the East Coast where it is not just a case of the fish are no longer in the sea. If the habitat is destroyed that, of course, is a serious problem right from the beginning.

The Auditor General is the auditor of the public accounts and last year he qualified his report. First time since 1991 that he has qualified his report. The Minister of Finance wished to take an \$800 million charge for the centre of innovation that he had created and announced in the budget, approximately February 1997, with the year end 1996. With the financial statements ending at March 31, 1996, just a few weeks afterwards, there would be no time to create the institution called the "Centre of Innovation." Because the institution did not exist in law, the money had not been transferred. The Auditor General felt the liability could not be recorded and qualified his audit report accordingly. There was an exchange of public correspondence between the deputy minister of Finance and the secretary of the Treasury Board on the one side and the Auditor General on the other side, regarding the particular issue at hand. The Auditor General included in one of his later reports a chapter on the concept of the issue. It remains to be seen whether or not we will find the same again this fall when the public accounts are tabled because we have the \$2.5 billion scholarship fund that has been announced by the Minister of Finance. It would appear he intends to follow the same accounting practices. We must wait to find out what the Auditor General has to say on that issue. No doubt the Public Accounts Committee will be seized by it, should there be a qualification.

We were able to file one report at the beginning of the term asking that any responses by the government of the previous parliament that were not followed through upon because of dissolution, that they would be tabled in parliament. As a matter of course, we always table a report to the government in parliament, asking the government to respond directly regarding any issues the Public Accounts Committee has not been able to deal with.

In closing, Mr. Chairman, I would like to introduce my colleagues. I have here Mr. Philip Mayfield from British Columbia, representative of the Reform Party; Mr. Rene Laurin, representative of Bloc Quebequois. We do not have any government members here today. Not because they do not want to come to the Northwest Territories but I

understand the Prime Minister called a meeting in Chewinegin, Quebec and they used their political judgement to decide that one was more important. We are also joined today by our staff because every good committee is helped by great staff and we have Mr. Brian O'Neal from the Library of Parliament in our research staff and Mr. Bernard Fournier, our Clerk of the Public Accounts Committee and Antoinine Campbell, who is the parliamentary liaison for the Auditor General's office also here with us today. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Williams. The next presenter is Max Trenorden from Western Australia.

MR. TRENORDEN: Thank you, Mr. Chair. On behalf of my research officer, Amanda Millsom-May sitting beside me and myself I also extend our thanks for having an invitation to come to this conference. As most of you are probably aware, we were at Alberta last year and really enjoyed the proceedings. I am sure this one will be just as successful. From the offset, we are really fortunate to join you and my colleagues to be in Canada for such an important occasion. It is important we have communications between public accounts committees which has been said several times around the meeting today.

I am here today representing the Western Australian Public Accounts Committee but also the Australian Council of Public Accounts Committees. We are currently the host state for the Australasian Council of Public Accounts Committees or ACPAC as we call ours, which is similar to your own Council. I really do look forward to having some of you turn up in Perth in February. Many of you have talked to me about this and I really do hope you can look at your expenses and time and turn up for our 5th biennial conference. We will be circulating invitations to you at a later date at this meeting. Since our committee reported to this Council in August last year, we have been quite active in a number of areas, but before I proceed in there, I thought I needed to refresh some of the delegates regarding the way our committee operates.

Our committee is a standing or permanent committee of the Legislative Assembly. It is empowered by Standing Orders and not by legislation. This aspect varies between the Australasian jurisdictions, with seven out of 11 member committees of the Australasian Council established by legislation. That has been a debate in our Council over meetings over the years. The committee is broadly based and we can basically inquire into any matter that is connected with the receipt and expenditure of public money. It comprises of five members of parliament, three government members, two opposition members and a chairman being from the government. So I am a government member, as are all Australian Public Accounts Committees. I am a member of the National Party, which is a small party in a coalition with the Liberal Party in Western Australia. The Committee Secretariat comprises of a senior research

officer and two research officers. The committee meets weekly when the House is sitting, fortnightly when it is not and on a number of other occasions whenever the chair calls the occasion.

The committee has established a good working relationship with the Auditor General and the audit office, meets regularly to discuss common interests and reports that are tabled by the Auditor General and, of course, ourselves. We have that communication. This relationship was formalized in a statement of understanding, which clarifies the respective roles of the Auditor General and the Public Accounts Committee, whilst at the same time recognizing that both parties should remain independent while supporting each other.

At the time, the statement was developed in 1996, we were the only jurisdiction in Australia that developed this document. It might be food for thought that, listening to what you people have been saying today, maybe a few of you might want to go down the same course. We have a copy of the document here today.

The committee's main area of activity is to conduct inquiries it initiates itself or have been referred to by the assembly, the Minister of the Crown or by the Auditor General. Depending on the subject matter of the inquiry, they fall into three categories: small, medium or long term. We run those concurrently.

Presently, the committee is undertaking three inquiries and one follow-up report on a previous inquiry. The committee's inquiry into government in an on-line environment, which was self-initiated by the committee in 1997, falls in the category of a long-term inquiry. That was the basis of my presentation to last year's conference meeting in Edmonton. The impetus for the inquiry was a concern about how the government was meeting its challenges in the on-line world. The committee has tabled two discussion papers related to the subject of the inquiry, which we will discuss shortly in Western Australia, obviously. The committee hopes to table a final report by the end of the year.

In May 1997, the committee received a referral from the assembly which required to determine the state, excuse me, the support of an iron and steel mining project in the mid-west of Western Australia. The state's report was mainly contained in an Agreement Act, which are very common in their state, which was passed by the parliament, which sets out the financial and other obligations of government and of the proponent. The committee has since spoken to a number of government officials by way of formal briefings, has also taken formal evidence from relevant stakeholders and individuals, including the project's proponent. It also undertook to visit the location of the industrial site and the proposed port that went with it. Committee will report on this issue by the end of the year.

Finally, the committee's most recent initiate medium-term inquiry is into the administration of community service obligations in the public sector. A community service obligation arises when government requires a public enterprise to carry out an activity which would otherwise be commercially unviable. In some instances, the enterprise is compensated by government for this activity. I believe you people would refer to these as "universal service obligations."

The committee is specifically looking at three agents who are responsible for water, power and rail, which between them receive \$226 million Australian in this type funding. With the water body the vast bulk of it. The committee has completed a round of evidence hearings with the key stakeholders and will hope to report in 1999.

Since Canadian conference committee has tabled two reports and two discussion papers, the first reports are to clarify the committee's procedures for examination of witnesses, on which Nova Scotia might be interested in. One of the committee's inquiry tools is the ability to call for witnesses and papers. The committee has considered the procedures needed to be readdressed for the sake of the witnesses themselves, the public and for the parliament.

The second report was one of the most difficult reports politically ever undertaken before the Public Accounts Committee and, I would suggest, in Australia. It was considered a medium-term inquiry, taking just over eight months involving government support of a tourist agreement with a dance promoter of a world dance congress, which failed to get off the ground. The notable aspect of the inquiry was the decision of the Honourable Premier of Western Australia to appear before the committee as a witness. It was the first time in many decades, I think in fact since 1918, that the Premier of the State appeared before a parliamentary committee.

The committee also attracted intense media interest, but resulted in a committee tabling a unanimous report. Recommendations made by the committee addressed important issues such as the need to improve accountability, record keeping, approval processes for government expenditure of this nature. It also recommended clarification and tightening of certain principles relating to ministerial direction. All fundamental public accounts related issues.

As previously stated, the committee is also currently inquiring into the issue of government online environment. As part of this inquiry, we have recently tabled two discussion papers, one on tele-health and the other on tele-education. Both papers sought to address how health and education could be enhanced by on-line delivery and, in particular, access. I am a rural Member of Parliament and three of my colleagues come from rural areas, so rural has a particular emphasis in it and the

remote areas of Western Australia. The committee will report on this issue by the end of 1998.

In conclusion, the committee is currently the host state of the Australasian Public Accounts Committee. The Council conducts mid-term meetings on an annual basis and then has bi-annual conferences. The Council's mid-term meeting was held in Perth in February of this year. Delegates discussed issues that would form the agenda for next year's bi-annual conference, which will again take place in Perth. So, I do welcome any of you who wish to come to Perth, Down Under, for this very important event. It will be in February. It will be a little warm. Normally we are around about the 100 degrees mark, but we have magnificent beaches, so it compensates. That leaves me at the end of my report. Again, thank you very much, Mr. Chairman, for the invitation.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Trenorden. And last, but not least, of course, is our neighbour from immediately south of us here, Alberta, who graciously hosted the conference last year and who we took many cues from. We have Mr. Shariff and who we found out last year is the lesser-known cousin of Omar Shariff.

[--Laughter--]

MR. SHARIFF: Never fails me.

[--Laughter--]

I just want to begin by extending greetings to you on behalf of Lance White, who is our chairman. He was brave enough to try and drive and I believe he got stuck at the ferry because it only runs certain hours. I am not sure whether he spent the night in the car or where, but he is now in Yellowknife, however, changing and resting. So, I will make a presentation on his behalf. Accompanying us is Corrinne from the office of legislative committees. I want to also begin by thanking the organizing committee for a wonderful hospitality extended to all of us. The beginning has been so good, I am just wondering what the rest of the next two days will be. Those of you who were able to make it last year to the Edmonton conference, I hope you enjoyed it. Those who have not been to Alberta, please take advantage and come and enjoy our western hospitality.

Our committee generally meets during session and we have a committee size of 17 members. Four represented by the official opposition, one of which is the chair. We have one member from the third party, which is the New Democratic Party, and 12 government members. In Alberta, we have 18 ministries and so far 11 Ministers have

come before our committee. We hope to deal with the rest sometime this fall when the House resumes.

A lot has been said about the differences that we find throughout this country in how we operate as a Public Accounts Committee. There are two points I would like to make, with respect to Alberta, that really assist us as a Public Accounts Committee and that is, the government is very transparent in how its decisions are made and it is accountable for what it undertakes. The freedom of information also assists us because information is made public whenever there is an inquiry. Our estimates are debated in the House and the treasurer releases quarterly financial reports. That really makes it open for debate, not only in the House, but out in the public as well.

As members, we have our own responsibilities to make sure that our government is run efficiently and orderly and we have very independent thinkers that challenge the system. This makes it very accountable. I believe we have been quite effective in trying to work together as a team. Once in a while we do get caught up in partisan politics, however, overall I think as a committee people have operated very independently and that has contributed to the success of the Public Accounts Committee in Alberta. With that, I thank you and hopefully during the coffee break or lunch break we will get to share notes. Thanks.

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Shariff. With that, that brings the close of the reports. The next session, session 2, will begin at 1: 15 p.m. with Mr. Jack Byrne in the chair. The topic will be 'Aspiring for Ideal Public Accounts Committee' and lunch is now being served in the Factors Dining Room with COLA members and it is down the hall to the right. Those of you who ate breakfast here yesterday will know where that is. It is not too difficult to find, you just go to the lobby and turn right. Thank you.

Business Session 2: Aspiring for the Ideal Public Accounts Committee -- Proposed Standards and Guidelines

CHAIRMAN (Mr. Byrne): Could I have your attention, please? My name is Jack Byrne. I am chairman of the Public Accounts Committee in Newfoundland. I have been selected to chair this session and we will see how it goes as time goes by. I was first elected to the House of the Assembly in Newfoundland in 1993 and have been elected a second time, and hopefully a third and fourth and fifth and sixth and what have you. In the meantime, we have a presentation to be made here this afternoon by Mr. Max Trenorden. Now, Max, I met him last night at the function and I asked him

how to pronounce his name and he said, "Max." I said, that is not too hard to remember I suppose.

[--Laughter--]

Anyway, we will have an interesting session. Max is going to make a presentation of about 20 minutes, I believe. Then we will have some questions and any points of concern that people around the table might want to bring up. I will try and keep it in an orderly fashion. I am going to try to make note of people as I recognize them on a piece of paper here and try and keep it in order. We will try to make it a bit exciting. I know these types of sessions can be pretty dry sometimes, but if somebody wants to get a little bit rambunctious or excited, go for it. We have no problem. I will keep it under control anyhow. Max, it is yours.

MR. TRENORDEN: Thank you, Mr. Chair. I think it is pretty obvious that I am the only Australian in the room because I got the desk chair immediately after lunch, but I will do my best.

I do appreciate the opportunity to speak to you delegates today about this matter of which I am extremely passionate about, But I would like to make it clear before I start the presentation, I am not doing it as the chairman of the Australian public accounts or the Australian Council of Public Accounts Committees or even as the chairman of the Western Australian Committee. I am doing it as Max Trenorden, Member of Parliament.

Since I became a member of the Public Accounts Committee back in 1989, so I have done ten years in public accounts. I have always tried to improve the committee's processes and raise its profile within the parliament, within the public, private sector and all the other public arenas. This task has given me even greater attention because back in 1993, I was elected chairman. I have done a fair stint as chairman, too.

Public accounts committees are important, but very unusual creatures. Although we all have a common mission in the sense that we are prominently the accountability agents of parliament and we scrutinize public spending, many of us differ in the way in which we are constituted, have powers of investigation and query, as we already heard this morning, committee composition, the resources of the committee and the ability to control our own budgets, finances and the like. As members of respected committees we need to have a good understanding and grasp of what the role and the function of our committee is and how it is to interact with the parliamentary and other committee systems within the parliaments, the Auditor General, government agencies, the private sector and the public at large. It is also necessary to strive to increase public and the media awareness about the role and the activities of the committee to

reassure them that the committee is properly representing the taxpayer. We should also have an awareness of how our counterparts in other jurisdictions operate, which is being assisted by both the Canadian and Australasian Councils of Public Accounts and Public Accounts Committee conferences.

More important, and this is a key part of my belief, as Members of Parliament we need from the outset of the committee membership to have a good grasp and understanding of what our respective roles should be. From a personal perspective, based on ten years of watching members come and go from committees, I find that members tend to leave the committees just as they have come to understand the role of a public accounts committee. While these members take valuable experience with them, elected continuity in the committee membership does not help the committee's effectiveness. Similarly, I would emphasize the need for continuity of staffing and awareness amongst staff of what constitutes a public accounts committee.

This leads me to the point in my presentation which is to present a clear case for the need for the respect of public accounts committees to formulate and establish practices, guidelines on minimum standards for their operations, and importantly, such practices as to gain widespread acceptance so they become accepted minimum standards. This acceptance is important because I believe it would not only increase the efficiency and effectiveness of public accounts committees, but it will improve and protect the standing and the ability to withstand executive attempts to weaken their role.

We should never underestimate the effect of the lack of committee powers or the potential for the attempts to weaken parliament's ability to check the executive. Many of you will be wondering where I come from and I guess that sentence says a lot about my attitude to public accounts committees. I think many of your executives are rampant, as they are in Australia. I would like to cite one example from an Australian state where the parliament and its Public Accounts Committee, or Financial Estimates Committee as it is called in the state, have experienced significant attempts to weaken their ability to thoroughly review the activities of government. Recently, a state Public Accounts Committee was informed by the Premier's office that all submissions from agencies would be forwarded firstly to the Premier's office, thereupon the consolidated Hall of Government response would be provided to the committee. This is important because the Australian public accounts committees have a history of seeking submissions, formal evidence from government agencies on whatever inquiry they choose to conduct, many of which involve public sector wide issues where the dozens of agencies are required to respond.

Of even greater concern is, this move follows on from that state's decision to privatize and significantly emasculate the role of the Auditor General and that was a major

issue in that particular state. I would argue that despite the very spirited public debate and support that emerged for the Auditor General, it was not enough and a very critical aspect of their struggle was a need for a very strong public accounts committee. Subsequent moves out to order the public accounts ability to gather information from agencies and the relative lack of public debate about this move is a good example of the need for an accepted standard and public awareness of the role of the Public Accounts Committee.

During the presentation I will draw upon my own experiences as a parliamentarian. I provide examples of certain initiatives and issues that I have raised on behalf of my committee at previous meetings and bi-annual conferences of the Australasian Public Accounts Committees. However, I must stress, and this is important, and I am not here to dictate to you how a public accounts committee should operate. As I have previously stated, circumstances vary from committee to committee, from jurisdiction to jurisdiction. What may be good for one may be not possible even or feasible for another. However, I hope at this session and following the conference, individual committees may feel the urge to re-evaluate their operations and procedures based on the information and the issues that have been canvassed this morning. I was heartened to hear some of that is already occurring amongst your own committees.

If I could just concentrate on the overhead. And this overhead just emphasizes the importance of public accounts committees, why are they needed. And I have just put down the top points that occurred to me. They result from the evolution, from the Westminster system, public accounts committees become an integral part of parliament. They are the most effective forum through which parliament, members representing the taxpayer can directly question chief executive officers, senior management of government agencies on accountability, efficiency and effectiveness of public expenditures. As many public accounts committees or standing committees, they are going to investigate matters in an ongoing basis, ensuring reliability and consistency. Public accounts committees allow parliament the chance to examine public sector wide management issues and trends. Membership on a public accounts committee enables backbench members to gain experience in dealing with matters of public expenditure on the background and departmental level.

The next question is obviously, what are the roles and powers and the question, is there such a thing as an ideal public accounts committee? Do we all aspire the same ideals or share the same ethos towards public accounts committee works? What should their powers of inquiry and investigation encompass? Are they too limited or are they too broadly based, and we already had some of that debate this morning. Should public accounts have essentially a financial review role or inquire into all areas of government activity. Should public accounts committees be empowered to do investigations relating to policy or to private sector funds? Should public accounts

committees look at government wide issues or specific agency problems? Is the prime function of the Public Accounts Committee to make recommendations or simply highlight issues and provide a forum for public debate? Should public accounts committees be striving to improve communications and coordination with their respective Auditors General? All the individual committees will probably differ in their views in relation to these issues. We know that because you have said so this morning. However, from a Western Australian perspective, our committee over the years has grappled with many of these issues. And some of the answers constrained by the committee's standing orders and others are dependent on the will or the decision of the committee as a whole.

In responding to some of the points I have noted on the overhead, the committee does not have a formal criteria for review of issues and our standing orders provide us with wide ranging powers of investigation. We can legitimately argue that we are not constrained by a financial review role, but rather we can inquire into all areas of government activity. However, this approach is problematic, in that we can inquire into issues that do not appear to be relevant to a public accounts committee and hence serve to confuse the public sector and the general public's perception of what the role of a public accounts committee should be. The ideal for us -- approach adopted by the current Western Australian committee -- has been to focus on government-wide, or hollow government issues, within it's inquiries that focus on accountability, efficiency, effectiveness and process-related matters, rather than being concentrated on the more financial audit type issues with individual agencies. This approach is also included with the utilization of information and evidence from both government and private sectors. From time to time the committee has also indirectly touched on issues related to government policy, but only because sometimes that is unavoidable. By establishing this bench mark or approach, the committee has tended not to stray into areas that may be more effectively investigated by a select committee of the parliament, which we have quite a few of and let us try to stick to public accounts-related matters.

On the issue of improving relations with respective Auditors General, the wishes of the Public Accounts Committee and the Australasian Council have been active in this area. As I mentioned in my report of activities this morning, the committee of 1996 pioneered the development of a statement of understanding with our Auditor General which aimed to improve communication and coordination between ourselves whilst at the same time respecting and recognizing our independence. This statement, which has been tabled in parliament, was a signal to the parliament and to the public-at-large that we had recognized the commonality that has developed between our respective objectives to ensure that public monies were spent lawfully, effectively and efficiently.

From an Australasian perspective, the Council has also been active in supporting the principle that Auditors General should be independent. As to our bi-annual conference of '97, the Council supported the principle that independence was a crucial prerequisite to the effectiveness of the Auditor General and that the independence of the Auditor General must be both operate and seem to operate. It also adopted minimum independence requirements for the independence of the Auditor General which encompasses the following areas: personal independence; operational independence; parliamentary oversight; and, transitional arrangements.

I would like to move on to some of the developments which have taken place from an Australasian perspective in relation to examining whether public accounts committees should be aiming to formulate individual or collective guidelines for their operations. At the last two Australasian bi-annual conferences that were held in Melbourne and Sydney, obviously in Australia, I presented papers based on the development of guidelines for an ideal public accounts committee. In Melbourne, in 1995, I presented a paper entitled, "The Case for Guidelines for Committee Operations". During my own experiences, I made a point that a lack of formal guidelines at the time had led to an inordinate amount of committee debates spent on procedural issues external to the subject matter of the inquiry. I also have accounted that there is a need for consistent approach, or framework, to the committee's operations. I also argued that by establishing certain practices that are acceptable to all members of the committee, this would reduce the amount of time spent on actually debating such tasks. At this conference, the Council agreed to develop a set of guidelines that could form a best practice document as a resource for all committees.

At the following conference, which was held in Sydney, I talked to a paper which described a set of draft principles drawing on elements of various committee's operations which would have provided the basis for the development of a more detailed best practice manual. The paper did not purport to represent how any committee in Australia was then currently operating. Rather, it described elements which might define an ideal public accounts committee. The draft proposed guidelines were then divided into the following sections: preamble, this described what the aims of the committee should be; objectives described what the role the committees should be and the relationship with the executive government, the parliament and the public; inquiries described how committees should manage inquiries and the importance of government formally responding to committee recommendations; powers describe what committees should be empowered to do in relation to taking evidence, releasing documents and determining their own work programs and priorities; procedures describe how committees should operate in terms of their day to day work and the conduct of evidence hearings.

Although delegates did not formally resolve to abide by the principles contained in the guidelines, it did enable them to insist that there was a commonality of approach and opinion and where there was any disparity. Another interesting aspect of the debate was the assumption that all public accounts committees had some fundamental basic similarities in terms of their operations. However, in reality there are some PACs that are not adequately empowered by legislation or by their standing orders, not sufficiently resourced to effectively operate as parliamentary watchdogs. An example of this is the new South Wales Public Accounts Committee.

The committee attended last year's Canadian conference in Edmonton. Many of you can remember the presentation made by their chairman, Jerry Ramble. He gave an excellent presentation at the time. I know that many of you, like me, were impressed with the broad forms of investigation carried out by the New South Wales Public Accounts Committee and their very active participation in public sector-wide issues. What was surprising for me to find out recently is that although the New South Wales Public Accounts Committee is usually successful in gaining access to papers and evidence to support their inquiries, their powers in this respect are not consistent with other New South Wales parliamentary committees. They are, in fact, weaker.

This is a power my own committee does have and perhaps we take it for granted. However, I understand that legislation concerning the New South Wales Public Accounts Committee operations is currently under review by Treasury and Cabinet as a part of a global review of New South Wales financial and annual reporting legislation. I believe the aim of the review is to consolidate all legislation into one act. The following examples of legislative changes have been recommended to be included in the proposed legislation, which will align the committee more closely with some of its counterparts in other jurisdictions. The committee is to have the same powers as other parliamentary committees in relation to the calling of persons, papers and records for the purpose of conducting its inquiries. The committee will be given explicit power to examine government's responses to its reports and to conduct follow up inquiries and to report further to parliament. It is New South Wales government policy, even though not explicit in the legislation, that Ministers respond to committee's reports within six months from tabling in parliament. As the leading accountability committee of the department, I believe that all public accounts committees should have the ability to call for papers, persons and records relevant to their inquiries and thus reflect the power of the parliament.

I now turn to the issue of the need for minimum standard of financial and staffing resources. Following the bi-annual conference in Sydney, our committee presented the paper at the Council's mid-term meeting in February of this year in Perth, on the need to create a minimum standard for operational resources, that is staff and financial, for public accounts committees. Our committee surveyed the Australasian committees on

their staff and financial resource levels towards the end of 1997 and found that they are very considerably between the committees. I have circulated to you all the results of the survey, which I stress were up to date as at February 1998. The data should be viewed as indicative resourcing levels. Although there is some ambiguity of data, such as annual budgets that did not in some cases reflect staffing costs in the interpretation of budget autonomy, it does prove to be useful food for thought. That paper raised several issues as a result of analyzing this survey data, two which related to financial autonomy and human resources. We have accounted for increased committee control over finances and budgets. This argument is based on the fact that as accountability watchdogs, public accounts committees should have some responsibility and independence at managing their own finances.

During the debate at the meeting, several delegates argued that their annual budgets and funding levels were sometimes inadequate to cope with the costs of undertaking their inquiries and activities and that they had to share financial resources with other committees. In Western Australia we do not have budget autonomy and the Speaker of the Legislative Assembly has to approve requests for committee expenditure.

On the issue of human resources, the survey indicated the staffing levels varied considerably, as does the distinction between 'permanent' and 'seconded' staff. A minimum staff level may not be practical given the different natures and financial circumstances of all your committees. There should be, however, an adequate level of staffing resources to assist committees in their operational tasks. I would also like to stress the need to consider the position of committee staff. I strongly suggest, on the basis that I have observed in Australia, that if a public accounts committee is doing its job well, the staff of the Public Accounts Committee will find some difficulty in transferring or applying for positions in the public sector. In the course of their work, for a vigorous committee, staff will have stepped on some toes and there will be some of those in the public sector and the government who will not look favorably upon them. This reality should be taken into account when employing and setting their remuneration for staff. In order for committee to exercise such consideration, it follows that the committee should have a role or a certain degree of autonomy in employing and in managing their staff.

I will just run through a summary. I would argue that if some basic, but important, minimum standards can be proposed...They are on the overhead. Powers to initiate their own inquiries, whatever the committee deems to be necessary to investigate; an obligation to undertake matters referred by the parliament and the discretion to undertake inquiries referred by the Auditor General or from a Minister; financial and staffing resources that allow committee to undertake at least one inquiry at public sector-wide level at a given time, whilst also being able to undertake regular tasks such as following up reports of the Auditor General; the power to call for persons and

papers relevant to the committee's inquiry; financial autonomy over the committee's budget to allow for an independent operation of the committee; the requirement for government to formally respond to the committee's recommendations in the parliament within six months; a strong working relationship with the Auditor General which recognizes both common interests and the independence of the Auditor General and the Public Accounts Committee from each other; and an active role in promoting personal and operational independence of the Auditor General.

Now, that is my presentation and as the chairman said, it was fairly dry, but I am happy to open up the session to general discussion as we already started this morning and just see where it all leads.

CHAIRMAN (Mr. Byrne): Thank you, Max. Interesting topic, "Aspiring for the Ideal Public Accounts Committee". Good presentation. Appreciate it. Anyway, with respect to the topic of "Aspiring for the Ideal Public Accounts Committee", with so many people around the table I would imagine there was a varying opinion on the definition of the role of public accounts committees, certainly within this country, and maybe we can get some interesting conversation going, some discussion. Of course, if Max is ready for questions and anybody would like to start her off. We have, Ontario, is it not?

MR. PRESTON: Peter Preston, Ontario. Max, your Public Accounts Committee has the ability to enter into public inquiries. What is there to prevent your public inquiry into a certain subject, we heard two of them today, taking on a life of its own and taking up all the time of your Public Accounts Committee? If it is one of the inquiries as we had today.

MR. TRENORDEN: Peter, we have approached this in our committee. We go into the inquiry, we have a very strong debate about what parameters the inquiry is going to have. Before we call anyone before the committee we establish terms of reference and we narrow that down totally and we do not deviate from it because unless you do, I mean if you do that, I am sorry, you will get to the circumstances that you just announced. It is probably a little bit of practice, but I would suggest to you that right throughout the Australian jurisdictions we do not have any problems whatsoever in conducting inquiries because we have a very disciplined and long practiced methodology of how to conduct them.

MR. PRESTON: Just to follow up.

MR. TRENORDEN: Sorry, my boss, beside me, has just pointed out a very good point, too. We always go through a preliminary examination of the matter. We never just go straight into an inquiry. We always do a preliminary investigation. Amanda

could just speak on that for a moment, but just before she does, I empower my staff to go down to wherever they need to go and do questioning of whoever they are going to question prior to the investigation. Not to find out the result, but to get down to the fundamental matters that we are dealing with.

MR. PRESTON: In Ontario, the auditor has the function of carrying out an inquiry and could be asked by three bodies to carry out an inquiry. By a Minister, by the legislature as whole -which has never happened -- and by the committee. Any pros and cons on the auditor's office carrying out the inquiry rather than the committee?

MR. TRENORDEN: Well, our agreement works on that area, Peter. We have very regular meetings with our Auditor General and we inform him of the issues we have an interest in and he informs us of the areas that he has an interest in. It happens to be a 'he' in Western Australia. Therefore, we do not touch each other's territory. There are also different types of inquiries. The Auditor General's inquiries are always held in confidence, ours are always held in public. We are careful on which ones we pick to do, because if you go down this route you cannot have a thousand inquiries a year, you might be able to have two or three. You need to pick your topics, know that you understand what you are out to achieve, have a clear understanding with your members and in our committee. It is actually in our standing orders, whenever we have someone before us, the chairman asks a list of chairman's questions which are put together by the staff and by the members. Most of the questions are asked by the chair and towards the end of the inquiry members ask their questions.

CHAIRMAN (Mr. Byrne): Okay. Ed Picco, Northwest Territories.

MR. PICCO: Thank you, Mr. Chairman. Mr. Chairman, the topic presented by the delegate from Australia was on "Aspiring for the Ideal Public Accounts Committee," but if you believe in accountability and transparency within standard accounting practices, I guess as the delegate from Nova Scotia said this morning, many times I find that in our standing committee the office of the Auditor General seems to give very gray advice or recommendations. I guess under the Financial Administration Act, or FAA or similar act in other jurisdictions, that indeed the Auditor General sometimes notes a circumvention of the act. Sometimes, like the P3 that Nova Scotia talked about this morning, you are left in a position of not knowing ethically, morally, politically or even legally what the role of the committee would be. I am wondering in Australia how you would deal with that. If indeed you are looking for the ideal public accounts committee as you have mentioned, how you deal with that conundrum of judging between the office of the Auditor General and standard accounting practices within that framework of transparency.

MR. TRENORDEN: Well, that is why we did the understanding of the Auditor General, the statement of understanding, because even amongst our own committee we had a very substantial debate what an Auditor General's role was and what a public accounts committee role was. In fact, several of my members of the current committee, when it first started, had a very different point of view of what a public accounts committee was than they have now. One of our members particularly still argues very strongly about what the role of an Auditor General is. By having a statement of understanding, whatever your perception of what it might be or whatever the public's perception might be really does not matter because we work it out with the Auditor General.

CHAIRMAN (Mr. Byrne): We have four on the list to go. PEI next and then House of Commons, Manitoba and Nova Scotia. PEI.

MR. MACFADYEN: Thank you very much, Mr. Chairman. I am just wondering in regards to the sheet that you circulated, the staffing levels in regards to the various parts of Australia, can you indicate what the levels mean? In regard to the budgets that are allocated to each region, can you tell me what the budget would be used for?

MR. TRENORDEN: Well, the budget varies between different committees. Our committees throughout Australia have some different functions, but basically, if you speak about our own committee, our budget is about travel and it is about being able to purchase required expertise with the resources within the committee. We do pay for consultants from time to time, also for minor matters like catering and those sort of issues from time to time. As I said as I was reading, going through my statement and these are not exactly the budgets of the committees. Some committees have their staffing allocated in the budgets on your sheet and others have not.

MR. MACFADYEN: So, why would the numbers be different depending on the size of the budget that is allocated? Like, if you look in New South Wales where you have a staffing level of four and you have a budget of \$170,000 versus the Commonwealth, which has the staffing level of 11 and a budget of \$85,000.

MR. TRENORDEN: Because in the Commonwealth the staff is not included in the budget. The staffing costs, yes, are not included in the budget.

MR. MACFADYEN: So in New South Wales, the staff costs would be included in the budget?

MR. TRENORDEN: No, it is not. New South Wales are very active in conducting public seminars. It is something that New South Wales likes to do and they are quite expensive to run.

MR. MACFADYEN: Thank you.

CHAIRMAN (Mr. Byrne): As we go around the table and identify a province or a territory, could you give your name for the record. The House of Commons.

MR. LAURIN: (Translation) My name is Rene Laurin, House of Commons. Mr. Chairman, I will give the Speaker time to adjust his headset. Do you hear me, sir? Yes. To the extent that the public account committees are most of the times composed of a majority belonging to the government in power, what would it change that the committees have a greater power for inquiries, since the government could always withdraw the mandate to that committee to give it to another committee, which has been seen in the past? Also, because the majority of the members of the committee could always limit the scope of the inquiry by a majority vote and say, well, henceforth the committee is satisfied with the answers obtained from witnesses and, therefore, we will not go any further, I would like to have your opinion on what would be gained by the committee having these powers if in fact they cannot be exercised?

MR. TRENORDEN: Okay. Well, I could speak to this matter for a considerable period of time. I think, my opinions of some of the issues that were raised this morning about who should have control of the committee, that is, who should be chairman, should that be government or opposition, or who should have a majority in the committee, is really a circular debate which will never, ever be completed. I believe if you are going to have an effective public accounts committee it depends on your members and nothing else.

In the case where we decided to investigate the matter relating to tourism in Western Australia, which the Premier had control of, all five members voted to carry out the inquiry. That means that three of the government members voted to do so and then made themselves very, very unpopular, and I was one of them, with the Premier, very unpopular, and did their status within the party some damage.

On the other hand, the press very strongly supported those of us who agreed to carry out the inquiry. The status of the members within the public went up quite dramatically. I think that is a reasonable balance. I do not wish to answer this question forever, but I put a submission to a particular procedure in Western Australia some years ago which is now up for a decision within the next few weeks, but I believe we should be establishing a different career path for Members of Parliament. If you look on the sheet that has been circulated, some of our parliaments pay chairman of committees a reasonable salary for being chairman of committees. I believe we should be encouraging some Members of Parliament to not head off to be Ministers and to be part of the executive, but deliberately to head off into the chairman type roles and be able to display some independence when they are actually in those committees and get

recognized for that effort financially and by the public. In the question of the control, if our Premier, some months ago, decided he wanted to change the composition of the committee, he would have had to have brought that to the parliament. All he would need to do is have the Leader of the House announce that the committee has changed, but that would have caused a riot in the press and it would not have been anywhere near worth the pain for him to do. In fact, he did not even contemplate it. Some years ago a different government on the other side to myself did bring a motion to our House to change the composition of the Public Accounts Committee and very quickly withdrew it because of the force of the public and the media.

CHAIRMAN (Mr. Byrne): Thank you. Our next question will be from Manitoba.

MR. SANTOS: Thank you, Mr. Chair.

CHAIRMAN (Mr. Byrne): Could you, Mr. Santos, is it?

MR. SANTOS: I would like to confess my ignorance about the evolution of the Australian system, whether it is becoming more of an American Republican type of checks and balances among the three great departments or whether there is still that fusion of legislative and executive in parliament and the PAC is just an agent of parliament looking into the behavior of the Executive Department in so far as public expenditure of public funds is concerned. Given that its evolution is the way it is, my concern is, what happens when the public sector is being gradually diminished by this modern trend toward privatization?

MR. TRENORDEN: Well, for the start, no, we are not mirroring the American system, we are definitely within the Westminster system. The expectation of the public accounts committees in Australia is that the members will do the work, not the staff. That is, the decision-making and the examination of the process is always done by the members themselves, where many of the American jurisdictions it is done by the staff. And it is done in an oversight manner. We have a clear understanding in Australia that the role of the Public Accounts Committee is not to attack the government, it is not to attack the Minister, but is to get to the effectiveness and efficiency of operations. The skill of a good public accounts committee, if you have a government agency that is not running very smoothly, is the ability to get into that agency, fix it up, without bringing down the Minister. Your role is not to bring down the Minister, even if you are an opposition. Your role is to be effective. That is why I mentioned in my address the importance for the staff to understand the role of the public accounts committee because it is important how the reports are written, how they develop the argument. Because we are about a whole of government aspect. We are about fixing up something that we believe is wrong and also we spend a fair bit of time in recent years trying to be before the game. Like our inquiry into the

government going on-line. Government is not on-line in Western Australia yet. The Public Accounts Committee will be putting down a set of rules that says it should go on-line and this is in the manner in which it should operate. It is still government policy whether they do it or do not do it. We are just saying, in terms of effectiveness and efficiency they should be on-line. To give a short answer, hopefully, to your question, it is important for public accounts committees and their staff to have a clear understanding of why they are there. And if you people think, and I heard similar words this morning, that public accounts committees should reflect the parties, then you are never going to have, in my opinion, an effective public accounts committee.

CHAIRMAN (Mr. Byrne): Thank you. Our next question is from Nova Scotia.

MR. FRASER: Thank you, Mr. Chairman. My name is Hyland Fraser. I am a government member in minority position in Nova Scotia. I have several questions, just short ones, I guess. As you heard from our chairman earlier on this morning, the public accounts of Nova Scotia really has dealt with only one issue since our election in March, basically, and that is the casino issue. I am wondering what your opinion is on the granting of immunity to witnesses who come forward when it gets to be almost an inquiry stage where some people come in to counter what others say? Secondly, do you feel that witnesses should be placed under oath, all the time, some of the time, at their request, at our request, or whatever? I guess those are my two questions.

MR. TRENORDEN: We have a very clear understanding how we operate that area. We do not give immunity to a single solitary soul. We are constituted out of the standing orders of Westchester and parliament. As far as we are concerned, we are the Westchester and parliament when we are sitting. We offer our witnesses nothing at all. They are not allowed to be represented, they can have a lawyer there, but that lawyer must not speak. We have the capability of taking evidence in-camera if the witness feels as if their position is going to be dangerous or within some sort of the bounds where the committee may feel that they are warranted to have the information taken in secret, but only that decision will be made only by the committee. In one of our inquiries recently, we had the Crown solicitor tell us they would not give us evidence and I can tell you after an hour's meeting, he gave evidence because we just said we are the parliament. You just do not have that capability of not giving evidence. To cut it short, the parliament is supreme and we offer nothing.

MR. FRASER: The second question I asked is having witnesses under oath. Are you having witnesses swear?

MR. TRENORDEN: Yes. We read a statement to witnesses when they come in and we say to them, even though we do not ask them to take an oath, any statement they

made will be considered to be made to the parliament and they are subject to all the rules that would be subject in the parliament.

MR. FRASER: Thank you.

CHAIRMAN (Mr. Byrne): Thank you, Nova Scotia. The next question is from the House of Commons.

MR. WILLIAMS: Thank you, Mr. Chairman. It is John Williams from the House of Commons. First I would like to congratulate you, Max, on trying to create minimum standards and elevate the capacities of the public accounts committees. I am having a little difficulty in understanding the role of these public inquiries that you are holding. My perception of a public accounts committee is they primarily focus on retrospective analysis of past performance and problems that have been identified. You allude to the fact that your investigations focus on problems that have been identified, but I think you also mentioned that they may actually focus on determining government policy. You talk about going on-line versus not going on-line, which would seem to be actually giving the government some direction as to policy directions that they may want to proceed in. That has been more the role of the other standing committees in the House of Commons in Ottawa where they provide direction to the government and the public accounts committees focus more working with the Auditor General and his reports. If an issue were to come to our attention as a Public Accounts Committee that we wanted to investigate in-depth, the Public Accounts Committee could pass a motion asking the Auditor General to investigate on our behalf. He has the resources, he has the impartiality, he has the opportunity to go right in and investigate papers, documents, talk to the people. If he finds there is criminality involved, of course, he can always go to the RCMP and then, of course, once he has his full report he tables in the parliament, documents can be seized by the Public Accounts Committee. That is the circle that we use in Ottawa. I am trying to understand this role of the public inquiry, and we also have it in Nova Scotia, of a committee made up of partisan people conducting an in-depth analysis of problems and issues that could very well be a significant embarrassment to the government and how you can really operate that in a partisan environment. I am still wrestling with trying to understand how it can be done completely in-depth, taking testimony from people who may want to try and prevent incriminating themselves to people who may want to try and save their jobs and prevent embarrassment to the government. How can you bring this all out in an open forum in a partisan environment?

MR. TRENORDEN: Well, John, I not quite sure where to start in that long list of questions, but recently, on another committee which I am a member of, we had a senior police officer come before us and give evidence. We, in our report to the House, basically called him a liar because we did not believe the evidence he gave.

We do not have, we have tremendous powers of parliamentary committee. If you do not believe that someone has given you the correct evidence or even assisted you with your process, you can put them under enormous pressure, particularly if they are a public servant. We do not have problems with people not performing before us. It just does not happen.

In the inquiry of government going on-line, we are not trying to establish policy for the government. What we are trying to say is, there is enormous efficiency and effectiveness if they do go on-line and what we will do is point out where they can make savings and where efficiency and delivery can be given to Western Australians in a far more effective manner. We will not say exactly how it should be constituted and we will not go through the policy arrangements. What we are saying is that in our belief, it will save the western Australian taxpayers a great deal of money. That is really the statement we will make. We will keep away from policy.

In terms of role, there is a difference between what an Auditor General can do and what a public accounts committee can do. An Auditor General will often look into a problem and come up and say there is a problem in Z Agency, but the Auditor General, or certainly ours and I would suspect yours, will not actually go to the detail and I think Nova Scotia said this morning about who, how, where. That will be our job. That is what we do. We call those CEOs and other government people in, place them in front of our committee, often in the full glare of TV cameras, and ask them what went wrong. I can tell you, it is a very, very effective measure in straightening out the public servants. It works very, very well and I would say, in my experience in Australia, without fault, I do not believe that I can think of an inquiry held by a public accounts committee where it has not been effective. If you have a public servant come into a public accounts committee and refuse to cooperate in the full glare of cameras, he is mincemeat or she is mincemeat. That is the end of their career.

MR. WILLIAMS: I think there are some cultural differences that we are not just exactly appreciating here in Canada. You mentioned earlier that members decide the quality of the committee and, by definition, members can decide the lack of quality in committees too, and that would be a thing that we would have to think through to try and ensure that we get some constitutionality built into the Public Accounts Committee to guarantee effectiveness. We cannot just remain beholden to the quality of the members sitting. I appreciated your point that -- and you as a chairman are also from a government side -- you have actually taken a position contrary to your own government's position, the fact that you took the Premier on, head on. We find here in Canada that is not a very common situation.

MR. TRENORDEN: We find that in Australia, as well.

MR. WILLIAMS: Which would tend to minimize the effectiveness of a committee if the chairman or the majority of the members being from the government side if they just said this could be an embarrassment. As I said, it is a partisan situation, we will shut this inquiry down, we do not want to hear any more. As we have heard around the table this morning, it is sometimes very, very difficult to get these issues out and here in Canada we have relied upon the impartial ability of an Auditor General to get in there, dig out the facts and present them to us. I still think that what you are proposing here deserves debate and to see if we can move the issue forward. Thank you.

MR. TRENORDEN: John, I will just make a couple of comments on it. We discuss our inquiries in some detail in our committees. Often we will not touch an inquiry because it will get partisan. If we know that it is going to be heavily partisan, we will not do it. We had to do it in the particular case where the Premier was involved because he was the Premier and there was a loss of money and it was public. To me it was a straight principle or conscious decision. Do I not do it because he is the Premier? If it had been a public service decision, I would do it. I could not look myself in the eye and say, because he is Premier I will not do it. In principle that is not acceptable. There have been many cases where we have not conducted inquiries because they are likely to get partisan. We have listed in our books inquiries we can do. We have ten or so listed at the moment. There is no end to the inquiries that you can do. What you need to do as a public accounts committee is decide to do something which you will have an effective outcome. As chairman of my committee, if three of my members move that we should do an inquiry, so therefore we have a majority, and the other two opposed it, I would vote against it. That is, I would change my position and I would vote against it because there is no point selling out to an inquiry with the full glare of the public on the parliament that is going to be a miss. All that does is reduce the standing of the Public Accounts Committee. I would just delete that of the list of opportunities for inquiry and I would say, what is the next one, until we get to a situation where members are going to cooperate.

CHAIRMAN (Mr. Byrne): Thank you, John, Max. I do not have any other people identified for questions, but in the meantime, the topic that you were just speaking on, I had a point to bring up myself. The Public Accounts Committee in Newfoundland/Labrador has four members from government and three from opposition, with the chair of course being the opposition. With some discussion this morning, I think Nova Scotia brought it up and you were just discussing it here now, I am just wondering, does anybody around the table have views other than what you heard so far? Yes, okay, good.

MR. JAMES: Craig James from British Columbia. Just for the information of those assembled here, back in the late '70s, published in the early '80s, was a study

undertaken by the Canadian Comprehensive Auditing Foundation relating to guidelines for public accounts committees across the country. Later in the '80s, very late in the '80s actually, the Council picked up that theme and reviewed that document, along with some other material, and published its own guidelines for public accounts committees in Canada. That document itself and the guidelines exist on the Council's homepage and I encourage all members to have a look at it. I know, for a fact, and I am quite impressed with what Saskatchewan does. It seems like practically the beginning of every session they seem to go through the guidelines and to check off which of the guidelines they think would be appropriate to follow in their context and I encourage all members of the Council and others to have a look at that document. It may be time to review it in light of the discussion that has occurred this afternoon as well. Just a quick background in terms of British Columbia, in terms of the grid that you have in front of you for Australia, in British Columbia the chair receives \$6000 per year, the vice-chair, the deputy chair receives \$3000 per year, members are reimbursed actual and reasonable expenses pursuant to the Legislative Assembly Allowances and Pensions Act, which means that for any expenses members incur in the discharge of committee business either in Victoria, meetings such as this, or other inquiries around the Province of British Columbia, they submit receipts and are reimbursed. There is now no salary pursuant to a report by a citizens' panel last year which terminated the \$100 per meeting allowance that members were entitled to as well. Thank you.

CHAIRMAN (Mr. Byrne): Thank you. Another point that I was going to bring up was some brief discussion this morning about who can be called before the public accounts committees. In Newfoundland, of course, I mentioned the situation with the Memorial University. I am just wondering around the table, is there any views out there with respect to who can and cannot be called? I had a discussion with John from the House of Commons this morning and he was saying there were certain people that they could not call. Anybody want to comment on that point? No? That is good. Need to pull any teeth, I wonder? Manitoba.

MR. SANTOS: It, it...

MS. STANGER: I have no...Sorry.

CHAIRMAN (Mr. Byrne): Manitoba and then Saskatchewan.

MR. SANTOS: Thank you, Mr. Chair. If information is the key to accountability...

CHAIRMAN (Mr. Byrne): Mr. Santos, is it?

MR. SANTOS: Thank you. If information is the key to public accountability for the expenditure of public funds, should there be no limitation as to who the committee can call in order to get timely, relevant, useful and exact information?

CHAIRMAN (Mr. Byrne): Are you addressing the question to me or to Mr...

MR. SANTOS: To Mr. Trenorden.

MR. TRENORDEN: We can call anyone in Western Australia at all. We can call in any of Western Australian's papers at all, and we do. It is a power that you must use very wisely. I think if you are going to be a strong and credible public accounts committee, you do need to go out and obtain information from the people who are involved in the process, whatever that may be, and their papers. That is what we do. One thing I should make clear and that Amanda has just pointed out to me is the only people we cannot call to our committee is members of our own parliament. We can call them, but they can refuse.

CHAIRMAN (Mr. Byrne): Thank you. Saskatchewan.

MS. STANGER: I have no idea why everyone is so shy from our delegation, because we have just had an inquiry which was a joint Crown corporation/Public Accounts Committee. At that time, you asked the question, who could be called, a list of witnesses were drawn up and it was agreed to by all the committee members. In other words, a witness was not called if it was not agreed on by the opposition members and the government members. All the witnesses that were called were agreed on by both the government and the opposition members.

CHAIRMAN (Mr. Byrne): Thank you. We are coming close to the end and there do not seem to be a lot of questions at this point in time. Anybody else have any questions before I close her down? Okay, well thank you for your questions, participation here today. Very interesting discussion and questions from around the table. I would like to thank Mr. Trenorden and his accomplice here for their presentation and taking the time to answer the questions. Very informative session. Doug will have some information for us now.

MR. SCHAUERTE: Thank you, Mr. Chair. Thank you, Max, Amanda. Very quickly, just some quick administrative notes before we head out. Fortunately we have, we are gaining a little bit of time which will be needed this afternoon. The joint session, as you know, is taking place over in the Legislative Assembly building, a building that was just constructed and first occupied in 1993. It is a nice new building and we are pleased to be able to bring you over to the home of our legislature, at least for a brief visit. Again, a very tight time frame, so if people can be mindful of the

clock and once we get on the boat then everybody can relax a little bit and take in the evening and have some fun, myself included. We are scheduled to walk over to the Legislative Assembly. It is about five minutes beyond the Visitor's Center, however, if there is anybody that would like a ride over we will have vans, three or four vans leaving from the lobby immediately. If people could try and get over there as quickly as possible. The session will start at 2:45 on the nose and conclude at 4:30.

CHAIRMAN (Mr. Byrne): Could he have your attention, please?

MR. SCHAUERTE: It starts at 2:45 and concludes at 4:30, which will be followed by the group photos. The COLA delegates will go first, to be followed by the CCPAC delegates. In fact, it is a little too bright today so I think we may end up moving the group photos into the chamber itself and I will confirm that upon arrival at the legislature. We will have buses available at the legislature to run you back up to the hotel. That will be at 4:45 and 5:00, as quickly as we can get the photos done. Once you get back here, you will have approximately half an hour to get up to your rooms, maybe get changed if you are so inclined, grab a jacket, some comfortable walking shoes. We will provide the mosquito repellent and those required goodies. If you want to grab your camera, you might have a few interesting photo opportunities tonight. It is about 45 minutes out to Mackenzie Island and we will go past our colorful houseboats. It will be a bit of a guided tour. The inner harbor, or the inner bay, past the Village of Dettah, which Mr. Erasmus represents, and then on to the island itself where we will have a northern barbeque and some of our more beloved northern entertainers. Now, just to forewarn you, it is not a luxury cruise ship or anything, however, we think you will enjoy yourselves and refreshments will be available on the boat; wine and beer. Additional selections are also available, but at your own cost. Above all, please enjoy and we will make our way now over to the legislature.

CHAIRMAN (Mr. Byrne): Thank you, Doug. Session adjourned.

MR. SCHAUERTE: You can leave your materials here in the room.

[--LUNCH RECESS--]

**Business Session 3: Governments Moving into the Third Millennium:
Protecting the Public Purse in Light of Unprecedented Changes
to Traditional Government Structures**

MR. DESAUTELS: A few words, before we get under way, on the purpose of this session. Mr. Erasmus, in a few moments, will explain the format of this session and introduce our speakers.

For several years now, throughout the world, government infrastructure has been evolving and Canada is no exception to that. I believe very firmly that when, in a few years, a couple of decades from now, when we look back to the 1990s, we will recognize that particular decade as one where there were more changes made to public management than any comparable period that we can remember. We have been experiencing downsizing and privatization, governments are increasingly getting into new forms of partnerships. We observe federal/provincial devolution and federal/territorial devolution and the use of alternative delivery instruments is also on the rise. At the same time, governments are going through internal reforms and managers within government structures are trying to keep up with all of these changes.

This quasi-continuity of change raises particular challenges. Both public accounts committees, their members and Auditors General observe this transformation positively, but with a bit of apprehension and I believe all agree to more transparency. This is also expected by the public at large.

(Translation) I would like to set out a few of the questions that these issues can raise for us. The new roles and responsibilities of the people involved; are they clear so that a good rendering of accounts can be done? The objectives, the achievements and the constraints; have they been set out explicitly, are they understood by all, are they linked to the ability of the organization to execute them? Is credible information communicated to the various interested parties? Fourthly, how does the government manage with its new organization, to ensure that taxpayers get their full value? Finally, what is the impact of these changes on public accounts committees and legislative auditors? The purpose of this afternoon's session is to look into these issues and also to deal with a few comments on the other changes that could be or should be made. (Translation ends)

CHAIRMAN (Mr. Erasmus): Thank you, Denis. Denis has provided a summary of the purpose of this joint session and the subject matter to be covered. I would like to now describe how the session will unfold and introduce the four speakers. The order of speakers will see the federal perspective presented first, to be followed by the provincial perspective, then the territorial perspective, and to conclude the presentations we will hear the legislative auditor's point of view.

I would ask the four speakers to give their presentations from the podium without interruption, and once they are done the floor will be open to all delegates for an open

discussion. Anyone interested in posing a question to a presenter or presenters is asked to step forward to one of the three microphones. Once recognized by Mr. Desautels or myself, questioners are asked to identify themselves and to indicate who they expect to respond to their questions, be it one specific speaker or all of them. Following that, Mr. Desautels will summarize the substance of the discussion at the end of the session.

With that, it gives me great pleasure to introduce to you the four speakers. The federal speaker is Mr. Arthur Kroeger. Mr. Kroeger is a native of Alberta and he obtained a B.A. with Honors from the University of Alberta and an M.A. Rhodes Scholarship from Oxford. Mr. Kroeger quickly joined the public service, where he had an illustrious career. Throughout the years, he was the deputy minister of five major federal departments and has a profound knowledge of the federal machinery of government. During his last years as a senior public servant, Mr. Kroeger received a Public Service Outstanding Achievement Award and became an Officer of the Order of Canada. He also received an Honorary Doctorate of Law from Western University and he is currently the Chancellor of Carleton University and still quite active in the public service field.

Mr. Jacques Chagnon will be giving the provincial perspective. He is with the Quebec Liberal Party. Born in Montreal on August 28, 1952, Mr. Chagnon obtained a bachelor's degree in political science from Concordia University in 1975. He pursued his studies in political science and law at the University of Montreal. A school commissioner with the St. Exupery School Board in Boucherville in 1975, and the Chambly Regional School Board in 1975 and a member of the executive committee of the St. Exupery School Board from 1976 to 1978, he joined the executive committee of the Chambly Regional School Board in 1978. He was responsible for the committee on administration from 1978 to 1981, vice-chairman from 1979 to 1981 and chairman from 1981 to 1985. From 1982 to 1985 he was also president of the Quebec Federation of Catholic School Boards. First elected MNA for the riding of St. Louis in December 1985, he was re-elected in the September 1989 election.

In February 1986, he became a member of the Committee on the Budget and Administration and served as parliamentary assistant to the Minister for Administration and the Public Service and chairman of the Treasury Board. On January 11, 1994, he was appointed Minister of Education and Minister in charge of the application of the Professional Code and Charter of the French Language. He was also responsible for the Institute de tourism et d'hotellerle du Quebec. Furthermore, he was chairman of the Council of Ministers of Education Canada. He was re-elected MNA for the new riding of Westmount-St. Louis in the general election on September 12, 1994. He was elected vice-chairman of the Committee on the Budget and Administration and became the official opposition critic for Administration, the

Treasury Board and the public service until February 1996, and then for matters relating to the Treasury Board until March 1997. He has been Liberal caucus chairman since August 1996. In April 1997, he was elected chairman of the Committee on Public Administration and currently also sits on the Committee of the National Assembly.

For the territorial perspective, we have Mr. John Pollard, a businessman from Hay River. Mr. Pollard served two terms in the Legislative Assembly of the Northwest Territories.

For the Auditors General we have Mr. George Morfitt. Mr. Morfitt, a Vancouverite by birth, chose accounting as his profession and became a chartered accountant in 1961. After spending two decades in the private sector, he moved to the public sector in 1998 to become British Columbia's Auditor General. Mr. Morfitt is a member of many professional organizations and has held numerous senior administrative positions, including president of the BC Institute of Chartered Accountants, governor of the BC School of Chartered Accountancy, governor of the Canadian Institute of Chartered Accountants and the chair of the Public Sector Accounting Auditing Board of the Canadian Institute. He has also served as chair of the Universities Council of BC and chair of the board of governors of the University of British Columbia. He is a fellow of the BC Institute of Chartered Accountants and a governor of the Canadian Comprehensive Auditing Foundation. His involvement in community and sports organizations has also been extensive. He has been a municipal alderman for West Vancouver, president of both the Canadian and BC Squash Racquets Associations and president of the BC Tennis Association. Mr. Morfitt has garnered many awards, some of those being Queen's Silver Jubilee Medallist, induction as an Honored Member of the BC Sports Hall of Fame, Volunteer of the Year for the UBC Alumni Association and Canadian Executive of the Year for Amateur Sport. He has also been twice selected as Master Athlete of the Year for British Columbia.

I would now like to call upon Mr. Kroeger to lead us off on this session entitled "Governance -Moving into the Third Millennium." Mr. Kroeger.

MR. KROEGER: Thank you, Mr. Chairman. When Grant MacEwan was Lieutenant Governor of Alberta, he was once -- this is a true story -- invited to come to this city to do a speech, but there was confusion about the arrangements. When he arrived at the airport there was not anybody there to meet him. He got in a taxi and came down to the Explorer Hotel where he was going to deliver his speech and the bright, young staffer met him at the door and said, that will be \$10 for the lunch and \$5 for the speech. The Lieutenant Governor thought for a minute and he said, I will tell you what, here is \$10 for the lunch, but I am not paying for the speech. I have heard the son-of-a-bitch before!

[--Laughter--]

Well, I have heard myself before talking about changes in government, because it is a subject that I think is really important and I commend you for having included it on your agenda because I think Denis had it right. This is a period of extraordinary change. I have been out of the federal government for six years. It has changed more in those six years than it did in the preceding 34 that I worked for it, and the end is nowhere in sight. In fact, I think it is accelerating. The interesting thing is that this has happened under several governments that actually were not all that enthusiastic about experimentation. They went for it more hesitantly than with enthusiasm; nevertheless, it did happen. If you say, well, what is driving all this? The answer that I think is most commonly accepted is modem communications; communications not just in Canada, the impact of communications on countries around the world. It used to be that communications was a preserve of the elites and it has now become a mass undertaking.

When I was growing up on a farm in Eastern Alberta, we did know what an old growth forest was, we did not know where Bosnia was. If you had asked us what Premier Manning, that is Premier Manning, had said in the legislature we would have given you a blank look. We were not too sure of what our Members of Parliament did when they went down to Ottawa, but we knew it must have been important because they all came back wearing suits.

[--Laughter--]

Well, we all live in a different world now, it is transformed. Proceedings of legislatures are broadcast into our living rooms every day. Information about every other subject is available and in addition to the conventional mass-media you now have also the fax, e-mail, the Internet and we all know the affects that this has had. One of them certainly has been to demystify legislatures, universities, corporations and if familiarity has not bred contempt, it sure has lead to a loss of deference by the public.

There is another effect that communications have had and I think in some ways it is even more important, which is that when people get information they react to it. When they have got a reaction they want to express it. They do that by means we all know, the proliferation of open-line programs. Sometimes they write a letter to the editor, sometimes they join a demonstration against a government. By one means or another, public do not receive information passively; they react. Above all, what the public wants is to participate directly in decisions that affect them. This poses a challenge to traditional representative government that no one is quite sure yet how to handle. The issue of how you reconcile public demands for direct participation with the kind of

elected representative system that we have always had is an important question in the subject of a separate lecture, which I will not give you today.

One of the things that is happening is that governments are having to change the ways that they interact with public and the ways in which they deliver services. Monolithic departments are the kind that I knew when I was a young foreign service officer: centrally directed, run by rules from a remote point. All of that does not wash anymore and governments are looking for new ways of what I will call "de-bureaucratizing" their operations and of interacting more effectively with the public.

There are a variety of ways that you can do that. One of them that has had quite a lot of currency, outside Canada perhaps more than in it, is to spin off functions to semi-autonomous agencies that are less rule bound and are able to deliver services more flexibly and more like a business would. The British, a number of you I am sure are familiar, have spun off into so-called executive agencies 70 percent of what used to be their civil service. These agencies have a chief executive with a contractual relationship with the Minister. New Zealand is a country that has gone, in some ways, even further. There are other examples I could give you. The most interesting example I have run across -- and I wish I knew more about it, but I am intrigued by what I have read -- is Sweden, which you do not hear that much about. The Swedes have gone much further than anybody I know of and there is some food for thought in the kind of model that they now provide, because most, practically all government services that are still the responsibility of the government, are carried out by administrative agencies which are run by boards of directors. These boards have got a high degree of autonomy. They cannot be instructed about particular decisions, but only on matters of policy. What we think of as a ministry is maybe 100 people, directly servicing Ministers, drafting legislation, developing policy analysis, supporting a Cabinet system. Ministries as we think of them account for two percent of public employment in Sweden. Ministers, elected people, are accountable only for policy matters and not for service delivery.

What I find really striking about this model is that it goes beyond an attempt to debureaucratize service delivery to depoliticizing. We always think of politics, politicians as the entity that safeguards the public. And that is right, they do. It is quite obvious. In practical terms we all know that the effect of the various safeguards on the management of public funds and the operation of public entities builds in a lot of rules, a lot of check points, they constrain managers, they reduce flexibility, and as a result governments have come under pressure to streamline their operations and to focus more on getting the job done quickly, efficiently and flexibly.

When you think about government, a basic rule is that it involves a balancing of direct political control to protect the public against efficiency and flexibility. Today my

reading is that sentiment is shifting in favor of efficiency and flexibility, especially in service delivery. When you say, well, what happens to democracy in a system like that, I think it is a matter of degree. You know, it used to be that the local Member of Parliament determined where the post office is going to be located. Well, not a lot of people would say that in fact that does not happen anymore is a big democratic loss. What democracy is fundamentally about is setting broad directions rather than a lot of the minutia of government. Nevertheless, there is a balance and in Canada our governments have been quite a lot more cautious than those in some other jurisdictions. Under the Conservatives, 16 special operating agencies were set up and they were so limited in their powers that you sometimes ask yourself why anybody bothered. It was a very small departure from departmental government, and the Liberals have shown themselves to be of about the same cast of mind. They are cautious and above all there is a reluctance to forego direct political control of a lot of operational decisions. Partly, this is a very regionalized country. Obviously, as well, people will go through all the pain of getting themselves elected and into government, then are not always enthusiastic about giving up the functions that they thought they were elected to perform. Whatever the explanation may be, the change is happening. You know the examples. The departments of Health's and Agriculture's functions have been combined in a food inspection agency. Revenue Canada is being converted into an agency which will have an independent board of directors. Management of airports across the country is being transferred to local corporations. Parks Canada is to be converted into an agency.

The other thing that happens, is happening, is a trend now to shared management. You know, everybody talks about partnerships these days. Sometimes these partnerships are between governments and there are some very interesting examples emerging. In Winnipeg, you have got the city, the province and the federal government co-locating their staff and sharing the delivery of certain functions, which seems to work to the benefit of the recipients of those services, even if it makes accountability pretty hard to judge at times. The voluntary sector is talked about as something that you could shift more functions to. Then there is the private sector and here, well, there is an interesting trend because after the 1995 budget in the federal government, for example, there was a big increase in cost recovery, whereupon the people who were having to put up all the extra money said, now wait a minute, if you are going to recover the costs of this agency, we want a say in how it is run because we think it is too damned expensive and we can show you ways of making it run more efficiently. That is a phenomenon that I think is called user-pay/user-say.

All of these are interesting examples, but every one of these changes brings a problem of its own. A comment I am fond of is from the American political scientist, Aaron Wildavsky, who once remarked that in public policy the solution to every problem

creates another problem and success is when the problem that you solve is bigger than the one you created.

Anyway, for your purposes the most important question that comes up, obviously, is what is all this going to do to accountability. Accountability as a concept has always been complicated. It is going to be much more so in the future. Who am I going to vote against if I do not like the way the Ottawa airport is being run by the community corporation? How are you going to judge the efficiency and value for money of the blood agency which involves 12 governments? Can I still complain to the Minister if Parks Canada do something I do not like? There are all kinds of questions that now arise about how you interact with these bodies that have had functions spun off to them. You know, put a qualifier on it. This is the first time we have run into this kind of thing. You go back to the creation of Canadian National Railways in the 1920s, the proliferation of agencies, Crown corporations in World War II, right up to the present with semi-autonomous bodies like the CRTC and the National Energy Board. Canadians have had some experience with bodies of this kind. My comment is, this is going to go a lot further. You are going to get a continued devolution of functions and then you ask, okay, what does that mean for the people in this room, public accounts committees and the legislative auditors that serve them.

Here, I think I am going to display what lawyers call an abundant sense of caution because most of you know a lot more about the answers to those questions than I do. I am going to limit myself to a few rather tentative and rather broad observations. The first one, it seems to me that there is an important role to play in the formative stage. When an agency is being created or a new partnership is being entered into, then I think legislators and their auditors could play an important part in taking a really careful look at the accountabilities, seeing how much ambiguity there is and whether it can be narrowed down to some kind of a minimum. It is always going to be complicated, but sometimes you can make it less so. The other thing, it seems to me, is that it is really important to ensure that arm's length agencies or partnerships or whatever you are going to get into, operate in a very transparent way.

I like a comment by a US Supreme Court Justice who said that the best disinfectant of all is sunlight. Whatever the direct role of auditors and public accounts committees may be about these entities, you could at least ensure at the outset that there really is solid information on which the public and the clients of these organizations can make judgements. And anybody in government will tell you that there is almost nothing more potent than a well-informed public.

Just in ending, I want to express a word of caution as well. You have to be careful not to rebureaucratize these entities by leaning on them too hard. The whole point of entering into these new kinds of arrangements is to enable services to be delivered

more flexibly, more responsibly than they could be through a government department. You have got to be careful not to turn around and encumber these new arrangements with so many prescriptions that you end up with the worst of both worlds, all the rigidities of the bureaucracy and some of the risks of the private sector.

My concluding comment is, whatever discomforts any or all of us may feel about these trends and the way things are going, we have to recognize there is no going back. The transformation of public attitudes by modern communications is here to stay. What that means is, you have to think very carefully about measures that will on the one hand meet the demands of a well-informed public and still ensure that the public interest is protected. Thank you.

[--Applause--]

MR. CHAGNON: (Translation) Mr. Co-chairs, ladies, gentlemen. Mr. Erasmus, firstly I would like to point out that all of the people who have come here for the first time in this new Legislative Assembly have been pleasantly surprised to see the quality of the architecture, of the material, the richness of the culture that is shown here in your Legislative Assembly. I have had the opportunity to come here on the opening day of this Legislative Assembly, which, if I remember right, was November 17, 1993. I represented Quebec at the time and I have found a memory that I had here of beautiful Inuit sculpture of the Inuit artists of Quebec, which you have used to decorate this building. For those who have traveled in northern Canada, but also in Greenland and northern Europe, this building is one of the most beautiful examples of architecture.

I have been given the role, not an easy one as pointed out by Mr. Desautels, to present the provinces' perspective. I do not mean or pretend to represent you. If I would have, I would have at least consulted you because I would have had a problem on the way. The best I could have done is make a presentation that is based on modern economic history, but also on our reality, the reality of the Province of Quebec, reality that also exists in most other Canadian provinces.

As you know, since the industrial revolution, all western countries were influenced by various economic philosophies. Philosophers Marks and Engels denounced primary capitalism and brought about a change in the manner in which the states in all parts of the world were conceived. Even before the October 1917 revolution, the state had become a tool of production and a defender of its weakest citizen. Even the United States, under the impetus of Franklin Delano Roosevelt's new deal, looked to the state to rekindle the economy and reduce the ranks of the unemployed. The major portion of the non-communist political class espoused the economic doctrine of John Maynard Keynes. Numerous economic natural resources and financial levers were

nationalized as a result. The state became bulimic, its share in the gross domestic product constantly increasing. This state of affairs was to last for the first 75 years of the 20th century.

A new economic vision put forward by Milton Friedman, one in which the lack of productivity, the monobalistic approach, top heaviness waste and autocracy of our governments were seriously criticized, provoked a fundamental change in outlook. Friedman's theories gained support throughout the world and his theory on economic liberalism controlled by monetary policy earned him the Nobel Prize in Economics in 1976. Friedman's views on free market economics, deregulation, productivity, competition and market globalization totally reshaped how governments had traditionally been doing things. In addition to what Mr. Kroeger just said and taking into account of the great changes in communications that we have seen, specifically since the 1950s, taking its cue from the United States, the rest of the world saw a deregulation of labor laws and a recasting of the social safety net. Great Britain taxpayers found that year after year they were paying more taxes of all kinds, yet were receiving fewer and fewer public services in return. Our governments, under sustained scrutiny by the bond rating agency, were forced to address the fundamental problems facing them or else risk seeing their credit rating lowered and foregoing their ability to borrow at reasonable rates.

[--English not provided--]

(Translation)...proposing a reduction in labour costs in municipalities, in addition to transferring to them responsibility formerly discharged by the central authority. The above strategy has been used in the education sector, also. The health sector has been engaged in a far-reaching reform that has decentralized broad areas of management to independent boards. The reform has also meant hospital closings, personnel reassignment and full-fledged review of service delivery. At the central level, the current government has, so far, excluded privatization and set up a committee of government side members to examine the number and relevance of 204 government agencies. That committee has proposed abolishing 34 agencies and consolidating 62 others.

The Deregulation Secretariat has been created with a view to reducing the regulation and paperwork. In 1994, the government initiated an administrative reform entitled, "Empowerment Framework," having four main components:

- a resource allocation process by closed blanket resource envelope; to allow for greater organizational flexibility with a strategic expenditure plan which is revised on a yearly basis;

- a streamlining of central controls, initially in the form of raised ceilings on expenditure authorizations by the Treasury Board and subsequently, through the creation of numerous special funds, giving more physical and financial resource management autonomy to government departments, especially in terms of service tariffing and self-funding procedures;
- a joint process review procedure to reassess how work is organized in government departments and agencies; and,
- the setting up of some 15 autonomous service units, which are British-type agencies under a results achievement obligation laid out in a contractual undertaking containing performance indicators. This orientation seeks to move the public administration away from a cultural process to one of performance.

Lastly, and more recently, the government agreed to review its accounting policies, at the request of the Auditor General, so as to include all government liabilities. It is difficult at this point to evaluate precisely how these key reform parameters may have enhanced the quality of services and government efficiency and effectiveness. Viewed from the citizen's angle, any benefits derived from the reforms are not visibly apparent. However, health sector reform is a source of serious concern for the population, as reflected in the media and in the National Assembly. This is a similar situation as is observable elsewhere in Canada.

I do not believe I am mistaken in suggesting that the members of the Committee on Public Administration concur on the underlying objectives of the broad rationalization policies. Notwithstanding from the standpoint of accountability, the issue before parliamentarians, in my view, may be summed up as follows: how are we to ensure that the savings achieved through the various reforms will actually increase government efficiency and effectiveness and will not result in a reduction in the level and quality of public services?

That remains a question to be answered, in particular by the legislative assemblies and, therefore, which has to be answered by us all. The legislative auditors, committees and ombudsmen as central actors in government accountability are involved. I consider that four conditions must be met to obtain optimal accountability in the context of government restructuring:

- the mission of the government departments and agencies must be well defined, responsibilities must be clearly set out and expectations made known to everyone;
- all information provided on governmental activities, results and performance must be complete, accurate, dependable and timely, not be furnished or provided two or three years later;

- the departments and agencies must not only measure their performance, they must also substantiate it by using valid and relevant indicators that facilitate comparison with comparable units and also by using program efficiency assessments;
- the departments and agencies must also demonstrate their responsiveness to their customers and to their environment.

At the present time in Quebec, these four conditions are far from being satisfied. Even though a genuine effort has been made in the last few years to develop strategic plans and define performance indicators, they continue to be drafted in general terms and are poorly suited to quantification. Moreover, because the government has not adopted a comprehensive policy, the development of strategic plans and indicators varies from one department to another preventing any meaningful comparison between departments. Thus, a survey conducted using the latest budget data shows that only 10 of the 22 government departments in Quebec have devised results indicators, which are usually implementation indicators or statistics on the level of expected activity where the reader is unable to know to what extent the program goals have been achieved or what the impact is in terms of the objective pursuit.

Nor do annual reports of the departments constitute true instruments of accountability when it comes to results and performance. This serves especially to describe the activities carried on, as well as the mandate and contribution of the various services in the departments. A department conducting a program efficiency assessment or a customer satisfaction survey does so much more for the purposes of departmental needs than for accountability. Besides, annual reports never mention the findings of such surveys.

It is important to bear in mind that government departments and agencies are not overly concerned with transparency. This is a normal reflex because they have traditionally associated transparency with the significant risk of disruption. The challenge in government restructuring is to devise a means of changing that defensive culture towards accountability to a more proactive culture in which accountability is considered to be a fundamental value of the organization and an essential management tool.

Public accounts committees and legislative auditors have a major role to play in promoting such an evolution, in as much by what they do as by what they say. In the context of rapid and ongoing change in the structure and functions of government, it is paramount that parliamentary committees and legislative auditors be able to keep abreast of the reforms and adopt their procedures accordingly. That is another difficult challenge and I believe that parliamentary committees and legislative auditors must be

extremely attentive to and, at the same time, promote high quality and a broad scope of accountability in both the government and its departments and agencies.

I would like to illustrate that challenge with two examples. First, the restructuring now taking place is sometimes reflected in the decentralization of certain functions to lower levels of government or in a devolution to public/private partnerships, to private businesses, especially in the construction sector, and also to community organizations. Faced with this fragmentation and dispersal of previously centralized activities, how will parliamentary institutions be able to demand accounts on the use of public funds? It is quite plausible that legislative auditors and parliamentarians will have to devote more time and resources to obtain information that will not necessarily be of the same quality as before, or should we simply let other accountability mechanisms take over, such as local democracy, private auditors, the media and, finally, public opinion?

Conversely, centralization of government structures does not necessarily render accountability less problematic. A fitting example occurred in Quebec recently. Last June the government introduced a bill to combine four investment corporations in the forestry, mining, petroleum and agriculture sectors to form a consortium with another Crown corporation for the purpose of promoting increased investment in Quebec. Even though the legislative auditor had been responsible up to then for auditing the four combined corporations, the bill operated to empower the Minister to retain the services of an auditor of the Minister's choice without the parent corporation coming under the auditing authority of the legislative auditor. Despite the fact that the legislative auditor retains supervisory authority over the work of the private auditors and has the general power to conduct any audit, the chain of accountability has been broken. On the one hand the private auditors do not have the same value-for-money auditing experience and the auditing experience as the Auditor General, and because they work chiefly to their client, the Minister responsible, they do not have the same independence. It is not at all surprising that these non-government auditors in their auditing of other public agencies have never raised any substantial deficiency to the Auditor General in their audit reports. As well, the Auditor General no longer has an opportunity to carry out the annual monitoring that enables him to detect situations of risk or deficiency in agencies and he cannot retain his general overview of government investment corporations. Cases where special auditing would be advisable are more difficult to determine and the risk of duplicating the work of private auditors becomes much greater. Parliamentary control is weakened because the national assembly cannot obtain all the information to which it is entitled.

During detailed consideration of the bill in parliamentary committee, the Auditor General warned parliamentarians of the dangers likely to affect the accountability if such a combination of Crown corporations were to proceed. Opposition members sought to convince the Minister responsible that better control would be ensured if

the legislative auditor were to be appointed to audit the new Crown corporation. The Minister and the majority government-side members nonetheless decided otherwise. The underlying explanation given by the Minister to justify his position was that the private businesses investing funds in partnership with the new Crown corporation were wary of seeing the Auditor General poke his nose into their business. Given the amount of public funds injected into the project, I believe it would have been possible to include certain provisions in the legislation to guarantee business secrecy yet allowing the Auditor General to discharge his duties. The system of public accountability is threatened by more than major structural change alone. Internal administrative reform, often poorly known to the public, is also likely to constitute a challenge to accountability mechanisms.

I refer in particular to the current trend in new public management whereby more leeway is given to managers through a reduction in the precontrols of central agencies with a view to assessing results rather than compliance. Control reduction, process review and deregulation must not obscure the fact that input controls will always be necessary and that the government will have to account for them before parliament. Furthermore, the more managers' responsibility is broadened, the more it becomes necessary to enhance accountability. Recently, the Auditor General of Quebec, in his report, made mention of the deficient state of internal audit within the government. In response to questions on this point in parliamentary committee, the secretary of the Treasury Board stated that a working group had been set up to review the entire control function within the government within the perspective of the ongoing administrative reform. A report recently submitted to the committee concluded that updating the controls is one of the main challenges to be addressed within the machinery of government. I suppose that is not true only in Quebec, but in other jurisdictions as well. It is surprising, though, that the process is still at the reflection stage even though administrative reform has been ongoing for more than three years now. Our committee intends to closely monitor the matter to ensure that a proper system of accountability is implemented quickly and, if possible, in tandem with the introduction of any major administrative reform.

To conclude, the above reflections and examples, I believe, illustrate the need for public accounts committees and legislative auditors to be vigilant and active in seeing that an adequate system of government accountability is maintained and developed. But in addition to being so, we must continue to be extremely demanding in our quest for government information and our interest in the accountability of public administrators. If need be, we must revise our means of achieving those ends.

Ladies and gentlemen, the English text of my speech has been prepared and you can have it if you wish. I want to thank the organizers of this meeting which is taking place here in Yellowknife. I want to thank them for the quality of their organization

and of their welcome and, in the name of the Auditor General in our parliamentary commissions, we invite you to come next year to Quebec. We will be happy to welcome you in Quebec. So as they say in the Dene, mahsi cho. Merci.

[--Applause--]

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Chagnon. For the territorial perspective we will now hear from Mr. John Pollard.

MR. POLLARD: Good afternoon. I count three ties in the room: two security guys and myself. Incidentally, this is the first time that I have seen Roger Simpson without a suit on and the Auditor General's men, by the way. They are usually so prim and proper. I hope you will excuse me for dressing the way that I am. I tend to try to be formal when I am at these kinds of things. I am a little nervous because I have not spoken in public for some three or four years now. How many of you are politicians? How many of you are on the audit side? You are about split up there, right?

We are a little different in the Northwest Territories as far as government is concerned. Even our sister territory, the Yukon, has party politics. Here, as you can see, the room is set up in a circle that is symbolic and it represents consensus government; 24 members who come from varying backgrounds and positions. You can be elected in a constituency in the Northwest Territories, saying this is what I am going to do when I am going to get elected; no party platform whatsoever. You are elected on that particular issue, maybe. Somebody else is coming from a different direction. You multiply that by 24 times and when they get in that room, Tom Butters reminded me one time -- he was the former Finance Minister -- that it was like 24 people fighting in a dark room with knives. Because, first of all you have to get to know everybody, then you have to start the process of electing a Speaker and then an executive and what you end up with is eight members in the executive who are thrown together by a vote in the House and have not, maybe, worked together before. At the same time they come from those individual constituencies where they told their constituents many different things, and they have become eight members of a minority government that the other side can out vote at any time that it wants to. These eight people have got to get to know each other, they have got to get portfolios straightened around and then start to put forward a platform as a government. Whereas a party would have had a platform and said this is what we are going to do, and they would hit the ground running. These people here have to talk and figure it out, go back and forth. There has to be some give and some take. I guess, from the territorial perspective, you are starting out with a great deal of confusion and those 24 members have to exercise a great deal of patience as they sit around and they try to sort out their individual constituency needs and at the same time take the territories forward as part of Canada.

What happens, in my opinion, is consensus government cuts both ways. There is a lot more talking. There is a lot more concession. There is a lot more of having to see the other person's point of view. At the same time, it is very difficult to make tough decisions. When I was Minister of Finance I wanted to balance the budget. I was unable to do it because there was no mandate there that said I had a majority and I could just walk in there and say the Premier and the Cabinet backed me, this is what we are going to do, and then fight it out on the floor of the House knowing that I had the votes to win. In the Legislative Assembly that I was in, we did not balance the budget, even though everybody said we should and everybody said we had to.

I admire the Legislative Assembly that is sitting right now and the executive that they have because they have managed to balance the budget in the Northwest Territories. As we face division next year, I am hopeful that there will be a small surplus to be divided between the two new territories and that they are not going to have an accumulated debt. I congratulate this Legislative Assembly on balancing the budget and continuing the process of giving people in the Northwest Territories what they want, which is government closer to home.

When you look at the size of this place, and you realize that if you are in Iqaluit you have to wait on a decision from Yellowknife to get something done, it is sort of like Alberta waiting on Ottawa to make a decision. We were forced to do an awful lot of devolution to communities, to groups, to other agencies that were closer to the people. One of the things that I can say about the last four legislative assemblies is that each time the new group came in, they kind of picked up where the old group left off. There was not a major change from one political view of things to another political view of things. It was consensus government and it continued. We have had this continuity over the last three or four legislative assemblies and we are seeing now people at the local level being able to make an awful lot of their own decisions. Whether I agree totally with that or not I think is beside the point. The point is, though, the further you get the spenders from the people who actually vote the money, there is an awful lot of potential for things going wrong, particularly over great distances.

I am a great believer in the audit system. I am a great believer in public accounts committees. Unfortunately, the system that is in place right now cannot keep up with the way things are changing. Information was reaching me as a Minister of Finance from the Public Accounts Committee too late for me to do anything about it, and that was four or five years ago. It has speeded up even more now, and there was a great sigh of relief once the report was put into the House and then there was a response made by the government that that was behind us now. It is gone, let us get on to the next thing. Really, it's starting to happen again. I may not be explaining myself very

well, but this time lag is extremely costly. It develops bad spending habits, it develops bad habits in your employees, and those bad habits are awfully hard to cure.

I think if I can say anything here today I really think the process is necessary, but some way has got to be found to speed this thing up. Some way you have to get back to those people who make the rules and regulations and say to them, look, this has got to stop, this has got to change, we need to be more efficient in this area. I think really it starts with probably good legislation. I have seen some awfully bad legislation and that is another thing about consensus government. The government comes forward with a piece of legislation that it thinks is fine and it goes into the House or into committee and it can be amended and it sometimes comes out watered down. Having good legislation to begin with is where better accountability starts. Knowing the kinds of powers you are going to give to the executive with regard to regulation is another thing that I think needs to be looked at, because in regulation things can be changed dramatically. Having two pieces of legislation from separate departments that are in conflict with one another, again in my opinion, leads to poor use at times of government spending.

As far as the actual accountability of where did the money go or was the policy carried out, did the people benefit and so on and so forth, I really feel that people on the street are not nearly as well informed as they should be in order to make a judgement on a government and its policies or a legislative assembly and its actions. I say that because one of the speakers here today said about how fast things get into -- I think it was you, Arthur -- the media. I notice that the media does not really always lay the whole thing out there for the public to make a judgement. It can be a 10-second sound bite, and every politician in the room here knows what it is like if you get caught the wrong way; I mean, it just comes across in a bad fashion. You can imagine trying to get the public to get its head around some issue that is in the Legislative Assembly that requires accountability.

I think the public has to be better informed. They have to know what they are asking their politicians to do and what the implications are going to be. The politicians have to tell them and sometimes that is not always easy because it is easy at times, as a politician, to not be as harsh with your constituents as possible. There is a responsibility there. There is a responsibility for the public to know what it is getting into when it asks for certain changes. There is a responsibility on the part of politicians when special interest groups come forward and demand changes because those special interest groups, if you look at some other department, are maybe being funded by your own government and they are coming forward and lobbying for changes. They may want changes in devolution of responsibility or the changing of a responsibility from one agency to a more simpler agency. Nevertheless, they are taking taxpayers' money and they are lobbying the government to make changes.

Again, politicians really have to understand the kinds of changes that they are going to make, whether it is to policy, regulation or to legislation.

I think this is where we have a little bit more advantage in the Northwest Territories than people in other jurisdictions and that is, in that House, right there and in the committee rooms in this building, committee members are extremely powerful. They can out vote the government, and an awful lot of their thought process goes into formulating policy and formulating legislation. I think we are a little bit better off there than other jurisdictions.

Nevertheless, we are spending over \$1 billion a year in this Northwest Territories. There are some 65,000 people in the Northwest Territories. Believe me, \$1 billion is not enough to administer a third the land mass of Canada, not with the kinds of problems that we have up here. Here is where the Government of the Northwest Territories and Yukon, as well, got caught with formula financing. Our formulas were tied somewhat to the levels of spending that occurred in the provinces and when you all started to back off on your spending then it hit the formula and consequently less money was coming north to the Yukon and the Northwest Territories. We perceived that we needed more money. We got criticized, and this is, again, accountability and whether you spend money in a good way. We got criticized, and have been for a long time, for providing housing. Sometimes a brand new house in a community was rented for \$32 a month. That included your utilities and to heat the whole thing. There were no taxes on the property. That sounds pretty bad, does it not? Look at it from this perspective when you have 18 people living in a house, when you have tuberculosis at a staggering rate, as it was when I was in government and probably still is, it is easy to pass that disease amongst 18 people living in a house. That burdens the Health department. The kids do not get any sleep so they cannot get up to go to school, so we have problems at school.

I guess what I am saying to you is that in the north our problems are different than the problems that we see in British Columbia. British Columbia's problems are different from Ontario's. I think when it comes down to accountability and did we spend the money right and did we do it right, there may have to be a different measuring stick for different jurisdictions depending on what their circumstance is. Having said that, I still believe that the taxpayer is absolutely entitled to know that he or she contributed tax dollars to a province, a territory or the federal government, and that that money was well spent. Transparency in how things are being done, how money is being spent is of the utmost importance to me.

I would like to make this suggestion to you, as you go forth this year and probably into a conference next year, and that is this, collectively, you have a lot of information that could be provided to legislative assemblies across this country that may point out

to legislators some of the, now I was going to say errors of their ways but let us not say that, let us just say that you could point out how they could be more efficient. Because I am sure that if you all got your heads together and said, where are the recurring problems, they would be somewhat similar across the country. I would encourage you in your roles that you have right now to get together and tell people who are making those rules and regulations and spending that money right now, tell them what your views on the way they do it is. Simply because I could go into that House and say, hey, I am going to spend \$1 billion and with all good intentions say, this is what I am going to do. I will guarantee you, over the course of the year things got changed an awful lot within those budgets. The proof of the pudding, I think, is in the eating and that is, afterwards, when you look at the public accounts and you say, how did it happen. That is factual. That is exactly how it happened. I think you have that knowledge and I think that knowledge should get to the head of the line somehow and say, look, this is what is happening and this is what you should do about it. Does that sound reasonable, or does that sound unreasonable? Because I am out of politics right now, I am asking a question. Does it sound reasonable? Well, then I think you should do it because you have a responsibility collectively, I believe, to Canada, to make sure that your views are made known. I was on a PAC committee, that is why I feel so strongly about it.

I want to say this, too, about the Northwest Territories. They are heading downhill full speed for division next year and I am sure that you are going to be spoken to about that. For a small jurisdiction who is handling division and its complexities -- and believe me, it is really, really complex when you get into it -- I would like to compliment them on the work that they have done as far as protecting the public purse, balancing the budget, getting more involved in the legislative process and so on and so forth, and delivering all those programs that they need to deliver all at the same time.

Thank you very much for listening to me today. I am not sure, I can see from your faces, you understood exactly what I was trying to say, but I really appreciate the opportunity to have been here today. Thank you.

[--Applause--]

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Pollard. The next speaker is Mr. George Morfitt for the legislative auditor's point of view.

MR. MORFITT: Well, I certainly appreciated what he had to say. I mean, all this about being debt free, I mean, I have to have you talk a little more closely to our representatives from British Columbia. Either that or we are going to join the Northwest Territories and become a new section of the country.

Actually, as you all know, auditors are very intelligent people and so we have most of the answers. That is not to say we do not make some mistakes, we do not have all the answers. I must admit that one of our auditors, who will remain nameless, went out fishing yesterday morning and as it happened the fellow that was showing him where to fish and what to do was a man of Japanese heritage. Our auditor was working away and he said, I don't know how to catch fish, I have no idea. The Japanese chap said, now look, it is a whole question of being in charge. You have to be superior to the fish. He says, I will show you what I mean when I catch one. Sure enough, pretty soon the fisherman caught a fish and he put it on the bench right in front of him in the boat and he looked at this fish, looked at this fish, all of a sudden the fish's eyes went like this. The auditor said, that is fantastic. How did you do that? Mind over matter, mind over matter, you have to be superior to the fish. Just remember that. The auditor said, I will remember that and he waited a little bit and finally he caught a fish and he landed it in the boat and put it on the bench in front of him and looked at the fish, and looked at the fish. Pretty soon the auditor's mouth went...

[--Laughter--]

We do not have all the answers. Governments are experiencing change and that is not a new phenomenon. If you talk to any governments over time, they have all said, you know, go back as long as you want, all governments say, oh, we are in the middle of terrific change and it is just something that we have got at the moment and nobody else has ever had. Well, as I say, we have always had change. But I suppose what we all are saying right now is the degree of change and the swiftness of change is quite substantial.

What are the changes taking place today that I see in the public sector that we should be aware of and be responding to? What are the characteristics of renewed government and new government? Well, firstly I think I see that it is becoming very much more values driven. Input controls are still absolutely vital, but the governments are concentrating more and more on values, dealing more and more with qualitative issues; things like standards of conduct of legislators and senior bureaucrats, sustainability of public resources, environmental stewardship. Those sorts of qualitative matters, which the public is wanting to make sure our governments are looking after.

Secondly, as we have all talked about and we have talked about in many forums, the governments of today are moving to a results or outcome focus. People no longer judge a government by how much it spends on a problem. They want to know what results governments want to achieve, what goods and services it plans to produce to achieve those results, what its planned service delivery standards are, what goods and services it actually did produce, and what service delivery standards were actually

achieved. Answers to these questions are needed in order to provide the public with a more complete picture of government performance that is to provide this matter of accountability for results.

Third -- and this has been mentioned -- less and less it is government does, and more and more it is government plans, government regulates and government monitors. More and more, government determines the what and maybe the how of service delivery, but others are actually delivering the services. Consequently, government is gradually transforming itself into an information rich, knowledge based, learning type of organization.

Fourth, in response to public expectations, it has a service or customer focus. As I have said, service delivery standards are being developed and subscribed to, after development of those standards, in consultation with the public.

The fifth characteristic of the new government organization is its strong use of new computer technologies. With public reporting increasingly occurring on a continuous real-time basis, there is now the requirement that government information bases be capable of supplying the up-to-date, comprehensive data needed for such on-line reporting. With all this change taking place, I believe it is vital that it all should be taking place fully within the context of the fundamental accountability relationship between the government representing the Crown and the legislative assembly representing the electorate.

At the swearing in ceremony of the British Columbia government early in this decade, the then Lieutenant Governor of the province, the Honourable David Lam, quoted the Chinese philosopher and teacher Confucius, who once said, you ask me about good government, I must tell you that without the trust and confidence of its people no government can stand, it must fall.

Many things contribute to gaining and retaining the people's trust and confidence, but one recurring theme in these days of fiscal constraint and tough political choices is that people demand an open and accountable administration. Fair and credible accountability information is an essential element of good government. It is required in order to gain and maintain the trust and confidence of the people.

Unfortunately, regular and supportable measuring by government as to whether its operations are productive or whether its programs do work is, to date, unnecessarily limited. I believe it is this lack of measurement and accounting that has contributed significantly to the loss of public confidence in government. With good accountability, governments should be able to demonstrate to the public when it has

done a good job. When it has not done a good job, it should be able to explain why and articulate the necessary changes that they are going to implement for the future.

Just what is the nature and extent of the accountability of governments to parliaments and the public? Well, in my view, and in the view of the deputy ministers of the Province of British Columbia, governments have the responsibility to provide comprehensive accountability information to parliaments that answer these fundamental questions:

- is government managing its financial affairs prudently;
- is government achieving what it set out to achieve and in a cost-effective way;
- is government developing and maintaining the capacity to continue to deliver results in the future; and,
- are government's affairs conducted in a manner that complies with legislation and expected standards of conduct?

These questions and their answers relate in equal degree to the three key elements of government performance: organizational program performance; financial performance; and, legal compliance and ethical conduct performance.

When I am talking to people, people say, well what do you mean by ethical conduct within the government? I say, well it varies from one person to another and that is the problem. I said, let me give you an example of the difficulty. I said, Mr. Smith and Mr. Jones own a tailor shop. Mr. Smith is at home one evening and his son comes in and says, Daddy, I have been asked to do a paper for the school on honesty and integrity. He says, I cannot quite get the idea of honesty and integrity and I don't know how to put it down. Can you tell me what it really means? The father says, let me give you an example. He says, you know, Jones and I own this tailor shop on main street. He says, a customer came in the other day, he came in to pick up a \$400 suit; very important client. Puts the money down on the table, takes the suit, he is going out the door and I am looking and counting the money and instead of \$400 it is \$450. He has given me \$50 too much. He is a valuable client, just going out the door, the door is just closing. He says, that is where honesty and integrity come in to play, my son. He says, should I or should I not tell my partner?

[--Laughter--]

Some people have a little skewed idea of what honesty and integrity is. But the public feels that is one of the key issues for the public now, is honesty and integrity of government. This relates to the whole fiscal framework of the government and the whole operational framework, of course.

What do these implications mean then for the legislative auditor? Well, there are a few:

1. With less focus on traditional controls and more attention given to the values and ethical climate of each government organization, the auditor will need to learn how to assess such values and ethical climate. If they are important to the public that the government act in that way, how does the auditor assess whether the government is operating in that fashion? Issues such as leadership, communication and employee consensus will become as or more important than traditional controls such as the old division of duties and proper signing authorities and so on.
2. The audit community will have to become far more skilled than it now is in assessing performance measures and results and, in particular, outcomes. Our capacity to assess key performance indicators is as yet somewhat basic and we have no conceptual framework for assessing the validity and completeness of such indicators. We also have yet to develop skills for assessing attribution problems; that is, who is responsible for performance achievements.
3. Auditors should become aware of the importance of government organizations possessing the necessary capacity to transform themselves into learning organizations. We should have the criteria to be able to assess whether or not those organizations have the skills and capacity to operate as learning organizations.
4. The auditor should acquire skills in customer survey work, either doing it directly or assessing the success of a government agency's efforts to publicly measure and report on its performance. The auditor should also be able to assess service quality and the extent of client customer focus within the government organization.
5. Auditors will need to have outstanding information technology skills. Also, auditors will have to be prepared to give real time opinions, rather than the old period, paper-based opinions provided at present. This will call for continuous auditing, much to the chagrin of government. Continuous auditing and the ability to assess systems changes and risks in shortened time periods.

On the subject of providing opinions, auditors will likely be coming increasingly involved with providing assurance in respect of assumptions used by government in its annual estimates. That is not only financial statements, but providing opinions on the estimates. In the United Kingdom, the chancery requires the national audit office to audit certain basic assumptions that the government has used in its budgeting process and to report directly on their reasonableness to parliament. Here in Canada and Nova Scotia, the provincial government now seeks an independent assessment by

the Auditor General as to revenues and underlying assumptions for each annual budget.

These are just some of the special challenges facing the legislative audit community as we endeavor to give valuable and valued service to parliaments and our citizens by providing independent assessments and advice with respect to government accountability and performance. Elected officials, such as yourselves in this room, government managers and the public, have high expectations of legislative auditors and we are doing all we can to ensure that we continue to meet and exceed those expectations. Thank you.

[--Applause--]

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Morfitt and the other presenters. We have some time left for questions. Would you come to the microphone please and identify yourself, where you are from and who you wish to answer your question.

MR. SANTOS: Conrad Santos from Manitoba. I wish to direct my question to the presenter, Mr. Kroeger, Art Kroeger. He cited Sweden as an example where every government program is open to service delivery by private operators, but there is a basic fundamental quality of the Swedish government which is the opposite of the Canadian and British traditional parliamentary system. There is a basic assumption there that everything public, everything the government does, is open to the public scrutiny unless it can be fully justified under their Official Secret Act.

In other words, it is the doctrine of cabinet confidentiality and secretiveness in British and Canadian and Commonwealth countries inverted the other way around: everything open unless secrecy can be justified. Can we adapt that in our system without changing our parliamentary system?

MR. KROEGER: I guess the extreme example would be, do you invite the television cameras into the Cabinet room? You probably wouldn't anymore than you would invite the television cameras into the Auditor General's office when he or she and staff are debating how they are going to handle an audit. There are obviously some limits to how far you go, but my own sense is that we have already learned that you can open government up much more than was thought 25 years ago was possible. It was thought government would be hide-bound if you had an Access to Information Act. It is not. It turns out that you can have a lot of scrutiny, particularly about what government does and how it does it and what results it gets. All of these things are relatively new. They are getting to be quite well accepted, and it is worth experimenting somewhat further just how far you can push it. But certainly the independent agencies and partnerships that are being created, the key is that they have

to be very transparent, very open, because if they are not going to be subject to being called in front of a public accounts committee then they have to at least be subject to the informed scrutiny of the public, and the maximum information is essential.

CHAIRMAN (Mr. Erasmus): Thank you. Any further questions?

MR. PATTEN: Quick question. The issue of flexibility, which I do not associate with government...(inaudible)...nor do I tend to associate with auditors and auditing procedures of that nature. This is not a disparaging remark. As we look at the strengths of this we tend to provide the commonalties, universal supports, et cetera...(inaudible)...and I think a number of others brought this up: the need for flexibility, because, at the end of the day, we try and serve the people, and yet I see the propensity still moving towards centralization. There is some centralization, there is some decentralization in the territories, which I think is a good thing. After years and years and years of acknowledgment of the apparent value of cultures and people's ways of doing things in a different manner, that has legitimacy in and of itself. I do not see our systems moving that way and I would like to know what kind of...(inaudible)...needs to be trained, but the public even often demands to know why. In Ontario we see this, now everything is being sucked back into Toronto, the opposite of being cut back in some of the regions. Make peace with the territory, too. What is required, in perhaps Ottawa or Saskatchewan or Thunder Bay or in Cornwall or Windsor, is quite different than what is required in Toronto, and yet the culture of managerial control comes out of major incentives. It seems to me that is still a major challenge. What suggestions or ideas or specific initiatives can be taken by the auditors, let us say, or accountants in this country that might help bring about some appreciation and sensitivity towards that issue?

CHAIRMAN (Mr. Erasmus): Thank you, Mr. Patten. Who are you directing your question to?

MR. PATTEN: It was alluded to, it was addressed by two speakers in particular and referred to I think by Mr. Morfitt.

CHAIRMAN (Mr. Erasmus): Mr. Morfitt, would you care to start?

MR. MORFITT: The auditor has three types of audits that we undertake, as you may appreciate. We audit financial statements, we audit the legality of transactions for compliance and we do performance types of audits. Those performance audits look at not only cost effectiveness of a program, but whether or not the program is achieving its objectives. As far as the audit community is concerned, when we examine how a government structure is working or how a government program is working, we are interested not just in economy and efficiency, we are concerned with whether the

government-stated objectives are being achieved. For us, we have to know what the government's objectives are. It is up to the government to set the policy objectives, we then audit to see whether the policy objectives are being achieved. We can comment as auditors on whether or not the objectives are being achieved and if not, perhaps why not. For example, if there is centralization going on and it is counterproductive to the objectives of the program, then we can make a comment and we can probably help to have government rethink how their reorganizational structure might be carried out. That is as far as we can go. Really, it takes the government itself to determine through its own performance measures whether centralization is the best thing for a particular program or whether decentralization is. Those of us who have been in this room for a while, or at least in this room or have been around government for a while, will have seen the old pendulum swing back and forth between centralization and decentralization and trying to find the right spot for everything. We will do what we can to provide our opinions on whether or not programs are being achieved and that is as far as we can really go.

CHAIRMAN (Mr. Erasmus): Mr. Pollard.

MR. POLLARD: I am going to come at it from a little different perspective and that is, in the Northwest Territories it is to do with economy. Where there is government there is money, there is jobs. The fight in the Northwest Territories against decentralization from Yellowknife has been bloody because this community is the largest in the Northwest Territories and it hangs onto its government jobs with every fiber in its being. And people in the small communities who only have one MLA try to pry loose those jobs because they want the jobs in their community because they are delivering services to those small communities and Yellowknife hangs on as hard as it can. It may not be, at times, that politicians make the decision based on what is best for the program delivery, but it is based on the economy and those jobs and the economy that they provide.

MR. CHAGNON: (Translation) This question, Mr. Paten's question, was an excellent question. We note that decentralization that we are going through at the present time between the federal government, provincial governments, municipalities and school boards, is going on right now. This is in adverse proportion to the amount of money the governments have. When governments are rich they are centralizing. When they get poor they decentralize. That is what we are going through now. The example that we were just given about Toronto can be given also about Montreal, about the Government of Quebec and municipalities and school boards. It is true everywhere; true of the federal government that is decreased significantly its transfer of payments, also for post-secondary education as well as Canadian transfers. Well, we are calling that Canadian transfers, one way or the other. They are saying we are going to give you less money for health and social services, less for post-secondary education as

well. Obviously provincial governments are going to have less money and they give part of the bill to other governments lower down than they are and they call that decentralization.

The true problem is, what do you do to make sure the people, citizens in the population, are able to have some recognition or knowledge, basic knowledge, of the way in which money is being spent when it is decentralized? Mr. Morfitt answered this partially. Legislative auditors and auditors in every Canadian province and territory must have as terms of reference the development of indicators that enable them to say, when this is done by the Canadian government, or when this was being done by the Ontario or Saskatchewan government or the PEI government, we had this or that level. We had a rate of efficiency which was this or that. Now, has it gone up or down, this efficiency rate? We have to be able to say what it is and what has happened, otherwise, as Mr. Kroeger said of user-pay/user-say, that is going to happen. At least half the number of people here are in auditing and half the people paying them say they are not getting their money's worth and they are often saying that these days. They are going to make a change, put in another government and then very possibly they will be able to show that expenditures are more reasonable. You have to develop indicators. You have to develop new ways to find out whether decentralization is a good thing, can produce good results and also you have to be able to audit new programs and make adjustments on the basis of new criteria for evaluating what is being done.

CHAIRMAN (Mr. Erasmus): We will take one more question, I think, then we will have to summarize and go take our pictures. Please introduce yourself and who you are asking a question to.

MR. CHRISTOPHERSON: Sure. I am Dave Christopherson from Ontario and this is to Mr. Kroeger. In your comments, you mentioned you did not have time today to get into the issue of different types of input into democracy and if you meant public domain you would be entitled to your input. It is very, very difficult to deal with the issues that all of our presenters had today without talking about how the public has the very input that they want. In a very short answer, I am wondering if you can give us some sense beyond what we are already doing within the parliamentary system, where we can stretch public consultation, committee systems, other things, whether you have any new concepts or models or ideas that you think we need to be looking at in the interest of public relations.

MR. KROEGER: Very complicated question, and nobody has made much headway in the answers now, in finding answers to it. I mean, there are all sorts of things like deliberative polling and other techniques that people talk about, focus groups and the like. We are just getting started. I guess the first requirement in trying to find ways of

reconciling traditional representative government with demands for direct participation is to stop practicing denial. There are all kinds of people, especially, if I may say so, elected people who have been elected by the traditional system who sort of say, if we can just hold out long enough, all this stuff for demands, for participation, is going to go away and we will be back to functioning the way we always did. It is not so. These demands for direct participation are there and are there to stay. The only leader of a major party that I have ever heard explicitly recognize that there is a problem here that they have got to be talking about is the leader of the Reform party, Mr. Manning. I once heard him make a speech in Lethbridge in which he said, look, this is an issue, we have to deal with it. That is the beginning of it. That is the beginning of dealing with a very complicated question. I think it is essential that people who are in legislatures be pretty bold in their thinking, pretty wide-ranging in canvassing possibilities. The status quo is not sustainable.

MR. DESAUTELS: Well, I am supposed to try and sum up.

[--Laughter--]

I do not pretend to be able to do that. What I would like to do is pick up a few thoughts that I noted from our four speakers and try to make some useful linkages between those thoughts. First of all, first message, I suppose, that the end of big changes is nowhere in sight and there is no going back either. I think that came out quite clearly. There are forces that have been driving this and will probably continue to drive this for some time. One of those forces is modern communications, which was brought up by Mr. Kroeger, but Mr. Chagnon also brought out, I think, market forces and the financial crisis that our governments have faced in the recent past. There are probably other factors driving these big changes, but those are two that came out in the presentations today.

One of the challenges that still remains a challenge, even though change seems to be more and more accepted, is the balancing of political control with efficiency. I think there is still a reluctance to decentralize further and to move more services to some of these organizations that are more at arm's length from government. Mr. Pollard mentioned, I think, a point that I thought was very important. He mentioned that there is a time lag between executive decision-making and the workings of accountability mechanisms that has to be closed. I think that is something worth taking with us for sure and see whether or not there is something that can be done with that. Other speakers have referred to that in different ways. Mr. Chagnon mentioned that there is a need, perhaps, to try and find new mechanisms of accountability. Not just to try and work on the existing mechanisms and make them keep up with the changes, but there may be a need to find new mechanisms of accountability. Mr. Pollard warned us not to rely too much on the media to ensure accountability. I think while they may have a

role, I think we should not put all our eggs in that particular basket. Finally, Mr. Morfitt said that, to conclude on that, that auditors are intelligent and have all the answers, but nevertheless they have their work cut out for them. Among other things they have to deal with values and ethics in their work. They have to team to assess better what are called performance measures. They have to become more familiar as well with the assessment of the quality of public services and, finally, they have to be able to provide, as Mr. Pollard said, more real-time feedback and opinions.

I hope these few thoughts, Roy, summarize somewhat what we have heard today, but I am sure we heard a lot more than that. Thank you. Merci.

CHAIRMAN (Mr. Erasmus): Thank you, Denis. I will be closing this session at this time and if someone could direct us for the photos.

MR. SCHAUERTE: Thank you. The COLA delegates will be the last people to congregate in the Chamber. I will try and get the doors propped open right away. That will be within 15 minutes. If the COLA delegates could basically get ready with me and the CCPAC delegates, if you could just stand by and follow close on their heels. We will try and get the shuttle out and try to get back to the Explorer Hotel by 5:00 p.m. I would like to thank the presenters.

[--Applause--]

[--ADJOURNMENT--]

[List of Delegates](#)