

CANADIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

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Report of Proceedings (Hansard)

Wednesday, August 18, 1998

Business Session 4: Enhancing Accountability for Performance in the British Columbia Public Sector: A Progress Report

CHAIRMAN (Mr. Chagnon): Good morning, ladies and gentlemen. It seems that the Mackenzie Island had some effect on our troops.

(Translation) We shall start this morning with an analysis by Mr. John Weisbeck, our MP colleague of the BC Legislative Assembly. Our colleague from BC intends to read a document for about 10 minutes, but what he would prefer would be to have an open discussion on the topic: "Enhancing Accountability for Performance in the Public Sector -- A Progress Report." Mr. Weisbeck would like to be able to discuss what is being done in each province to be able to compare with what's done in his province of BC. So I would like Mr. Weisbeck to read his report, then I would like to give the floor to as many of you as possible to discuss your opinions on Mr. Weisbeck's document. (Translation ends)

MR. WEISBECK: I am sure the hotel, last night, ran out of hot water after that night. I certainly came home, had a hot shower and got my blood circulating again.

First of all, I would just like to say that Fred Gingell once again apologizes for not being able to be here to give his report. I have been delegated to do that for him. Those of you that know Fred, he is an unbelievable advocate for performance-based budgeting and certainly, as a Member of the Opposition and a critic, Fred is always there prodding us, trying to get performance-based answers out of the Ministers during our estimates process. As I say, I know his heart is with us today.

I am going to be giving a very brief synopsis of the events that have occurred in BC for the Accountability for Performance Initiative. I would hope that after that brief discussion we can have a discussion around the table and maybe get some input from all the delegates as to what sort of level they are at in their jurisdiction in attacking this problem. Yesterday I spoke of my experience in Texas and the conference down there, and I think they are all looking for a model. I think we are all looking to look to someone, to get some sort of answers and some sort of model that we can follow. I think that we are all aware that that model may not even exist. There may be some guidelines, but certainly there is never one size that fits all. We know that within our own provinces, one size does not fit all and certainly across this country we have different problems and different concerns. I think we have to be able to adapt our various problems to this performance initiative.

Because I am a new member to this committee, I am going to ask my colleagues, as well as Max, during some of the question periods to maybe give me a little bit of a hand here and to give their input. Thank you very much. I will count on you first.

We have signs that we will hold up. In British Columbia, the Deputy Minister's Council, the Auditor General of BC, and the Select Standing Committee on Public Accounts have worked together to see accountability performance realized across government. Their common interest is to improve the performance of government, in part by focusing on results while providing better accountability to the Legislative Assembly and the public about that performance. The Deputy

Minister's Council and the Auditor General have issued three joint reports on the initiative.

The first report was issued in 1995. It was really, in essence, a call to action encouraging government to take a results focus in the way that it manages, measures and accounts for its performance. This broad set of accountability and performance management goals have since been referred to as the "Accountability for Performance Initiative".

The second joint report entitled "Enhancing Accountability for Performance: A Framework and an Implementation Plan," was issued in 1996 and was much more specific. It set out an accountability framework; a guide to government and its organizations in reporting publicly on what was achieved compared to what was intended. It also contained an implementation plan for bringing about greater strategic and business planning, performance budgeting, performance measuring and public reporting by ministries and Crown corporations. The report discussed the benefits of extending the Accountability for Performance Initiative extended to the funded agencies, recognizing that much of what government provides is delivered through

school districts, colleges and universities, among others. In my own experience as a critic for college institutes, they came up with a report in 1997 that showed the results of 1995 graduates and some of the indicators they were using were, "did you get a job," "how happy were you with the program." This stemmed from this report.

The second joint report included a promised report to the Legislative Assembly on the progress of the initiative and on a plan for further implementation.

The third report, as of the spring of 1997, is a representation by the Deputy Minister's Council on progress made against the implementation plan. We have that report sitting on the back table for those of you that would like to read it. The Auditor General states that he has not had a chance to audit this report, but he feels that it represents a reasonable accounting of progress achieved. In our report, you will see the Auditor General's thoughts and what government, the Legislative Assembly and his office can do to enhance the accountability of governments in general. It covers six areas including public recording, leadership, legislation, the role of the Legislative Assembly, organizational capacity and ethical conduct. I was interested to note that the leader should ask -- and I want to refer once again to my Texas experience and that down there they found that, as a matter of fact the conference was made up of 1100 delegates and most of them were bureaucrats -- they were complaining basically that the interest lied mostly at the bureaucratic level. Their complaint was there really wasn't the political will to carry out some of these projects. I think that is a challenge for all of us to take this initiative and carry it back to our various legislatures.

Each of the three joint reports were referred to the Public Accounts Committee and debated in length. In 1995, when the first joint report was issued, the committee held a number of day-long sessions and invited experts from, for example, the academic community, the health sector and the municipalities, to address the issue of accountability and performance management from their perspective. It heard, as well, from ministry executives and from line staff. It formed a small sub-committee of members to attend conferences in Texas with the theme of managing for results, and in the UK focusing on the Citizens' Charter and next steps.

The PAC recognized that the issue of accountability for performance is not solely an issue for government. The Legislative Assembly also needs to position itself to be able to use the kind of results information that government will begin to report under the Accountability for Performance Initiative. This is a key issue for the committee, one which is addressed directly in its recommendations to the Legislative Assembly. In fact, the Public Accounts Committee issued two reports to the Legislative Assembly on the Accountability for Performance Initiative, one in January 1996 and the other in August 1996.

The first report contained 10 recommendations in all. Four focused on the information that government should report to the Assembly calling for results information and information about the operating sectors of government. Four of those addressed the way in which the legislative committee should hold government accountable, shifting to a sectoral committee structure, for example, and the remaining two discuss the estimates as part of the accountability process.

Although the Public Accounts Committee report was formally adopted by the Legislative Assembly, the House prorogued before the recommendations could be referred to a special committee for in-depth study. The committee, in its second report to the Legislative Assembly, expressed its support for the principles upon which the accountability framework is based and for the general direction of the implementation plan set out by the Deputy Minister's Council. It also reiterated the 10 recommendations it had made earlier in its first report to the Legislative Assembly. The House recessed shortly after the committee's second report was adopted, however. Consequently, the recommendations of the Public Accounts Committee have yet to be given further study. This is unfortunate, as the Public Accounts Committee has made important recommendations that could make a real difference in the way that both government and the Legislative Assembly carry out their business.

I would like to give those principles that were reported to the Legislative Assembly. They are:

- First of all, the government has an obligation to measure and report publicly on all aspects of their performance;
- Secondly, that governments should measure and report on three key elements: operational performance, financial performance and compliance and ethical performance;
- Thirdly, that legislatures and the public should be informed about the outcomes that government is seeking. That is the impact which government intends its policies and programs to have on the lives of its citizens;
- Legislatures and the public should have information to judge what government has achieved compared to what is intended;
- Fifth, the way which results are achieved is important information for legislatures and the public. The Legislative Assembly should know whether government is complying with legislation governing its activities. Is it meeting the standards of conduct expected by the public and is it conducting it fairly and honestly?
- Sixth, the results should be understood in the context of the government's capacity to repeat or improve upon its performance in the future;

- Last, the accountability to the Legislative Assembly and the people is required at two levels, from government's organizations, its ministries and Crown corporations, and from government as a whole, including its sectors.

Mr. Chairman, that concludes my report. As I mentioned, I would like to have some sort of input from the Members here as to what sort of status their particular jurisdictions are at; what level they are at at achieving accountability. Thank you.

CHAIRMAN (Mr. Chagnon): Merci beaucoup, Monsieur Weisbeck. People are just intending to make some remarks about Mr. Weisbeck's report.

(Translation) I would like to ask one of you to break the ice and tell us what is going on in his or her province with regard to these new accounting methods. Mr. Santos.
(Translation ends)

MR. SANTOS: Thank you, Mr. Chairman. General comments. We are trying to apply standards and measurements that are successfully adopted in the private sector. The private sector has its own goals and objectives. We should not lose the distinction between the government sector, which is not necessarily for the bottom line or profit, but for services to our citizens. If we apply all these fine, sophisticated measurements on money then neglect the primary objective of government as the empire in all the forces of the economy and political groupings for the betterment of our citizens, then we may be doing what is known as efficient and economical, but not effective because we lose sight of the basic purpose of government. That is my comment.

CHAIRMAN (Mr. Chagnon): (Translation) Thank you, Mr. Santos. Are there any other comments? Let us not all talk at the same time. Would you say your name for the record? (Translation ends)

MR. KOENKER: Yes, Mark Koenker from Saskatchewan. I am wondering, John, if you feel that this measuring and reporting business, these standards, should be applied to the performance of individual Members, in terms of their performance, their ethical conduct, value for money, for example, in their householders, whether they are really conveying information. Do you have any thoughts on that? If we are talking about government, surely the representation is a crucial dimension of government performance. Does this extend to individual Members?

MR. WEISBECK: We have a very interesting process happening right now within our provinces with recall. We are finding that the public is responding, obviously, by bringing forth some issues they are concerned about with various Members. I do not think so. I think we have a process in place right now called an election and I think

that is the way we are all judged, during election time. I cannot see this carrying forward to that.

MR. KOENKER: But, John, I think this is the nub of the issue then. Doesn't the electoral process in the democratic system itself bring the kind of public accountability at the end of the day to the operations of government? Now, it may be delayed, it is delayed, by nature of the process but, at the end of the day, the public does make an informed decision. The judgement of the public is always right, irrespective of what we might think. Is that not really the hallmark of the democratic process, in terms of accountability, is the electoral process itself?

MR. WEISBECK: I guess if you were electing your bureaucrats or electing the presence of the Crown corporations, then you could probably apply that. I think this is an entirely different situation. We are applying these standards to those institutions, the bureaucratic process then to Crown corporations. I think it is entirely...

MR. KOENKER: But we don't want to apply them to ourselves in our performance then. There is a contradiction.

MR. WEISBECK: Yes.

CHAIRMAN (Mr. Chagnon): Mr. Weisbeck.

MR. WEISBECK: I don't see the contradiction there and I would sure like to get someone else's opinion on that. I am sorry, I guess I am obviously separating the two, as two separate entities.

CHAIRMAN (Mr. Chagnon): Our friend from Western Australia.

MR. TRENORDEN: I was not going to say a lot here because I have to probably point out the fact that Western Australia is in a different position than most of your provinces. We have had a program since 1985, but if you pick up the publication that British Columbia has put on the table over here and read about Western Australia, you will see that since 1985 we have been going through a process with performance measurement.

This budget that has been put down this year was the first year of a total accrual accounting in Western Australia. What it has done is consolidated a number of budget bills in May. We always used to have a couple of appropriations bills and a consolidated budget bill, which has been consolidated into one. The capital accounts source is going into the same bill. So all the budget bills in Western Australia are now

in one bill, and for our total accrual, we have been performance auditing since 1985. Even in Australia we are very different than the operations of the other states.

The treasury in Western Australia is going through great extensive drive to change. The government of the day has been very keen to make the changes, as well. What has happened is they got a very transparent set of figures on how the state of Western Australia is going. The state cannot hide under accrual accounting and the new arrangement for presentation of the budget. The state cannot hide its financial position from the public. That is what is stated in Saskatchewan. That is important.

In our case, every four years there is an election and the public makes the ultimate decision; but I have to say to you, on what? Four or five years ago, one of our Premiers stood up and said to Parliament, we have a balanced budget, and we all cheered and clapped. What he did not say was he borrowed \$1 billion from capital accounts to put it into the consolidated account to balance the budget. That did not come out until some six months after the budget. In our budget papers now, that cannot be hidden. It is just physically impossible to hide it. Also, this year we are going to have a new order back. The act of 1995 is going to be altered. It is going to be split to a number of different constituencies, but it will be a new act to reflect the attitude.

If you read the document that British Columbia has put out, and read pages 16 and 17, you will see how performance auditing in Western Australia has evolved. We have a situation now where the Auditor General is pretty sharp on these indicators because we have been using them now for 13 years. The agencies have no excuse as to how they define a program and what the outcome of the program is meant to be.

The question to ourselves, the purpose of going to this program is so the public has the information that is real, or as real as you can make it, to make a decision. It is so sharp in Western Australia that the Treasury approached the Public Accounts Committee and will be running a seminar some weeks from now with Treasury to describe the new setup of the document to Members of Parliament. The biggest problem we had this year, because the format changed, Members of Parliament could not read the document because they were used to reading the old document. We will go through a process of educating our Members on how to read the documents. I think it is a substantial change for performance. But if you are talking about putting performance orders -- and I think I can speak with some authority on this having been in the position where it has been operating well for over a decade -- the tag of a performance ordered on you and I, is alright if someone else does it but if you could write your own performance orders...If those government agencies have to write their own performance orders, then I think the standing of politicians might go down even lower.

CHAIRMAN (Mr. Chagnon): (Translation) Are there any other comments?
(Translation ends)

UNIDENTIFIED SPEAKER: ...on the overall scene, as it says in the report. The present government had plans to introduce an act. We have not seen the act yet, which would encompass the dimensions you are talking about, and that would be the ministries and organizations of government, to prepare corporate plans and annual reports dealing with their objectives, resources required for performance against plans, et cetera, as well as benchmarks that would relate to the private sector. However, we have not seen this yet. What we have seen are fairly general, in my opinion, business plans and reports that have been tabled in the House with each of the ministries. I am not sure what the status is related to the government, I am not on the government side. In terms of the tabling of the Ontario Budget Proposal for Public Sector Accountability Act, I will find out. As a matter of fact, I will go to the phone right now...No, I am just kidding, I will find it.

MR. EPSTEIN: Yesterday, you might have heard Mr. Morfitt, the Auditor of British Columbia, mention that one of the features of Nova Scotia's legislation is that it requires the Auditor General to issue a statement about the macro-economic assumptions that are built into the budget, as presented each year by the government. That has happened for the last couple of years. These items are things like the anticipated rate of inflation, the consumer price index and unemployment, as well as the value of the Canadian dollar, because all of these are underlying assumptions that go into the revenue projections that the budget is ultimately, of course, built on. Although, I agree completely that having the Auditor General review the reasonableness of these kinds of projections as made by the Minister of Finance is quite a desirable thing to do.

I should point out that this year there is what I think is an example of how you can go astray a little bit on this, and it is embarrassing both to our Minister of Finance at the moment and I think to our Auditor General because one of the macro-economic assumptions that was built into the Nova Scotia budget this year is that the Canadian dollar is going to trade relative to the American dollar at 71.4 cents as an average over the whole of the fiscal year. That is to say the 1998/99 fiscal year, starting April 1st. This is a budget that came down, I think, the first week in June. Now this is the difficulty for us in Nova Scotia because of our debt. Forty percent of our debt is held in American dollars, so the change in value between the Canadian and American dollar costs us. And for every penny difference between the projected amounts and the actual trading value of the Canadian dollar, it costs us \$4.2 million more in our debt servicing. Of course 71.4 cents is not the figure that I think at this stage anyone is likely to project as the average value of the Canadian dollar relative to the American dollar, for the whole of this coming fiscal year, especially since this year we have a

very tightly balanced projection for our budget. It may well throw us into a deficit. It is possible to go seriously astray on some of these macro-economic assumptions. It is not to take away from this as a tool of accountability because I still think it is a reasonable tool to have in place to require the Minister of Finance to show the macro-economic assumptions in advance to the Auditor General. It is just, in this particular one, they ran into a serious problem.

CHAIRMAN (Mr. Chagnon): (Translation) You are quite right, Mr. Epstein. All provinces have been caught with this problem. Quebec had planned its budget at 69 cents. It is a little bit less than Nova Scotia's but, even so, the cost of our debt servicing has increased greatly. It is the same type of problem that all provinces face, I believe. (Translation ends)

MR. JAMES: Mr. Craig James from British Columbia. Just for the information of those here, this grey document that was sitting on the table that some of you may have picked up is actually quite useful. In following up the third report of the Joint Committee between the Auditor General and the Deputy Ministers for the Province of British Columbia, Members of the committee were quite interested to know what was happening elsewhere in the world. I refer you specifically in this bigger document to pages 8, 9, 13, 14 and 22, which have tables comparing various kinds of legislation. In particular, that enables government departments, but more specifically programs to be measured and what their outcomes will be and outcomes are really the key in this whole accountability initiative.

Just a few notes. In terms of Saskatchewan's comment about holding parliamentarians accountable, certainly the principles that apply to managing for results in the public service. Many of these concepts, of course, apply in the private sector and I suspect that probably in many respects could apply to the performance of parliamentarians in their role in fulfilling their mandate as elected representatives. In British Columbia, there is a very unique set of legislation, unique to Canada, in fact. We have recall legislation, which many of you know has been tried unsuccessfully over the past years. There is also referendum or initiative legislation which enables petitions, once they pass through a series of criteria, to be sent to a parliamentary committee, subsequently to the House, to enable whatever it is that the citizens really want to have done gets accomplished.

Also in British Columbia there are some innovations in the way of business plans being reviewed by parliamentary committees. In particular, Forest Renewal BC, which is a Crown corporation in the province, has by statute its business plan referred to the Select Standing Committee on Forestry. This has been going on now for about four years. I think the fourth business plan has, in fact, been referred. The Public Accounts Committee in British Columbia has, in fact, done an enormous amount of

work in this area, in large part due to the enthusiasm of the Chair, as John Weisbeck was saying, Fred Gingell, and has met with key players in the performance measurement industry, so to speak; that being, with the Urban Institute in Washington, D.C. and various senior government officials throughout the federal bureaucracy in the United States. They have also met with a number of officials in the UK dealing primarily with the Citizen's Charter, which has subsequently changed with the change in government to a different sort of focus, and a variety of other meetings as well.

If anybody has any questions on the direction that British Columbia is taking and certainly the thrust of the recommendations contained in the various reports that the Public Accounts Committee has made on the subject, they do reside on the Internet, but I would be very happy to send whatever information I can to any jurisdiction in that regard. Thank you.

CHAIRMAN (Mr. Chagnon): (Translation) Thank you, Mr. James. Other comments? Maybe from Saskatchewan? (Translation ends)

MS. STANGER: Violet Stanger from Saskatchewan. I was just wondering if John had any comment to how the Texas audit system would apply to a province like Saskatchewan where we have a huge amount of cross-subsidization because our infrastructure is so vast, and how you would, in delivering that public service, apply the Texas audit.

CHAIRMAN (Mr. Chagnon): Mr. Weisbeck.

MR. WEISBECK: I am sorry, I cannot answer that question. Maybe Craig could.

CHAIRMAN (Mr. Chagnon): Mr. James.

MR. JAMES: It might be useful to get a copy of the Texas appropriations bill. The appropriations document itself is probably three or four inches thick. What Texas does, along with Florida and Oregon and a number of other states, but primarily Texas, is include for each program item what the estimate is, what the objective is, what the inputs are, what the outputs are. Not only that, but also what the outcomes are expected to be. Each program, each cost item in their appropriations is labeled accordingly, so that in following years when a committee of the Texas Senate or House is reviewing the appropriations, they can actually say this is what the estimates the appropriations bill said this program is going to accomplish. Did it accomplish it? If it did not, why not? It makes it far, far, easier to measure the results.

CHAIRMAN (Mr. Chagnon): Merci, Mr. James.

MS. STANGER: Mr. Chair, just a follow-up to that. It would not matter, for instance, it would not be the user pay attitude you see that would not work when you are cross subsidizing.

CHAIRMAN (Mr. Chagnon): Mr. James.

MR. JAMES: Mr. Craig James from British Columbia. I am not entirely certain, but I do know there is an enormous amount of detail -- just to use the Texas appropriations bill as an example -- contained in virtually every item that has a dollar cost attached to it, regardless of what that happens to be. There is an enormous number of programs which are subsidized to the extent that similar programs are subsidized throughout Canada at various levels.

MR. CHAIRMAN (Mr. Chagnon): Merci beaucoup. (Translation) Thank you, very much. Other comments? Mr. Patten, Ontario.

MR. PATTEN: Richard Patten, Ontario. I would just like to ask a few questions, your Honour, in the area in which it is probably a two-step process, but the area in which you audit funded agencies. Some may be governmental and only accountable to government that are set up, but others are voluntary organizations that may in part receive government funds and have an accountability to report on what they did with the funds. When you look at the accountability of them -- and in your report it is mentioned the home care area, long-term care -- we are going through that in Ontario right now and, frankly, I have some worries about it. Where you have a mix of voluntary organizations and businesses, you may arrive at some new standards, which you will, but what is the qualitative question related to? Are we getting better care for people at the end of the day, rather than do we have standards of costs and units per day of visits and averages related to how much program services are provided? Things of that nature which can be quite objective, but say nothing about the real, the addressing of certain needs in a community.

CHAIRMAN (Mr. Chagnon): Mr. Weisbeck. Mr. James.

MR. JAMES: Craig James from British Columbia. If I understood the question right, there may be two issues here. One is the programs and the objective of the programs. You have the programs that have certain inputs. The inputs are a number of different resources. You also have the outputs, which are fairly measurable as well, but beyond that you have what is more and more being expected to be analyzed and that is, what is the outcome. What are the outcomes of these particular programs? That is generally the thrust of the discussion currently going on in British Columbia, but also it seems to be more well entrenched throughout the United States, particularly at the state level. I don't know if I could add anything more than that, other than to say in the grey

document here that was prepared by the Auditor General, you will notice there is a section dealing with legislation and the discussion around legislation ensuring that this whole concept is legislated so that auditors, when they come in to do their particular audit, have a legal basis upon which to form their opinion.

I think in British Columbia, and I do not think I am far off the mark, the majority of Members in the Public Accounts Committee, if not all of them, are of the view that legislation is not required and that it is sufficient for government ministries and for the Legislature itself to determine what the outcome of the programs are and how to best measure these various programs. The auditors are of the view there needs to be legislation in order to keep a better handle on it. I don't know if that quite answers your question.

CHAIRMAN (Mr. Chagnon): (Translation) You can ask the question again and maybe we will have a second answer.

MR. PATTEN: No, I understand the attempt to develop a system that is more transparent and clear, with objectives. Here are their inputs, here is what it costs, here is what we expect, and measurements and all that. I am just asking a general question on the mix in government's move to decentralize services to voluntary organizations, government agencies and private sector groupings. What has been the experience in BC related to that mix? It is happening in many provinces; it certainly is in Ontario. I don't think we are down the road long enough to see the end results, although there are some indicators that are not that encouraging, in my opinion.

MR. JAMES: Mr. Craig James from British Columbia. It is a conundrum in British Columbia, as well. In fact, the Public Accounts Committee has just gone through a review of what is known as the reporting entity. The whole issue surrounding the reporting entity as described by the Auditor General, is one which revolves around what government boards, agencies and commissions...(inaudible)...or whatever you want to call them, fall under the umbrella of, say, the Consolidated Revenue Fund, in terms of bringing all of these groups together so they can be measured in the same kinds of ways. I don't know if there is any real consensus on the subject in British Columbia.

UNIDENTIFIED SPEAKER: Is there a politician over there?

CHAIRMAN (Mr. Chagnon): (Translation) Thank you. Western Australia.

MR. TRENORDEN: Well, we have been through the process. I would suggest if...and I think all of your jurisdictions will go through this process of going towards performance indicators and what we call outcome-based Management. The secret to it

all is you cannot do it quickly and you must understand what your objective is before you go through the process. In Western Australia we went through a long period in which we looked at internal audit, accrual accounting and a lot of other factors that are related to going to a different delivery of the budget.

I actually sit on, as the Australian Chairman of ACCPAC, a council that advises the Australian Standards Board for that very reason you are speaking about. I go to about quarterly meetings where we talk about the issues that you just raised, particularly about what we call the not-for-profit which you just spoke about.

The truth is if you change the system, whichever system you change to, there is going to be upheaval. In our system, we have an attitude or a document called Outcome-Based Management. The idea of that is to look beyond the 12-month period because, as Members of Parliament I can tell you, if you go the process that Australia has gone, from what I understand Craig is talking about, Texas and certainly New Zealand are a long way in front of Australia in going down this process. If you do it, you are going to get a shock because what happens is the concentration on your budget comes into 12 months, and many of you who represent people outside the metropolitan area will be very concerned because many of the programs that you wish to achieve are not 12-month based. Some are two-year, some three-year, some five years and some are 10 years. If you are in regional development issues and social issues, you are not going to get, in many cases, an outcome in 12 months, but the whole system is based on reporting in 12 months. Outcome-based management puts another layer over the top that allows people to assess the issues that are not easy or not normal in the process. For instance, if you are going to say, I am going to be to build a school, I am going to put up \$2 million. The program is called 12 months and the outcome is going to build a school. Well, everyone can understand that process. If the process is, we are going to put \$10 million out and that is to have some social dividends, say domestic violence or child care or whatever it may be, it is not as easy to measure. We have this process which allows a different assessment of those types of issues.

I would suggest to you all, as Public Accounts Committees, that you will go down this course. The auditors and your governments will get involved in it and the document that the Auditor General of British Columbia put out, just on a glance, looks pretty good. You need to get up to speed on just how to manage the process. We in Western Australia, and I would suggest in Australia, took to what New Zealand did because they did it at least five years before us. There will be plenty of jurisdictions around which you could look at and see go through the process. It is never perfect. Like all measurement systems, there are some things that are very difficult to measure.

CHAIRMAN (Mr. Chagnon): Thank you very much. Our friends from BC will have to have another trip to New Zealand before long.

(Translation) Other comments? Mr. Santos. (Translation ends)

MR. SANTOS: If I may make another provocative comment. It seems to me, in applying all the techniques and all the fine measurements in the behavior of governments, we should still not lose sight of the fact of the basic purpose of government. That is why there are people responding to our taxation bill. You do not have to save money, in essence. What I am saying is, what is happening overall, if you look at the universal picture there is simply a change of basic concepts in mapping out reality. In our understanding of what is going on, what the corporate bureaucrats are doing, they are substituting new concepts that are successfully applied in a very different kind of business. This is the commercial areas of business, where you make money, save money and you cut services and you fire employees to make it survive in that competition. We substitute value for money concepts in place of the old concept of public interest and general health of the people. Then we tried to apply sophisticated measurements, all because we want to focus on the amount of money we can save at the expense of cutting social services that are basically needed by the citizens. It is not really progress to me if you merely substitute new concepts to capture this phenomenon and then put the bureaucratic and corporate managers in charge, because they are not accountable like the representatives of the people who are elected and accountable. Neither are the judges accountable. They will interpret all these things in a different way than those people who are accountable by the general body of citizens. Thank you.

CHAIRMAN (Mr. Chagnon): Comments? Mr. Weisbeck.

MR. WEISBECK: Well, if there are no further questions, I would just like to thank you all for your indulgence. Some of the questions that were asked were extremely good questions and I will try to get back to you with some answers when I have checked with what is happening in our province. Thank you very much.

[--Applause--]

CHAIRMAN (Mr. Chagnon): (Translation) Now, I thank Mr. Weisbeck and our friends from British Columbia. I would like to make a suggestion. We could pause for coffee right now until 10:00. In order to stay 15 minutes ahead of our program we could start again at 10:00 with Mr. Edward Picco and Mr. Michael Miltenberger, our colleagues from the local government, the Northwest Territories, who will talk to us about the creation of two new territories next year. If we start at 10:00 we could finish at 11:15 a.m. This would give us a little more time to go back to the National Assembly and to visit the Prince of Wales Northern Heritage Centre. Alright, so we will stop for coffee now. (Translation ends)

[--SHORT RECESS--]

**Business Session 5: The Creation of Canada's Two New Territories:
Public Accounts Implications and other Financial Statement Issues**

CHAIRMAN (Mr. Epstein): Ladies and gentlemen, I think it is time to move into the next session. I am from Nova Scotia and I want you to know right off the bat that it is a completely random turn of the wheel of fate that has led to me chairing this session because I know absolutely nothing about the topic we are about to discuss. Indeed, I have never been in the Northwest Territories before in my life. I am a complete greenhorn when it comes to the politics of the Northwest Territories. It is an embarrassingly small amount that I actually do know about life in the Northwest Territories. I did think as much as I could about what it is that I might have in the way of a connection with the topic I have to deal with next. I was able to come up with two points of personal connection that I want to tell you about. It is interesting because an unseen hand in the universe always must be at work to lead to particular points, because when I thought about the only two points of connection I do have with what goes on in the Northwest Territories, they actually had to do with the formation of government here and what goes on.

The first point of connection that I have personally is that a man named M.F. Mace Coffey is an old family friend. Mace Coffey was a federal civil servant who worked for a while in Nova Scotia and he was a good friend of my parents, and I have continued to be a friend of his children. When he left Nova Scotia 25 to 30 years ago, it was to become one of the Commissioners of the Northwest Territories. He spent time here and when he died, very shortly after his tenure, there was a mountain named after him. There is a Mount Coffey. This point reminded me that there was an evolution in the nature of commissioners here. They are no longer of the importance that they used to be. At one time, commissioners were very strong in their influence in the government, but it has certainly changed since then.

The second point of connection illustrates, as well, a point of transition in the nature of the Government of the Northwest Territories. Likewise, it has some of its roots in Nova Scotia. A good friend of mine at law school, and a man with whom I did some cases after we both finished law school, he and I both decided to leave Nova Scotia. I went to Ottawa to work with the Department of Justice and he decided to leave Nova Scotia and go to the Northwest Territories to run a legal aid clinic in a community that was then known as Frobisher Bay, now Iqaluit. He did so when he was hired by the Inuit Department of Canada, a national organization, to run this legal aid clinic. He came to Ottawa for about a month's orientation and stayed with me while he was

doing his orientation. He moved to Frobisher Bay. The man's name is Dennis Patterson. He married into the community, was elected to the territorial government and became, I think at one point, the Leader of the territorial government. It seems to me this must be an unusual life history for someone. I would think it would probably be unusual now to anticipate that a kabloona come and have that kind of association fairly rapidly, and point of prominence with territorial governments. As tenuous as they are, those are really the two connections I have with territorial government, moving from the transition from earlier stages with commissioners to elected officials.

I think we are now going to hear from the people who really know about what is going on; two of the current MLAs, Mr. Michael Miltenberger and Mr. Ed Picco, who will speak to us about the next stage in transition in the government. Gentlemen.

MR. PICCO: Thank you, Mr. Chairman. My name is Ed Picco and I represent the constituency that you just spoke about earlier, Frobisher Bay, or presently in the Inuktitut language, Iqaluit, which means "place of fish."

I chair the Infrastructure Committee in the Legislative Assembly here and I also am a Member of the Government Operations Committee, which is the host committee for this conference these last couple of days.

Next to me is a candidate, I should say a candidate because he is going to run again, a Member for the Western Arctic who will introduce himself very articulately, I am sure. Thank you.

MR. MILTENBERGER: Good morning. My name is Michael Miltenberger. I am the MLA for Thebacha, which is the constituency that I represent. One of the boundaries is the Alberta border. In fact, our golf course is in Alberta, just as an interesting point. They do not give us any money, but it is in Alberta.

The issue before us is the creation of Canada's two new territories and the public accounts implications and other financial statement issues. My colleague and I will be splitting the presentation, like we are doing a lot of other things in the coming months.

As most of you know, the current Northwest Territories will shortly disappear from the Canadian map. In its place, with the division of 1.3 million square miles of Canadian geography, will be two new territories, with, of course, challenges. The last time something of this magnitude was done was in 1905, when they carved Alberta and Saskatchewan off the Northwest Territories and set up the two provinces. I think that just about completes the splitting up of Canada, as far as we can see in terms of what is available for division.

Before we talk about the public accounts implications and other financial statement issues relating to division, we would just like to give you a brief overview of how we got to where we are today.

Division had been, and the creation of two new territories has been, a long time in coming. People in the north have talked about the possibility since the 1950s, but it was not until 1981 that we voted to divide. It was a very close vote, but the vote was to divide. The boundary was decided in 1992, and even then very little was done to prepare. Division was made a reality by the signing of the Nunavut Final Land Claim Agreement in May 1993. The Inuit people agreed to implement parts of the claim through a public government process. This was the final push needed to get the governments of Canada and the NWT to look at making two new territories a reality.

Here in the NWT we refer to April 1, 1999 in two ways: creation and division. We are talking about creating two new territories. We want everyone including other governments to understand, while there may be an existing territorial government based here in Yellowknife, both territories after March 31, 1999 should be considered new. We will each have to develop new ways to operate and develop new government structures appropriate to the populations we serve. Talking about creation also emphasizes the opportunities and the positive approach we hope residents will take and look into the future.

We also talked about dividing the NWT. The formation of two new territories is similar to a legal separation of two individuals that have shared a partnership for an extended period of time. To some it is a divorce, mutually agreed to and hopefully amicable. It involves much more than just facts and figures. Decisions regarding separation involved a background of emotional and, in our case political pressure and issues.

To prepare for the formation of two new territories we have to figure out our assets and liabilities, who is responsible for what, who contributed what and what each party should get in the end. As MLAs representing the whole NWT at this point, we have tried to make this separation fair and agreeable. So far this has been possible and as we make many more tough and detailed decisions, we hope it will continue. Well, I can tell you there are many cases of frank and forthright discussions, to be sure, as we try to make this fair and amicable process continue.

Work started about four years ago to prepare the government for division, however every step was difficult politically because it meant introducing change and moving jobs from one community to another. I am talking about government jobs and when you have a government the size of ours, which is a major player in most communities, moving government jobs has a huge economic impact. The government began to build

some headquarters capacity in Nunavut. Some programs are duplicated, such as the college, because their functions could be easily segregated into Nunavut and western components. We have begun to deal with many of the division details in the past year. Many we will not get to, but we have had no choice. The issues are very broad and obviously cover all of government. Staff are working hard to make sure appropriate accountability checks and balances will be in place in time.

Dividing a territory is a very complicated process. I do not think you realize it until you are in the middle of it. The actual logistics are phenomenal. It poses some interesting questions, of course, when it comes to public accounts perspective. One of the most sensitive issues and areas we still have to deal with is division of assets and liabilities of the Government of the Northwest Territories. This was identified as a potential problem in the last Auditor General's report provided to our Assembly.

On the surface, this looks like a fairly easy, straightforward task, compared to a lot of the other issues like staffing of government almost from the ground up. After all, it would seem every government knows what its assets and liabilities are, where they are and what they are worth, right? Not really. We found it was not quite that easy. Like any government, we have an array of assets. Although we have systems to track what is ours, it still took extensive work to identify assets and prepare a compiled list. Even then, many of the assets did not have a book value since they were facilities built and paid for by the government many years ago. In the case of more liquid assets the question is not their value, but what is fair allocation.

Liabilities are even more difficult than assets. Some liabilities are unknown at the present time. For example, there are unanswered questions about the potential for environmental liabilities arising from decades ago, when the federal and territorial governments carried out development under the best practices of the day. The cost and work just to catalogue these liabilities and determine their potential cost is extreme. There are other areas, such as the outstanding pay equity complaint, which are in dispute and carry a potential huge price tag. Some people believe there is a liability associated with the complaint while others do not. The GNWT is attempting to resolve the pay equity issue prior to division, but time is running out and it is up in the air. However, if this is not possible, those responsible for the final accounting on March 31, 1999 face some difficulties in considering how to address these types of issues. GNWT officials responsible for preparing the list of assets and liabilities also prepared some preliminary proposals for how to distribute these. However, a look at major players and the work on assets and liabilities shows how politics will influence final decisions.

There are three key organizations sitting on the Northern Representative Committee, which is the assets and liabilities negotiation table. These three joined the Government

of Canada and the Government of the NWT. The west is represented by the Western Coalition, which is comprised of Members of the Legislative Assembly, western municipalities, the Northwest Territories Chamber of Commerce and aboriginal governments. There are two parties representing the east. The Office of the Interim Commissioner in Nunavut, which is the body actually setting up the administrative branch of government. The Commissioner has the power to enter into agreements on behalf of the future Nunavut government. Nunavut Tunngavik is also sitting at the table. NTI is the organization making sure that provisions of the Inuit Final Land Claim are being met by all governments.

There are no ground rules or Canadian precedent for dividing a territory. As a result, there are a lot of ideas spinning around about how the assets and liabilities should be divided and a lot of frank and political debate, both public and behind closed doors. Recognizing that, the political leaders that have to make the final decisions and those decisions have to fall within acceptable boundaries of accountability to the people in both new territories, a set of 12 principles have been developed. The two governments, represented by the current NWT Minister of Finance and the Office of the Interim Commissioner, agreed to these principles in June of this year.

The principles reflect the general principles, which Public Accounts Committees use in reviewing issues. If any of your jurisdictions are expecting to undergo the genesis of a new jurisdiction in the future or just have an interest, we can provide you with a detailed list of principles. Some are what you would expect; the equal distribution of liquid financial assets and ensuring the legal liabilities connected with physical assets follow those assets.

At this point, I am going to hand over the floor to my esteemed colleague, Mr. Picco from Iqaluit, to highlight some of the principles and processes.

MR. PICCO: Thank you, Mr. Miltenberger. I guess the creation of the two new territories is the first time the map of Canada will be re-drawn since 1949, when Newfoundland entered the Confederation. As an elected representative, I am originally from Newfoundland, I would be very honoured to be part of this process.

Unlike my western colleague, I do not see the division of the Northwest Territories as a divorce, but I see it as an amicable separation of two parties. We have a \$ 1.1 billion budget right now in the Northwest Territories for 64,000 people. On division of April 1, 1999, we just completed the formula financing negotiations for the two new territories: the Western Territory, which does not have an official name at the present time, and the Nunavut Territory where I live. After April 1, 1999 we will have a \$600 million budget in Nunavut, of which 98 percent will come from the federal government in transfers in our formula financing. That \$600 million budget is for

26,000 people in the Nunavut settlement region, which takes up a quarter of the landmass of Canada.

I would like to begin the presentation by talking about some of the 12 principles of the division and the difficulties involved. The first principle is that the division of assets and liabilities should be performed in good faith and in a manner that can be demonstrated as equitable for the residents of the two territories. Now, on the surface this appears straightforward, however, there is a lot of discussion about what equitable means. Is it strictly based on population or is it based on the higher cost of living in Nunavut? Also, how can you demonstrate that something is equitable? When we talk about the higher cost of living in Nunavut, I said earlier the \$600 million budget in Nunavut and I saw some of your eyes go up and say wow. The reality is, for example, in my hometown of Iqaluit, a 10-pound bag of potatoes costs \$15.98. An apple, a simple apple, costs about \$1.50. A pop, a can of pop, costs anywhere between \$1.50 to \$2.00. The costs in the Eastern Arctic, where we have no roads and we have no transportation infrastructure and all fresh goods have to be flown in and our building materials and supplies have to be brought in once a year on a ship, are very expensive. When you demonstrate the cost per dollar, indeed \$600 million for 26,000 people sounds like a lot, but if you could imagine that when you are in a community that has no other transportation linkage other than airplane service, the costs are very high. You have to take that into consideration.

The second principle says that the current allocation of assets across the Northwest Territories resulting from the government's past capital budgets were made through an open and democratic process. As soon as you begin talking about dividing assets, some people start to point fingers suggesting that historically one region or another got more than their fair share. This principle, which the public may accept if the division of assets will be seen as fair, may be accurate, but may still be a tough political point to make with some communities.

Right now, behind closed doors there are a lot of discussions, and frank discussions as Mr. Miltenberger said, with the division of assets. Now on the division of assets. For example, if you have a stranded asset in Nunavut, for example we have a government office building there. Well, of course we do not look at the government office building and say, it is worth \$30 million, how do we divide that? Stranded assets, which are physical assets in Nunavut as an example, you cannot divide them. We are not going to try to move half a building over to Yellowknife from Iqaluit. Those types of things are easily looked at.

Cultural aspects; for example, we have some things here at the Prince of Wales Northern Heritage Centre that you have seen, cultural items that are originally from Nunavut. We do not have a museum in Nunavut where we could actually hold or host

these items because some of them need to be controlled with air temperature and so on and, therefore, we had to leave those assets over here. And how much are they worth? In our Legislative Assembly we have some paintings by A.Y. Jackson of the Group of Seven, which are worth \$300,000 or \$400,000 each. How do we decide how we are going to split those assets? As an example, I brought up that question in the House last month to the Premier and said, how are we going to divide all the art work, the A.Y. Jacksons east and west because as a resident of Nunavut we helped pay for those goods. The Premier responded by saying, well you can have the fish over the door, everything else stays here in the west. Of course, the Premier is from the west, but that is the attitude we are having. It is amicable.

There is quite a bit of difficulty involved and because we do not have party politics in the Northwest Territories, the consensus government is really being put to the test. As I said yesterday in a brief address, indeed the consensus, the acid test of the consensus government is when you have no money or, in this case, you do not have the political fortitude or the numbers to be able to get an equal division of assets.

Another principle says that the process and methodology should be conceptually sound. Practical, transparent, and that is a great word. We have heard it a lot over the last couple days: transparency. Open, timely and based on full disclosure of information. The negotiating group has a tough job ahead of them. They have had to satisfy the residents and political bodies, both in Nunavut and the west, that the allocations are fair. At the same time, they have to ensure the methodology will stand up under the scrutiny of the Auditor General and the two new Public Accounts Committees.

The future of some territorial boards and corporations also had to be decided. A proposal to have one single Power Corporation to serve both new territories has been very hotly debated. Many people in the west find it difficult to accept that they would not end up subsidizing Nunavut customers if the Power Corporation remains intact. While rates are based on local use and cost, the profits are used indirectly to support a power subsidy, which is not evenly distributed across the Northwest Territories. Fairness and equity seem to be equally of concern to those who want a single corporation and those who want to divide. Now here is an excellent case with two different views that you are lucky to have today at the table. Mr. Miltenberger would like to see the Power Corporation divided. He does not want the subsidized residents in Nunavut. I am a resident of Nunavut, representing the capital. I would like to see the corporation kept as a whole. I see it in a point, and I will to illustrate this on a map. Grise Fiord is our farthest north community. It is a community of 127 people, located approximately 2,780 air miles from Montreal. In that community the cost of power in general for the 127 residents is probably about four times the cost here in Yellowknife. Now anyone with any semblance of fairness or understanding of

business concepts, would understand that 127 people cannot demonstrate a rate that would be fair and equitable to them to have power there. As a government, the government decided to subsidize those residents. Most of our communities in the Eastern Arctic are like that. We do not have the ability to have hydroelectric power, which you have here in the west, and we do not have roads and so on. Each community has its own diesel generating power plant, which brings its fuel to run that diesel generating power plant once a year on a ship; in most cases, a ship from Montreal. So it is a difficult area for us in the east.

In the west, again the feeling is, and rightfully so, over the next number of years they have hydroelectric power here and we have roads so we can run transmission lines and so on and so forth. Their power is a lot cheaper and they are subsidizing us in the Eastern Arctic. I guess what we are trying to say is that there has to be some fairness and equity here on this issue.

On the other hand there is agreement to divide the Workers' Compensation Board. Within the board, work is under way to divide the assets and create a service arrangement until the Nunavut government is ready to deliver its own program. Now the Workers' Compensation Board in the Northwest Territories is the only Workers' Compensation Board in Canada that is fully funded, which means it has no debt. It has an asset base of something like \$150 million. It is the envy of Workers' Compensation Boards across Canada. I think our friends from Saskatchewan might be fully funded, too, so I stand to be corrected.

There are other non-reported assets like cultural assets and archives. While they may not appear on the formal balance sheet, they are an important part of the things which belong to the government. It is not just a matter of figuring out what belongs where, which will be difficult enough. With limited space in Nunavut for the foreseeable future, some form of agreement about custody and access needs to be worked out. Even copyrights, patents, and logos had to be discussed and divided. With the power of an effective logo to create instant recognition and economic benefit, even these items must be negotiated.

Another area of controversy right now is the famous Northwest Territories polar bear licence plate. In the east we have polar bears, we want to keep our polar bear licence. Our friends from the west are saying we would like to have it too. I would suggest they paint theirs brown, we keep ours white, because they have grizzly bears over here, not necessarily polar bears. We do have roads, Mike, we have vehicles. You can see there is a bit of a debate going on for the simplest things of a licence plate and so on.

Part of creating a solid government is ensuring effective accounting processes are in place. As we all know, auditors and those of us who review the recommendations of auditors, rely heavily on appropriate records. Having the right records in the right hands will be a challenge. A significant part of the financial records are maintained electronically. Parallel systems need to be ready to go on day one. Right now, the federal government has given us a one time agreement for about \$22 million to set up a financial information system for the Nunavut government, which will be compatible with the system in the main frame here in the Western Arctic. Staff are working on an approach to the Government of Northwest Territories' records. It is impractical, both from a cost perspective and due to a lack of Nunavut storage space, to move all Nunavut records to Nunavut. While some records will be moved, many more will remain primarily here in Yellowknife. An agreement on the handling of those records needs to be worked out.

Public funds should only be spent with the appropriate signing authorities and approvals in place. This means all contracts and agreements must be reviewed and revised to reflect the reality of two new territories. The paperwork to authorize individuals to sign on behalf of new governments also has to be in place. We have to remember, even though we have a Legislative Assembly, we do not have province-like powers. Being legislators sitting around this table, it would be interesting in questioning later to find out what the difference is between a territory and a province. One of the biggest differences, of course, is the Crown land here is still controlled and owned by the federal government. We do not have an opportunity to benefit from the royalties that are generated from our property, which has been a very strong sore point for the people here for X number of years, especially now that we have the first diamond mine in North America that is being set up and will open in October.

MR. MILTENBERGER: It is in the west.

MR. PICCO: Pardon? I know it is in the west. Thank you.

[--Laughter--]

And we will have some too, David. An interesting wrinkle from a public accounts perspective is the high probability that there will be extensive service arrangements with the Nunavut government, purchasing services from the western government for an extended period of a year or more. With a shortage of infrastructure like housing and office space and a shortage of time to find staff, the Nunavut government may not be fully operational as quickly as we originally planned. Service arrangements mean that there will not be a clean partition of the Northwest Territories until April 1, 1999, and for some time beyond. This will have implications for the ability of the two new governments to act as separate entities and develop their own records and audit

processes. Now, there is a lot of logistics to work out around the purchase of services. Part of the agreements will have to participate and address the kinds of issues that Public Accounts Committees often review. How will the Deputy Ministers assert their control over expenditures and the use of funds? How much discretion for the western deputies will be built into the arrangements? In cases where as much as half of a Nunavut department may be operating under a service arrangement with the western government, should the Nunavut Public Accounts Committee be able to call both Nunavut and western deputies to answer the expenditure decisions?

Now, what this means is that when the Nunavut government is set up on April 1, 1999, we may not have an environmental protection group, for example, ready to go in Nunavut. We will have to purchase environmental protection from the Western Arctic. We may not have the financial administration systems up and running, so we will still be using the financial administration systems of the western government. We will have to purchase those services. How will you divide the assets and liabilities of the government and how will you look at the mechanisms that will be needed in place? For example, if Mr. Miltenberger wants to say as the new finance minister for this Western Territory, that we should be charged \$20 an hour for this service and in Nunavut when we look at our budget, we can not afford \$20, how do you work that out? Those are some of the concerns we are having right now because we had hoped on April 1, 1999, we would have been fully functional as a government and that is not going to happen right now.

Without question, there will be an ongoing relationship between the Nunavut government and the western government for some time after division. This relationship will be a closer one than usually exists between other Canadian jurisdictions. In addition to short-term service arrangements, there will be some indefinite service arrangements and possibly some shared institutions. This will provide an interesting situation for the Auditor General's office and the Public Accounts Committees for the two new territories. For example, at the present time the office of the Auditor General of Canada does the audits for the Northwest Territories and is based out of Edmonton. After division on April 1, 1999, we will be dealing with the Auditor General's office from Montreal, who has no familiarity right now with Nunavut, our structures, our people, our bureaucrats. That is a concern for us. Right now, when the Northwest Territories attends provincial premiers meetings, we go to the western premier meetings. In Nunavut it is hoped we will go to the eastern provincial meetings, because we are in the eastern part of Canada and because we have an affinity and affiliation with the Maritimes and we have a fishing culture and so on. I think that is what will be happening.

So far the people of the west have managed to work together in preparing of the creation of the two new territories. We have a shared history and a great respect for

each other. This should make things easier. While the situation may create some challenges to past practice, we are confident the two new committees will be able to continue to work together on issues of shared concern until we reach the point where the twists and turns of creating two new governments are behind us. For those of us governing north of 60, we are involved in a fascinating process. Hopefully, we could look back through the review of public accounts in a few years and know that we did it right. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Epstein): That was a fascinating presentation and I think we will probably have a lot of questions around the table. Maybe I can start it off, although I have a small observation. I think I heard Missy Follwell yesterday make a suggestion on the licence plates that one might face to the left and one might face to the right. That has probably been in general discussion, but I relay it because I do not see her here today.

Anyway, the initial question I have is that your paper referred to several tables existing for negotiations and you only tell us here about one of them. I wonder what the other tables are and what their functions are. The other thing I wondered about was what arrangements you have made, if any, for ongoing disputes that might continue past the April 1999 deadline.

MR. PICCO: Thank you, Mr. Chairman. I think, Mr. Miltenberger, do you want to say anything?

[--Laughter--]

MR. MILTENBERGER: Thank you, Ed. We will do this in two-part harmony just to show you how well we get along. Some of the other tables are going to be the administrative tables with the current deputies here in the west. There is the table right now, with the Western Coalition and the east, and the government is trying to resolve the position on the NWT Power Corporation. There was one for the formula financing, as well. That is in its final stages and hopefully will be signed off and then finalized fairly quickly. Those are the main ones. Then there are the political ones that are going to take place between the Government of the Northwest Territories and the east, especially after February when Nunavut has their election and Mr. Picco will become a Premier-in-Waiting.

CHAIRMAN (Mr. Epstein): The other question was about ongoing disputes that might still exist after April.

MR. PICCO: We are going to be working on hiring Johnny Cochran. I understand he is quite good at arbitrating. No, we have nothing ongoing. The two new legislatures,

the two new elected bodies I guess, in a political forum of the day, would hopefully be able to conciliate that type of agreement. Thank you.

CHAIRMAN (Mr. Epstein): Okay, in terms of questions, I have first Quebec and then the federal government.

MR. CHAGNON: (Translation) Mr. Chairman, coming from Quebec I take note of the problems that may exist dividing a territory which, for the most part, is deserted and where there are 70,000 people. The division has been started some time ago. If politically there were major changes in our province, we could do things differently. (Translation ends)

MR. PICCO: I would just like to address something on Quebec and the honourable Member. In northern Quebec, which is called Nunavik...(English not provided)...which means the "true north Quebec," there are about 7,000 or 9,000 there. Under the Makivik Land Claim they just did an overlap agreement, and it was held up in the Supreme Court of Canada just recently, where the Makivik Corporation of northern Quebec, which are Inuit, actually have a claim now on our friends from Newfoundland, on Labrador and the Voisey Bay nickel find.

Although we have jurisdictions based on political boundaries, the original peoples in Canada had no boundaries. In discussions we have in Nunavut with our friends from northern Quebec, which is Nunavik, there is some talk of an affiliation and an alliance with our partners there in northern Quebec. By the way, the only transportation link we have south in Nunavut is through Quebec, through Montreal and Ottawa. The Makivik Corporation from Northern Quebec owns our only airline. We are quite pleased with that, so I think it should be said, sometimes as politicians we think about maybe western concepts, if I could say, of political boundaries, but indeed our aboriginal people, our aboriginal brothers and sisters, they do not know political boundaries and thus our friends in Labrador who in 1927 had the division of the Labrador boundary between northern Quebec and northern Labrador, have now been almost overturned by the Supreme Court. Indeed Macivick Corporation from northern Quebec has a land claim right on Voisey Bay. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Epstein): Perhaps we have a potentially expansionist Nunavut. Very interesting.

[--Laughter--]

Could I ask the members to identify themselves when they speak. That last speaker was Mr. Picco and before that Mr. Chagnon. Next, to the federal representatives.

MR. LAURIN: (Translation) Thank you, Mr. Chairman. I am Rene Laurin, House of Commons. Mr. Miltenberger and Mr. Picco, you have at length spoken about the problems you have had to overcome during the discussion process to divide the territories, but for my personal information I would like you to give me the basic reasons that have lead people to divide the territory into two separate self-sufficient governments. Why do the people in the Northwest Territories want this division? Why did they want to have two separate governments? There must be historical reasons for that, or maybe recent reasons. I would like you to set them out for me, please.
(Translation ends)

MR. MILTENBERGER: The key issues that mark the division have to do with politics and the quest for self-government and land claims. The people of Nunavut want their own territory and the fact that they have a relatively homogenous population in Nunavut, where about 85 percent of the people are going to be Inuit. There is no economic sense in division. If you look at the numbers and the people and the comment about self-sufficiency, both territories are going to be a long way from that. In the east, as Mr. Picco indicated, 98 percent of their money is going to come from the federal government. In the west it will be about 70 percent. It has been basically politics driving this; the wish of the aboriginal people, especially in the east, to have their own territory, which was supported by the people in the west.

MR. PICCO: Thank you, Mr. Chairman. Ed Picco from Iqaluit. Going back to 1968, the federal government of the day had looked at a process for dividing the Northwest Territories based on homogenous/indigenous areas concerned. The Nunavut settlement area consists of about 85 percent Inuit and 15 percent non-native people. In 1993, Prime Minister Brian Mulroney signed the Nunavut Land Claim agreement, which facilitated the creation of a Nunavut Act in the House of Commons of Canada, which resulted in the division process that we are involved in right now. That was reaffirmed by the people of the Northwest Territories in two plebiscites.

The Northwest Territories is unique in a lot of ways. For example, when we selected the capital of Nunavut, we did not have an order in council, we did not have the Queen come over. The people of Nunavut voted for three or four different communities who said they wanted to be the capital of our new territory. In this case it was the community that I live in, Iqaluit, which was selected by the people to become their capital.

With the creation of Nunavut on April 1, 1999, it will be the world's first truly self-governing, aboriginal self-government in the world; the largest one with the largest budget. We are a model. As I mentioned to my friend from Australia, we have had the aboriginal people from Australia, we have had the Maori in from New Zealand, we have had the Chukchia from the Soviet Union, Siberia, from all over the world come

to Nunavut to study this aboriginal land claim and the self-government deal because, in-defacto, the Nunavut government will be a public government. I am not an Inuit, but because it is public government, I have a right to be a Member and run and so on and so forth. Because 85 percent of the population will be Inuit, then indeed 85 percent, probably more, will be elected representatives. Even here in the Northwest Territories, fully the majority of Members are from aboriginal descent. My three colleagues today on the table, Mr. Erasmus, Mr. Krutko and Mr. Miltenberger, are all of aboriginal descent. I think it is something that the federal Canadian government has actually promoted and endorsed across the world. Thank you, Mr. Chairman.

UNIDENTIFIED SPEAKER: I am sorry, Mr. Chairman, for insisting, but you tell me that the people wanted this. I want to know why they wanted it? Did one community feel that it was being exploited by the other? Did one of the communities feel that it did not have its share of the territory? They had claims against the territory. I understand the people wanted the division, but I wanted to know why they wanted it. What are the basic, the fundamental reasons for their desire to divide?

MR. PICCO: Thank you, Mr. Chairman. Mr. Chairman, I guess as Mr. Miltenberger just said, self-determination, but I think the real reason would be the absence of government away from the people. You had to realize that, my wife for example, is from a community called Clyde River, which is located about 72 degrees north on Baffin Island and you can imagine Iqaluit, or Frobisher Bay, is about 1100 miles north of there. She was born in a seal skin tent in 1968, 30 years ago. My wife is 30 years old. There is no group of people in the new world, or in the world at all, that has gone from a stone age culture using a dog team and seal skin tents who are now, in 1998, 30 years later, or in a modern society with VCRs and cable television and so on and so forth. Because of those reasons, they wanted to bring government closer.

When you are sitting in, for example, in my case, Iqaluit, if we look at a map, I am directly north of Montreal. We are being governed from Yellowknife, which is equivalent from Montreal to Edmonton. If you were living in Montreal and you wanted to have a discussion or your problem with your social assistance worker or whatever and you have to wait for Edmonton to tell you what to do and you are living in Montreal, you would find that unacceptable. That, I think, although we talk about self-determination, was probably the main reason for division: to bring government closer to the people and have more say in the way the processes is mandated.

If you would just give me a chance to elaborate on that a little bit more, I will give an example. Right now, for example, in the Northwest Territories as a whole we have a Northwest Territories manufacturing incentive. There is a window factory in a place called Hay River. In Iqaluit, in the Northwest Territories, the Northwest Territories Government through the Housing Corporation says we have to buy our windows from

Hay River. It is cheaper for us to buy our windows from Montreal and ship them up to Iqaluit, but because of the Northwest Territories purchasing policies we have to buy north. Those windows had to be shipped from Hay River, to Edmonton, from Edmonton by train over to Montreal, where they are crated, put on a ship and then brought up to Iqaluit. Now, that is a fact, my friend. That is why, when you look at those types of costs and so on and so forth, we wanted division. I think in the long run it will probably be cheaper for us.

CHAIRMAN (Mr. Epstein): Mr. Erasmus, I think you had some comments. Did you signal you wished to speak?

MR. ERASMUS: Yes. Thank you, Mr. Chairman. Some of what I wanted to say was already said by Mr. Picco. Basically this process was totally driven from the east. It was a move at self-determination, which was made legal and binding through the land claim. There is now a federal act and the land claims, as many people here would know, are constitutionally protected documents. This division cannot be stopped unless the Constitution is changed somehow. We did have a referendum to see if people actually wanted to divide and most of the people in the west thought it was basically an eastern issue, so there was a very low turnout in the west; well below 50 percent. The vast majority of the people in the west voted not to divide. In the east, it was the exact opposite. There was a very high turnout of over 90 percent, if I remember correctly, and that 90 percent turnout voted yes, that they wanted to divide. The overall count of the votes, they just barely made it by 52 percent or something like that were in favour of division.

Although the vast majority of the people from the west that voted had actually said no, because the majority overall voted yes the decision was made to divide. However, if you had that same referendum today, I believe that might not be 95 percent from the west voting yes, but there would be a lot more people voting for division today from the west. A good deal of that, of course, has to do with the fact that we have discovered diamonds over here and other things like that, and to date we do not receive the proper royalties, fees, taxes and the rest of that from our resources, but we do have a commitment from the Government of Canada that these will be turned over.

Mr. Miltenberger mentioned earlier that the west will be receiving 70 percent of their budget from the federal government. Were we to receive our total resources, as the provinces receive from their natural resources, it would be much lower. Some people believe it would be less than 30 percent, depending on how many diamond mines are developed, and of course there are a lot of other mineral developments also waiting in the wings. So I believe that today if there was a referendum, the west would also vote for division.

CHAIRMAN (Mr. Epstein): Very interesting. Are there any other questions? Ontario.

MR. CHRISTOPHERSON: Thank you, Chair. Fascinating process. Thank you for the presentation and I suspect this is best enjoyed as a spectator sport rather than as a participant. It is Dave Christopherson from Ontario. Just a number of questions and whatever part of each of those that you can answer. I noted on page 4 you talked about the environmental liabilities coming from one of the older, industrialized, urban centers: Hamilton. In the country, we, of course, are running into our own concerns and I know other urban areas are facing the same thing. Under our environmental protection laws if there is contaminated soil, the owner of the property at the time it is discovered is legally responsible for the clean up. That is a tremendous cost in an industrialized area like Hamilton and it is slowing a lot of people down from buying land that otherwise investors would be quite prepared to come in and utilize. It is creating a real conundrum for us. I wondered if there is some similarity in what you are facing or, if it is different, how it is different.

Secondly, I wondered, what is the role of the federal government in the negotiations and discussions that are taking place at the tables?

Thirdly, the Chair discussed what happens after April 1st in terms of ongoing discussions. I would like to take that a step further and ask if you have a built-in mechanism for resolving issues that at the end of the day, even though you are parties of goodwill, you still cannot find a consensus and that common ground, do you have a process for referral for a final arbitration of it, either in the courts or a process you have created?

Lastly, and I ask this with the greatest sensitivity and with no other objective other than to know, is there a net increase in the cost of operating government and maintaining Canadian society in the north after the division? Thank you, Chair.

MR. MILTENBERGER: Thank you, Mr. Chairman. Michael Miltenberger, MLA for Thebacha. The issue of environmental liabilities is a huge price tag with a lot of unknowns and for us it is tied mainly to the US and federal governments, a lot to do with the old DEW Line sites and military installations, as well as abandoned resources development sites. There are negotiations under way just trying to identify and catalogue, as we indicated, what those liabilities could be, which in itself is a multi-million dollar process. The actual clean up, as Mr. Picco will be able to speak to, is huge and there are some under way, but there is not going to be enough money.

In regard to the role of the federal government, both us, the western territory and Nunavut, will exist as a result of federal legislation and, in fact, the ultimate hammer

resides with the Minister of Indian Affairs and the Government of Canada in terms of the money, the arrangements and what authorities we do have. They are attempting to be very careful about how they use that, and they are participants at the table and have been a major player. But their hope is that there will be consensus and compromise reached through negotiation, which I think is everybody's wish if we are going to continue to exist as neighbours.

In terms of resolving issues, at this point it was indicated there is nothing clearly in place. There is going to be a tremendous responsibility in the two new legislatures to finish off this process because, as we have tried to indicate, it is not going to be anywhere near complete by April 1st. In things like the division of the Power Corporation, there are going to be attempts to build in legislation, I hope. We will be pushing for mechanisms, for reviews, for the two new legislatures so that their hands are not tied. I think the fundamental responsibility we have is to try to negotiate arrangements, but leave enough latitude so the two new legislatures are not bound or hamstrung by decisions that we make today which may not be the most appropriate tomorrow when the two new legislatures come into existence.

With regard to the fourth issue of increase in costs, most definitely when you divide and duplicate headquarters and create new governments there is an increase. There is over \$150 million being spent in Nunavut alone, just in terms of new infrastructure development and, as Mr. Picco indicated, the formula financing arrangements are going to be in the neighbourhood of \$1.3 billion plus, in comparison to a budget that is now a shade over \$1 billion. There is an increase in cost and a burden on the taxpayers when you duplicate and increase government. Thank you.

CHAIRMAN (Mr. Epstein): A question. Oh, Mr. Picco, did you want to add to that?

MR. PICCO: Yes, I would just like to speak a little bit about the environmental area. About two years ago, the federal Government of Canada negotiated an agreement with the US Government on the abandoned DEW Line and military installation sites that some of us are aware of. In that agreement, the Canadian government received \$100 million on the clean-up, but in actuality they did not receive \$100 million in cash, they received \$100 million in credit that indeed if the federal Government of Canada went out and bought some surplus military equipment, it could use those credits toward that equipment. One hundred million dollars. Now, one location in my riding, my constituency, is an island called Resolution Island. The latest estimates to clean up Resolution Island is \$40 million. It is a five-year project. Now, I have four of those sites in my constituency. In my hometown of Iqaluit, in the Northwest Territories, we just completed a five-year clean up of that site, which cost us something like \$10 million. The soil was littered with PCBs. I know you had the same

problem in Labrador in some of those sites. In northern Quebec you had a very similar situation.

In the Yukon there are some abandoned sites; all across northern Canada. Also, in central Canada with the old Pine Tree Mine, some of you might be familiar with. What I am trying to say to you is, in these agreements that the federal Government of Canada negotiated with the federal Government of the United States, there was not advice given, there was no consultation with the Northwest Territories government with that agreement. We only found out about that agreement when Peter Mansbridge did a little story on The National, which was quite disappointing to us.

In the Eastern Arctic of Nunavut, the estimate right now is anywhere between \$400 million to \$680 million in clean up expenses for those DEW Line sites. The Americans, when they left, left jeeps, trucks, graters and motors sitting in the water. There is asbestos, there are all kinds of problems. It is one of the sore points that we have. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Epstein): That is a good point. I think many of us were shocked when we learned about that settlement, as well. Alberta had a question.

MR. SHARIFF: I just wanted to make an observation. There are two points here that I would like to raise. The first one is with regards to your experience over distance and distinctiveness in east and west. We in Alberta certainly experience that with Ottawa again and again and again. That is very important that collectively, when we meet as a group like this, we bring that issue to the forefront, that Canada is a vast country, very distinct in different parts and has to be able to work together.

That raises the second observation, which I find very interesting, is the concept of consensus government. The rest of Canada, unfortunately, does not really work in that direction. There is always a struggle for power and quite often the west feels alienated. Sometimes the west feels that the distribution of any authority or power usually rests in the east and Ottawa does that in favour of the east. I hope that we can all go back and try and influence our governments to think about this consensus model because this certainly is a good country to preserve and we should be able to come together and work for a common goal that affects different people in different parts of Canada, rather than divide ourselves based on east or west. Those are just the two observations I had. Thanks.

CHAIRMAN (Mr. Epstein): Thank you. I had a request from Manitoba.

MR. SANTOS: Thank you, Mr. Chair. There is a basic principle of equity and justice that says whosoever gets the benefit should also share in the burden of risk. If the

federal government gets all the royalties and all the physical assets in both the east and the west, should that not also be that the federal government should pay all the clean up? What happened to the people there who suffer all the injuries? That is my question.

MR. MILTENBERGER: I don't think you would get any argument from...Sorry. Michael Miltenberger, MLA for Thebacha. I don't think you would get any argument or disagreement from us in terms of the responsibility of the federal government. Until very recently, 1967 to be exact, the federal government ruled this land with, I suppose, impunity. They did not consult, they did not have to. They made decisions, they made deals, they made arrangements in Ottawa with the federal civil servants that we are paying the price for. The battle we are fighting is the same battle that I think a lot of our colleagues are fighting with different issues with the federal government in terms of accountability and when you would download responsibilities and authorities, then you walk away without giving the resources. Is that equitable and fair and is that good government? I don't think anybody would argue with that, except maybe some of the federal government people that may be in power. There is a huge responsibility. Those decisions were made without us being at the table and now we have to live with the consequences. Thank you.

CHAIRMAN (Mr. Epstein): Go ahead.

MR. SANTOS: Supplementary questions. What happened then to your self-government if you do not have the resources to back it up?

MR. MILTENBERGER: Self-government, I suppose, is a process rather than an event. It is something that people have been working towards for a long time, as have the provinces. It is not complete. There are a lot of outstanding issues and you are very correct that if you do not have the financial resources and economic base and somebody else controls those, then self-government is not complete. That is part of the struggle that we are going to face, is trying to move towards that kind of self-sufficiency.

CHAIRMAN (Mr. Epstein): May I remind members to identify themselves just so the transcript will show it. The last questioner was Mr. Santos and before him Mr. Shariff from Alberta. I have now a question from Ontario.

MR. PATTEN: Yes. Richard Patten. I have two quick questions. One is, when you talk about the evolution of the process, the long-term goal, is it in both territories a future vision of achieving provincial status? Secondly, when, because there is no other forum other than just personal discussions, could you describe the unique features of consensus government other than it is not party based? I am interpreting that you do

not have the mechanism of imposed closure that we do in other legislatures unless you agree by consensus that you would close the debate and revisit it another time.

MR. MILTENBERGER: Michael Miltenberger, MLA for Thebacha. In regards to the process and the eventual goal, I will let Mr. Picco speak for Nunavut, but for the people in the west, I think first we are looking at economic self-sufficiency that eventual provincehood is somewhere down the road. When you have only 40-some-thousand people we would have a ways to go. The issue that Mr. Erasmus mentioned about control of our own resources probably is a lot higher up on our agenda. This is going to be a step, as Mr. Santos indicated, you need the economic base before you can move towards any kind of province-like powers.

The consensus government -- if I could just quickly highlight that and Mr. Picco can fill it in -- some of the key points to me, the good and the bad as Mr. Pollard talked about yesterday, is that the government's elected 24 individual representatives are brought to the table and the people of the jurisdiction have no idea what kind of government they are going to get. They know what the previous government and Assembly did, but until the 24 members come together, pick a Cabinet and decide on a direction, we all sit with bated breath. Which brings the issue of, should we in fact have party politics? Some people see that as inadequate. In fact, to my mind, the consensus government that we have here is something of a hybrid. It has been indicated that Cabinet has been seen as a minority, where in fact they are seen as not even a minority. If they have the ability to get eight Cabinet Members and they pick off five ordinary MLAs, they in fact have a majority fairly easily. It is a whole different dynamic in terms of how processes are set up.

We have committee structures where the ordinary Members, especially in this last Legislative Assembly, have significantly more input and control over the agenda of the government. That was a significant change from the previous government where things would be brought to committees after they were said and done. This time around the system was changed so that committees were involved from the ground floor in developing things like budgets in all aspects; policies, legislation. To my mind, I think consensus government for this type of jurisdiction is appropriate. While there may be a push in some quarters to move towards party politics, that step has not been made. I would suggest that agreements could be made that if you look at party politics as they stand down south, they are not the epitome or the paragon of political evolution. They, as well, have their drawbacks and their shortcomings. I don't think the democratic process is probably complete if we use our own political parties as examples. Thank you.

CHAIRMAN (Mr. Epstein): Mr. Picco, were you going to add to that?

MR. PICCO: Thank you, Mr. Chairman. Mr. Chairman, I guess a quote would be that consensus government, of course, is the worst form of government that we have, but it is the only one that we have. I have a somewhat different opinion on consensus government than our colleague from the Western Arctic, Mr. Miltenberger. Indeed, in consensus government, in this case, we have eight Members in Cabinet. Cabinet introduces the legislation and bills and so on and so forth. In the opposition, or the ordinary Members, you have 15 members. In the fact that you would think that the Cabinet would always be in a minority situation, but indeed they are not because if I want to change something because we have no party politics, today you are with me on buying a coffee cup, tomorrow you are against me with buying a glass and there is no consistency. When I want to change something, if I am against a piece of legislation, as an example, I start off as one person and I have to convince my 14 or 15 colleagues to support me. Whereas, the Cabinet always has eight votes going into any debate or any vote in the House and they can always pick up, as Mr. Miltenberger said, two or three or four members.

The other problem with consensus government is that there is no consistency and that you do not know where people stand. When a party runs they run on a platform. In consensus government they run as an individual. They flip and flop and they go and do whatever they choose to do in certain aspects.

UNIDENTIFIED SPEAKER: So do we.

MR. PICCO: Yes, and then you would be put out of your Caucus. Mr. Chairman, if I could just continue, the other flaw I see with consensus government is that when a party comes into power in a province or territory, for example in the Yukon, when a party comes into power the party usually cleans house. The deputy minister and assistant deputy minister that was there, or whoever, they are out and the party brings in new members. The party has researchers, the party has political people with them. When we get elected as a consensus government, the deputy minister is still there. If we had a fiscal problem in the past, do you think that deputy minister says, yes, I made a mistake, I did not balance the books very well, or this is the way the picture is.

As we all know, when a new government is elected in Canada, in lots of cases the government going out says we have a \$50 million surplus. The new government comes in and says we have a \$20 million deficit. In our case, we have no way of checking that because we have to take the information that is presented. I am not saying that is not correct or not wrong, but I am just trying to give you an example of some of the drawbacks in consensus government.

On non-provincial status, I do not see in the next 20 years provincial status for the Nunavut region. Again, we only have 26,000 people and I think we want to see if the

new territory can work the way that we intended that to be set up. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Epstein): Anyone else with any other points? Can I just ask, has the election already been held for Nunavut?

MR. MILTENBERGER: February, Mr. Chairman.

CHAIRMAN (Mr. Epstein): So there will be a very brief transition period for the newly elected Members, is that right? Okay.

Well, I think we have seemed to have exhausted the speakers list and there are no more questions. Thank you very much for that presentation. Oh, I am sorry. I beg your pardon. We do have another question.

MR. MORRISSEY: Sorry, Mr. Chair. Robert Morrissey from Prince Edward Island. I have one comment to make on the separation, and my comment is based on this: in maritime Canada, for the last number of years, as individual governments we have been looking at institutions that we can regionalize; primarily PEI, Nova Scotia and New Brunswick with a combined population of two million. But when you talk about workers' compensation on some of those, I am interested in to what extent you have looked at, while separating your jurisdictions, maintaining common bodies. We do, for instance in maritime Canada, purchase commodities as governments together to try and be more efficient. In fact, there has been a lot of discussion on coming up with a single Workers' Compensation Board for the same jurisdictions and there are a number of those regional and power authorities I think eventually they will go to. Why would you be looking at separating everything and not keeping some institutions to deliver programs to both jurisdictions?

CHAIRMAN (Mr. Epstein): Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. It is Michael Miltenberger, MLA for Thebacha. For us, all those economic issues I think are caught up in this big political move to division and setting up two separate jurisdictions. I know from my own personal opinion in regards to the Power Corporation, I think we would be better off as our own jurisdiction, at least initially, setting up our own Power Corporation. There are two fundamentally different philosophical approaches, east and west, in how you do business. We may at some point recognize that we have no choice under economies of scale, but to in fact share some service. As we indicated, the west is going to be contracting out a lot of services, providing services to the east because they are not going to be ready for some time to come in areas of health, corrections, where we have eastern inmates in western institutions. At this point, the environment

is not clear enough and the air is not calm enough for us to sit down and look strictly at economic issues. The whole thing with self-determination and establishing our own baileywicks are driving a lot of the discussion. Thank you.

CHAIRMAN (Mr. Epstein): Mr. Picco.

MR. PICCO: Thank you. I think that is an excellent question. Indeed the economies of scale in any other jurisdiction in Canada dictate the sharing of goods and services and corporate bodies. I guess, being transients in the west politically, it seems to dictate that they want to take what is economically viable for them and leave us in a lesser position. Maybe today, Mr. Miltenberger, who seems to be a very zealous person and spokesman for the Western Caucus, would understand with the help of our colleagues here that, indeed, it is better to give than receive.

[--Laughter--]

[--Applause--]

CHAIRMAN (Mr. Epstein): Mr. Miltenberger, and then Mr. Leblanc from Nova Scotia.

MR. MILTENBERGER: Thank you, Mr. Chairman. Michael Miltenberger. Just a quick retort to my colleague from Nunavut. In fact, the argument has been made the west has been giving for years where 60 percent or so of this whole government has been spent in the east. Yes, Mr. Picco definitely would rather receive than give. There is no doubt about it. Those are the issues and the frank discussion that is going to take place in the coming months as we resolve all these outstanding issues.

CHAIRMAN (Mr. Epstein): Mr. Leblanc, you had a question?

MR. LEBLANC: Yes, I would speak up on...Neil Leblanc, MLA from Nova Scotia. I listened to what Mr. Morrissey just mentioned. I have been listening to how you are funded and most of us are not really altogether aware, but it appears that you said it is 98 percent funded federally. Is it? What is it?

UNIDENTIFIED SPEAKER: Eighty-two percent.

MR. LEBLANC: Eighty-two percent. Is it along the lines that, it is almost like, it appears that you both have a wish list and, of course, the east would like to get as many jobs. I heard some of the discussions earlier on that a lot of this is, as MLAs, that you are looking to have economic stimulation or economic benefits come to your riding. Is it dictated by the amount of money that Ottawa is going to give you, so if

you are not getting the jobs there, do you go back to Ottawa and say we need more money because we want more jobs transferred to the east? I am not trying to belittle the dilemma that you face here, but it appears that it is a lot that is going to be dictated on how much money that you actually have and how big a government you can effectively run with the dollars that you have.

CHAIRMAN (Mr. Epstein): Mr. Picco.

MR. PICCO: I think that is a good point and I think it needs some clarification. First of all, in the Northwest Territories today, 82 percent of the budget comes from the federal government in the form of a transfer. Out of our \$1.1 billion budget for the Northwest Territories as a whole, 82 cents of every dollar comes from the federal government and the Northwest Territories raises 18 cents of that. Of the 18 cents raised in the Northwest Territories on every dollar spent, approximately 15 cents would come from the Western Arctic and about three cents would be generated in the Eastern Arctic. The money that has been set up in the formula for the new territory and for the western territory is based on historic expenditures and an incremental amount put into the escalator based on those costs. As an example, right now the Northwest Territories spends approximately \$480 million in Nunavut. But to service that new government that is going to be set up in Nunavut, of course you are going to hire new staff at an average salary of \$60,000 and so on and so forth. You come out to the fact of about \$600 million and in the Western Arctic they would get about \$600 million. That is how the formula financing...It has nothing to do with creating new jobs, you just need new positions because you are duplicating services to manage both different territories. I don't know if that helps explain it.

CHAIRMAN (Mr. Epstein): I think we have actually run past our time. I think Mr. Schauerte...

[--Recording difficulties--]

[--LUNCH RECESS--]

Business Session 6: Year 2000 and Technology: Are We Ready?

MR. ERASMUS: Could I have your attention please? We are going to get started now. We're waiting for more delegates to get back, but there are people leaving this afternoon so we will get started. The first thing this afternoon, of course, will be the year 2000 technology, followed by another topic proposal for the Association of Commonwealth Public Accounts Committees and some council business. We might

have to do without a break, but we will see how things go. With that I will just turn you over to Conrad Santos who will be chairing this session. Thank you.

CHAIRMAN (Mr. Santos): Thank you, fellow delegates. As Chair, I will make an introductory statement then I will point to the root cause of the computer problems in entering the millennium, then I will point to the potentially chaotic consequences with some illustrations and then I will call on the presenter.

Selectively quoting from the Book of Daniel, it is written, "But now Daniel shout out the words and sealed up the book, even to the time of the end: many shall run to and fro, knowledge shall increase and there shall be a time of trouble such as there never was since there was a nation even to that same time." Surely people are running to and fro; escalators, supersonic planes, levitation trains and the like. Knowledge has increased, information is abound, and in our increasing integrated global economy the computer has reigned supreme storing that amount of digital data and other information concerning the affairs of life. What was the root cause of what is now known as the year 2000 problem, otherwise known as the millennium bug? Decades ago most computer processing of data was done on the huge mainframes or central computers, as we have witnessed in university computing centres. That was the time when computers were slow, they had memory and storage capacities that were limited and very expensive, and so our computer people made shortcuts for computer processing.

One such shortcut was the practice of using only two digits instead of four to represent the year. For example, the year 1965 was represented as 65. Such brief expediency often cost long-time payments. Programmers did not foresee that when the year 2000 comes, the computer will interpret the last two digits as 1900, or alternatively the computer program will revert to the date of program implementation. So what would be the potentially chaotic consequences of such a state of affairs, of such computer errors? Since the two-digit bit coding for the year is widely used in computer systems, including processes of labeling, sorting, updating and other data manipulations, such computer error would cause a wide range of program errors in a wide range of program applications. Transactions would be rejected as inaccurate. Business billings would be erroneous. Interest calculations on loans and mortgages would go wild. Planes could be grounded presumably because a plane could be considered as 99 years old for maintenance purposes. Cell phone calls made just after midnight of the year 1999 and year 2000 could be billed for millions of minutes, all because the various computer program applications have a mathematical formula that assumes that all dates are in the 1900s. Even the basic input output that are built into personal computers will read only memory are not immune from errors because they will automatically compute from 1980 up to the year 1999. And even if the user corrects the date once, when the computer is turned on again the error will recur.

Therefore the spreadsheets, accounting packages, day timers, e-mail systems and other program applications and so forth could all be potentially adversely affected.

There is at least some ray of hope because the international business machine has assured the public that computers that were built in 1996 and thereafter will not have such a millennium bug problem. Also, Microsoft Corporation has announced that any program version that they had after 1997 will be able to automatically accept the change from the year 1999 to the year 2000 without any problem. Let us conclude this remark by asking the question of the situation of our societal and technological preparedness to enter the forthcoming millennium. On the level of the federal Government of Canada we ask, are we technologically and psychologically ready for the year 2000 or to use the computer jargon? Are we Y2K ready? Mr. John Williams, MP, Chair of House of Commons Public Accounts Committee will be our presenter.

MR. WILLIAMS: Thank you Mr. Santos, and good afternoon ladies and gentlemen. There is no question, we are now all totally familiar with what the problem is, and is there a solution? But first, as I said before, behind every good committee there always stands great staff and I would like to thank Brian O'Neal who is beside me in the library of parliament for the hard work that he has done and for helping me with this presentation, and also for the hard work that he does every day on behalf of the Public Accounts Committee; Bernard Fournier who is our Clerk; and also the Auditor General, Antonine Campbell, who is here, who first brought this issue to our attention last fall. The Auditor General had written a fairly comprehensive chapter, and I think that each province has received a copy on their desk of the report that the Auditor General tabled before the Public Accounts Committee last fall which deals primarily with the Federal Government issue. But on a smaller scale it applies to every province, and on a smaller scale every business and, in some cases, many, many homes. So the issue is how big is the problem. In October 1997 in the Auditor General's report he described it this way: the year 2000 crisis is a global phenomena. It refers to the potential for systems errors, malfunctions and failure as a result of the past practices by computer professionals and the information technology community that represent the year as a two digit code. This means that for computer systems, the year 1998 will be typically represented as 98. So that when the year 2000 arrives, the system, if it is not corrected, could interpret 00 to represent the year 1900. Or, as Mr. Santos said, basically the computer is free to make its own choices and when computers make their own choices, problems will arise.

So what are the possible implications? First you may say, so what? I have a computer in my basement, its not going to affect me because I just print out the odd letter periodically, but it is unfortunately a larger problem than that. It is not just a simple minor programming glitch that you can go down to London Drugs and you can pick up a new copy of the program and figure that it has all been fixed and you just have to

put it into your computer. Back in 1997, The Economist, the well-known international magazine not noted for their alarmist views, did say that the new century could dawn with police, hospitals and other emergency systems paralyzed, with the banking system locked up, and governments, to say nothing of nuclear reactors melting down as the machines they have all depended upon stop working, puzzled, after having gone a hundred years without maintenance.

So what about the implications to government services? Because the problem is large, the problem is labour intensive and the problem is going to take time to fix. And the problem is beyond being fixed in the next 16 months because for those people operating large mainframe computers, yes, you can go out and you can hire programmers if you can find one today, if he has not already been snapped up by somebody else, to fix your computer and make it year 2000 compatible. One of the problems is that that old language is no longer taught in school today, so it is only the old programmers that you are going to hire. Not the new guys coming out of school because they have never been taught these old languages which have been superseded many, many times. It may be that you have a computer chip imbedded in your machine that you think you can go down to the store and buy a new one but, unfortunately, not so because you better go back and find the old style computer chip that they stopped manufacturing 25 years ago, or 15 years ago, because that is the type of chip that you will need. You can go down to the store and buy a whole new computer for \$15 or \$20 million if that is what it takes but, again, it may be four years before they can deliver. So you are in a bit of a conundrum here and this is why it is important that you address the issue now.

When the Public Accounts Committee in Ottawa first asked the question last fall to the assistant deputy minister and I asked what is the fall-back position, the answer was, well, perhaps we could write the cheques by hand. That unfortunately, ladies and gentlemen, in the fall of 1997 was the official response by the Government of Canada as to the fallback position on the Y2K problem. Fortunately they have moved beyond that, but it is only in the last six to nine months that they have really seriously come to terms with the issue.

So how big is the issue? That is the thing that you have to realize. Some people talk about doomsday and the world will come to a stop. The lights will go out, the elevators will not work, the cars will quit, the street lights will not work, the lights will go off and so on and so forth. Not true, but it is true to some degree because some traffic lights will not work, and somewhere the lights will not come on and in some buildings, the elevators will not work and some old cars will not start, and I could go on and on and on. It also applies to businesses where the computer really does not work, and therefore you cannot get the invoices out so you cannot collect the money and you cannot meet the payroll. Some business will fail, hopefully not yours. You all

pretty well work for government so it had better not fail. The point being, some businesses will fail. How many? Hopefully not many.

There will be a serious dislocation of the cash flow through the banking system, as some businesses cannot figure out who owes them what and some businesses cannot write their cheques and there is going to be some dislocation. If a business is close to the wall, it could put them over the edge. If his cash register does not work on January 1, 2000, and he is stymied on trying to get his sales going, while there will not be a total and absolute calamity, it will be spotty around the industry. Maybe it is your building that the elevator does not work in and it may be your banking machine that does not work, and to you that will be a calamity even so, by and large, the rest of the world is stumbling on. It also applies to not just the normal economic transactions, but it also applies to the things the government has to think about, which are health care services, emergency services, utilities and the protection of society.

These are the fundamental things that we in government have to concern ourselves about. And, yes, unfortunately those large utilities are just starting, in some cases, to grapple with the issue and they have a long, long way to go. Yes, there will be some lights that do not go on. There may be some emergency services that cannot respond on time. There may be some hospital equipment that will not work when they switch it on. We talked to one particular hospital a couple of months ago and they thought that they would check their MRI machine. These multimillion dollar machines that are state of the art, they moved the date beyond 2000, tried it, it died. They thought it was gone forever, it took them four days to get it back on track. They thought it was finished. Now, fortunately, the resources were available last year when they did that. I can assure you that on the first week of January, the year 2000, if it is the MRI machine or the heart pump machine or the critical machine that is required in the hospital to keep the heart machines going, the technicians will not be around the corner and, therefore, what are you going to read in the newspaper? Who is to blame? The government is to blame. And that is very definitely why you, as a Public Accounts Committee, have to think about the Y2K.

How much is this going to cost? We have heard around this table yesterday, some people talked about \$50 million here and \$75 million there. The federal government said sorry, the Auditor General quoted the Treasury Board last year who thought well, give or take \$1 billion for the federal government alone. Since that time they have gone and created a new fast-tracking contracting out system, where they have gone to seven major contractors such as IBM and Honeywell and so on and guaranteed them \$100 million in business, but giving them a contract that can run as high as \$1.4 billion to be spent on software and consulting services, in addition to the new hardware that they want to buy, in addition to the 8,000 new programmers that they are hiring, in addition to all the work that they have already put in. I think that \$1

billion Treasury Board estimate was a number that came off the wall and could quite easily be twice or three times that by the time it is finished. So that is the type of money that we are talking about. Two to three billion dollars in the federal government, plus the numbers we heard around here yesterday, plus the numbers for business. It is going to be a very expensive fix. And the biggest question is, if you are not doing something about the fix now, where are you going to find the people to do the fix before January 2000 comes along in 16 months from now?

What has the federal government been doing? Until the last year, the Auditor General reported the progress had generally been slow. He warned that unless urgent and aggressive action was taken, government systems would not be converted on time. In January 1998, the Treasury Board's secretary published results of a survey of the government readiness that they had done in the fall of 1997. The progress report -- that is the one that we have over there available over in the corner -- demonstrates that a lot of work remains to be done. Some departments were still at the awareness stage. They had not even taken an inventory of how big the problem was. The Braithers-Wescott report says that fixing and testing the problem amounts to over 50 or 60 percent of the entire job to be done, and they had not even started the inventory to find out. It actually was on a department-by-department basis.

The federal government has identified 41 of what they call mission critical systems. These are the huge data banks that have all been employment insurance plan numbers, premiums and contributions. The Canada Pension Plan contributions, the Canada Pension Plan cheques, the payroll cheques; the major data banks that the government really needs to protect because if you lose them, they have pretty well lost the ship. They have identified 41 major systems. The bad news about that, of course, is that the peripheral terminals that sit on the service desks of the civil servants who deal with the public are not deemed to be mission critical. Therefore, while they have protected the core data banks, the capacity to deliver service may be nil when the clerk who provides customer service goes to work after January 1, 2000, and finds out the terminal does not come up. The information is protected but they cannot deliver. The system on the desk of the customer service rep is not deemed to be mission critical.

The other thing, of course, is that the mission critical is not the stand-alone huge, expensive programs, because the interlinking of computers today is everywhere and these 41 different mission critical systems are actually 1,100 hundred combined systems. And these 1,100 combines systems that are integrated into 41 big systems are talking to computers all the way around the world, in some cases. Unfortunately the virus -- if you can call it a virus -- the bad data of the two digits instead of four if it has not been fixed can be imported from an outside computer and knock your data haywire. So you cannot just say I am going to draw a circle around these mission critical systems and prevent them from talking to anybody else, because they have to

talk to other computers in order to work. So you have to have barriers to test and protect the data. So that is how big it is and how complex it is. And the Treasury Board is just in the process of finishing their second report for presentation to the Public Accounts Committee, which we hope we will have in the next few weeks and no doubt the Public Accounts Committee will be ceased with that in this fall.

What has the Public Accounts Committee done so far? Has it said the Auditor General has released his report? It was not complimentary, we put it at the top of our list last fall. We held a meeting with the Auditor General, his staff and officials from the chief information officer's office and the Treasury Board. We put them on this front. We wanted to know what was being done, who was in charge, how much repair effort it would cost and would it be completed on time. Unfortunately the answers we got were not too complimentary to the government. They did not reassure us.

First of all, in the federal government the Treasury Board is a coordinating department, its a central agency, the rights, rules and regulations for all departments, but from there on deputy ministers run their own little systems. We told the Treasury Board to take charge of this issue, issue directives and hold people accountable and they said that is not our task. Our job is strictly to monitor and coordinate. The time for monitoring and coordinating is long past as far as the Treasury Board is concerned, in my opinion. They have to start holding deputy ministers accountable for their department and the capacity of that department to run smoothly in the next millennium. We tabled a report in the House of Commons with our recommendations. Again, copies of that report -- and I think it is an excellent report that was endorsed by all parties -- is available at the corner there. Bernard, have we circulated that? Copies are available in English and in French at the corner.

We asked the government to keep the committee and Parliament informed about the progress. Last May, when we had Paul Rummel, the chief information officer, before the committee, I said, Mr. Rummel, who is the worst performing department in the government as far as the Y2K problem is concerned, who is the furthest behind? He refused to answer the question on the grounds that it would presumably incriminate him. We need to know, as public accounts committees, which department is not pulling its weight and which department is not going to function in the year 2000. Because remember, the government will get the blame and you should be able to be out front and know these things are going to happen ahead of time.

We stated our concern that the department should have contingency plans in place for systems that might fail and, as I mentioned last fall, perhaps we could write the cheques by hand. A million cheques a week, perhaps we could write them by hand. Fortunately, they have moved that up, glad to say, for example, they are going to reprint the Canada Pension Plan cheques for January, February, March and April

ahead of time, so that if the computers fail, 98 percent of the people are going to get their Canada pension cheques. Those people who are supposed to start collecting the cheque in the year 2000, will not get it. If you are going to be one of these people, you are going to say they let me down. Same with unemployment insurance. They are going to preprint the cheques ahead of time, but if you lose your job on January 1st, because the boss's computer does not work, you will not be able to go down and collect your UI cheque because they printed it in December and they did not know you were going to claim. The vast majority will get theirs. They do have some kind of fallback position, but it is not that adequate.

We asked that clear lines of responsibility be established for fixing the problem. We wanted to know who held the can and where we could point the finger because if you could put the pressure there, surely results would happen. The government came back with some positive things, but again they refused to give us the pressure points where we could point the finger.

We held a second meeting with the Auditor General and the Treasury Board witnesses in May and this fall again and we will be continuing with keeping the pressure on. We also asked the Auditor General to follow up this issue closely and keep the committee informed of his conclusion of concerns, and I hope that he will be tabling other reports like the one that I have tabled, circulated here, giving his analysis of the situation.

In conclusion, what can public accounts committees do? First of all, as I said yesterday, this is the first time that a Public Accounts Committee can see a problem coming down the road. Rather than trying to close the door of the barn after the horse has gone, we know the horse is going to have the barn on January 1, 2000, and we should start doing something about it. We have that chance. Remember the finger is going to be pointed at governments and people will say why did you not do something? You better have a good opportunity to say yes, we did, and we did the best we could.

What can you do? You can ask your Auditors General if they have not done a report so far, to do so. I understand the Government of Ontario's Auditor General has tabled a report this past two or three months and, as I said, the federal Auditor General has already done so. Has your Auditor General done an audit in your province? If not, why not? When will he? If he has audited progress and issued a report, why do you not pick that up as the Public Accounts Committee with urgency, move on it and move on it quickly. Find out which departments are behind the most. Find out where you can put the pressure to make this work. Bring them in front of the committee in the public process and ask them why, as the deputy minister, their department will not be able to function on January 1, 2000. I do not have a problem asking these questions. I hope that you do not have a problem, because, remember, government has

had all the time in the world to recognize this, do something about it, and they are just being seized with the issue now.

Do they have a strategic plan in place? Does each department have a strategic plan in place? Do they have benchmarks? In the Braithier-Wescott report it sets out the different types of benchmarks and progress checks that can be done and should be asked to find out what kind of progress you are making. Do not just say, well, we have it under control. No, if they have not done their assessment of inventory, their planning, their repair, testing and implementation and so on, they do not have it under control. Who is in charge? How much is it going to cost? What does the Minister of Finance have to say? Does he have the money available? What is it going to do to the economy? Is it going to be a one-percent slide on the economic growth because of this? We do not know. What does your Minister of Finance say? Keep up the pressure. Ask for regular reports. Bring your witnesses back time and time again.

These are the ways that you, as a public accounts committee, can participate and help your governments, your citizens and your constituents be ready for the Y2K problem that is coming. To what magnitude, we do not know, but you are all going to be affected by it in one way, shape or another. Make sure you get the message out now, the bigger, the louder, the better, because business in some cases still do not know about what is going on.

Ladies and gentlemen, I thank you for your attention, I will turn it over to questions and answers. Mr. Santos.

CHAIRMAN (Mr. Santos): ...(inaudible)...

MR. PATTEN: John, that was a good presentation. I appreciated that.

MR. WILLIAMS: Thank you.

MR. PATTEN: Going back to a comment that you made that the system is not self-contained, that it has links with other systems, presumably with security systems, Interlope, whatever they are, have they been able to identify all their external windows where they have some possibility of interfacing and no control over whether or not that other link has addressed the millennium bug?

MR. WILLIAMS: I do not know that they have all addressed the problem. I am quite sure that they have not. The point is that your computer programmer can build a buffer test. Any time your computer is receiving data it is tested as it is received. If it is still using the two digits rather than four digits, it can stop it right there, rather than

infecting the computer that has been repaired. These are the types of things that have to be done. They do not get done quickly and they do not get done cheaply.

CHAIRMAN (Mr. Santos): ...(inaudible)...

MR. PICCO: Thank you, Conrad. I would like to play the devil's advocate with your presentation and your year 2000 problem. Last month, myself, and I know Conrad and some other delegates were in Ontario when we discussed the same topic. It seems to me the year 2000 problem is a make-work project for computer consultants. We have a \$600 billion cost. The only person who is smiling about that is Bill Gates. I believe it was Microsoft that recently changed programming of their chronological clock on some of the mainframe computers that they had, and indeed they changed it from 1998 or 98 to the year 2000 or 00. There were some minor problems or glitches, but no major mainframe shutdowns or failures of the system.

If you look at some of the really complex computer systems that we are using today, and of course, the major component of that would be with NASA, who has sent X number of satellites up into outer space, and their chronological clocks are not going to stop on January 1, 2000, and fall from orbit. We are not going to have satellites circling the globe, falling down. I think it is farcical to say the federal Government of Canada will have their CPP cheques, UIC cheques and old age pension cheques cut three months in advance. But then, because you know everything is going to fall, you expect Canada Post to be able to deliver these cheques and be able to sort them in a mechanical and computer room. If you have ever been in Ottawa and saw our Canada Post office, which some of us have, with multi-controlled computer systems, somehow you expect them to get out there, but we will have them in advance. I think it is almost farcical to make suggestions like that.

The problem is, yourself, myself and some people sitting around this table, are only lay people when it comes to computers. We are not computer whizzes. We had to listen to what other people tell us about computers. My feeling is that if Paul Martin as the Minister of Finance, the Toronto Stock Exchange, the New York Stock Exchange and these other giants of the corporate world were really concerned, or the Royal Bank for that matter, were really concerned, I think there would be something more than the Public Accounts Committee of this governments, some other government, jumping forward.

Now indeed, last week on CNN they reported that GM Motors was spending \$300 million or \$300 billion to change their computer systems and so on. So I am expecting that some of us, especially our friends in Ottawa, will be in the Diefenbaker bunker on January 1, 2000, waiting for satellites to fall from the sky and all these crashes.

Last month, again, when we were in Ontario, that was the process. We had a delegate in from Britain, who talked about the British Government and European Common Market, and they are studying it and they did not see it as such a doom and gloom scenario. Unlike Nostradamus, I cannot see the future and neither can you or our computer gurus around the world.

As I see it, it is a \$600 billion make-work project for computer consultants.

MR. WILLIAMS: Well, I appreciate your point of view and I wish you were right. I wish you could assure us that you were correct that it is not a big problem. There is still computer software on the shelf today that is not Y2K proficient. It is not the brand spanking new computers that you have to worry about, it is the older ones that need to get fixed and those with the embedded chips. Not just the computers, we are talking the thermostats on the wall, we are talking the digital clock radio, everything that is digital has a computer chip. It is only in the last few years that they have really started to build in the four digit, versus the two.

Banks were one of the first to realize the problem because of 25-year mortgages, when they put in the maturity date in 1975, they realized in 1975 they had a serious problem. By and large, the banks in Canada are Y2K ready. Some businesses are, government is not. I appreciate your point that if we have all these cheques to deliver, but Canada Post cannot get them out, then we had better lean on Canada Post too. Business is struggling with the issue.

I have to say that the Auditor General of Ontario has said this is a serious problem. Dr. Chenes in Toronto says that no company can file its annual report unless it has in there a statement regarding Y2K readiness. The same in the United States. We have had testimony in front of the Industry Committee in Ottawa, saying that some banks around the world will fail because they will not be able to handle their accounts. Canada is in the forefront. We are better prepared than most. It is a serious issue. Now it is the old situation, that if it affects you, it is a calamity, but if it does not affect you, it is somebody else's problem.

I understand that some heart pacemakers have a chip. If you're one is Y2K proficient, great. If it is not, think about the conclusion. It will be a small individual crisis. Your alarm clock does not go off, your heart pacemaker does not work, your heart monitor does not work, the ambulance cannot pick you up, the lights do not come on in your neighbourhood, not around the world, just in your neighbourhood. If that happens in your neighbourhood, it is a crisis. Somebody else's neighbourhood, it is a problem you read about in the newspaper. We cannot over-emphasize the fact that there will be serious dislocation. No one can say to what magnitude, but nobody is talking absolute and total calamity. Yes, business will go on and will revert to some noncomputer

system. The point being, that if you do not call the computer programmer today, and you think you can call him on January 2, 2000, he'll say, see you in August the following year. That is about where you are going to be at. Treat it seriously, look at it, assess it, get on with it, because you will not get a second chance at this one.

CHAIRMAN (Mr. Santos): Mr. John Weisbeck from BC.

MR. WEISBECK: One of my big concerns is the technicians. If you consider having to rewrite some of these old programs and the number of hours it is going to take for a programmer to do that, obviously, it will be a real difficulty finding staff out there. I know we commissioned one college to educate basically 24 students at Camosun College in Victoria. When they graduated, they were picked up immediately. I really think we were somewhat pro-active. But I think across this country, we are just not going to have the staff people to handle this problem. What has the federal government done about this and how pro-active have they been to make sure that we have enough technicians out there? Because as we get down into the countdown, these people are going to be able to hold us for ransom for salaries, and the costs are going to escalate.

MR. WILLIAMS: One of the things that has happened is the federal government has been in the market snapping up computer programmers like everybody else. I think it is 8,000 that they want to hire. If they hire 8,000, that is 8,000 less available for everybody else, including the Government of BC. If a college produces 24, as you can appreciate, that is pretty well a small drop in the bucket. I am not aware that the federal government is really doing anything specifically and pro-actively to produce more people with these skills that are basically old skills, and to remanufacture old computer chips that are no longer being manufactured, so that we can have an abundance of these things available. It is going to be fly by the seat of your pants and grab whomever you can who can to fix it. Some will have the skills, and some will sell you the skills but they do not have the skills anyway. Please be aware, it will be tough.

CHAIRMAN (Mr. Santos): Any other comments? If there is no comment, I will make a comment. Politicians and public accounts people should also be aware of technicians in the same way that politicians should be aware of sex objects.

[--Laughter--]

MR. WILLIAMS: I'll pass on Bill Clinton's question there. The point that I really want to say is that we are all laymen around this table, we have a responsibility as a public accounts people to put the pressure on those who know how to fix the problem. We had a guy by the name of Paul Rummel, Chief Information Officer in Ottawa,

who has a whole department. There are computer specialists all through the federal government. They all are working seriously and furiously to resolve this problem. They are cashing in on it too. For instance, there are instances of staff requesting unpaid leave to cash in on the Y2K problem by spending a year or two in the private sector, sometimes back on contract with the federal government of course, at a higher salary, because that is how the system works. The point is, we have to recognize that we, as the Public Accounts Committee, are one of the committees that can do something about it. What we have to do is put the pressure on those who have the technical knowledge and those who have the responsibility to ensure this thing is fixed as well and as much as possible for January 1, 2000. That is our responsibility. It is not for us go out and analyze it because we rely on Ottawa, on the good offices of the Auditor General, same in Ontario, same in your individual provinces. I cannot urge you enough to take this issue up in your Public Accounts Committees, because you do not want to try and explain to the general public why you fell flat after the year 2000. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Santos): Any other comments? I am now surrendering the chair to Shiraz.

Proposal for an Association of Commonwealth Public Accounts Committees

CHAIRMAN (Mr. Shariff): I presume we are going straight into the next session. There is a break. Okay. Lance is supposed to Chair the next session. Since he was not here, I thought we should proceed. Let us take a break and come back in 10 minutes, or do you want to come back at 3:00 p.m.? Come back at 3:15.

[--SHORT RECESS--]

Business Session 7: Proposal for an Association of Commonwealth Public Accounts Committees

CHAIRMAN (Mr. Shariff): Lance is supposed to Chair this part of the meeting, but he is a little delayed and so, I will do that in the interim and he will take over when he arrives.

[--Laughter--]

There are two speakers on this subject. Craig, do you begin? Max begins, followed by Craig. If anybody wants to raise a point at the end, we will have time. Just draw my attention, I will put your name on the list. Max, it is all yours.

MR. TRENORDEN: Thank you, Mr. Chairman. This concept has been on the wing since the last time we met in Edmonton and has not been canvassed widely until now. I will just say at the beginning, it does relate to the matters that I raised yesterday about trying to raise the standing at Public Accounts Committees, and certainly in countries not as proficient as ourselves, in particular. I will also be raising this issue at the Australasian Biennial Conference, which is happening in February in Perth next year, and you are all attending. You will have received by now, a draft constitution -- I believe they have been circulated around -- which we in Westchester have put together. It is only meant to be a proposal, a draft, purely up to you to accept, reject, whatever. The draft constitution is an attempt to give some structure to the concept of a conference of Commonwealth Public Accounts Committees and, more particularly, the draft constitution is presented as a mechanism to provoke discussion and tested to the degree which you are interested in the idea, more than the detail behind it because obviously the detail can be changed.

I will just go through each section of the draft and if you have any questions along the way, Mr. Chairman, I will happily take them now. Amanda has just put the overhead up, and you can have a look at the paper on the overhead. The draft outlines of the meeting are fairly broad, to reflect the fact that such a meeting come together of committees of some common interest and potential to share information, to learn without making binding policy or decisions about public accounts committees and accountability issues.

Whilst many nations have a political system based on Westminster and have what are called public accounts committees, or something that resembles a public accounts committee, it is clearly the case that these committees vary in what they do, how they do it, and why they do it. It is clear, there is something we can learn from each other, whilst having enough in common to make such a meeting relevant. I believe these meetings, such membership is clear, so the conferences are concise with unambiguous focus and do not become a meeting of committees with too many disparate functions. That is why the membership section of this is drafted a little bit more precisely, so you do have to have a common interest. If you are going to meet, even like we are meeting today, if you do not have a common clear interest, then it just falls apart.

The frequency of the conferences is proposed to be once every four years. Election cycles tend to oscillate between three and five years throughout Commonwealth parliaments, and four years obviously hits the middle mark and would give new committee members, and also conferences themselves, a chance to go talk to every parliament hopefully. Other reasons for not conducting more frequent conferences include the cost, which will be substantial, and I think would be one of the issues around the table. But, of course, that does not mean that everyone has to attend every conference. The fact that countries such as Canada and Australia have their own

annual and biennial gatherings of councils of ACCPAC. We, certainly in Australia, would not stop having our meetings.

The choice of where to host the conference and how to organize secretary duties is a little problematic, particularly due to the infrequent occurrence of the conference that is once every four years. Where all our secretariat and hosts may or may not coincide, I do not think it is necessary that both tasks have to be carried out by the same group. I have been part of organizations that have them split and they can work. We put two options in the handout. Whilst the first option specifically proposes a secretariat role for the Commonwealth Parliamentary Association, which I presume is healthy here and certainly healthy throughout the Commonwealth, the major point of the two options is to distinguish a permanent secretary or a rotating secretary. The Commonwealth Parliamentary Association is only used for example only, but it is one of the options.

The first option proposes the Commonwealth Parliamentary Association to become a permanent secretariat of the council. The Parliamentary Association, which is located in London, United Kingdom, has the resources and the experience and could be of use to the Public Accounts Committee. It does several similar conferences as one proposes. Obviously, if this option is popular with delegates from both Canada and the Australasian conferences, the Commonwealth Parliamentary Association, via the Secretary General or the director of administration, would have to be approached and consulted in the first instances prior to the formation of any formal proposal. I have actually contacted the committee and we will send them -- that is the UK committee, Public Accounts Committee -- the result whether it is affirmative or negative.

The second option proposed is the rotation of secretary duties between the Commonwealth Nation of Public Accounts Committees. The secretariat duties would last for four years leading up to and including the conference, whereupon the newly elected secretary would take over at the end of the conference. I am pretty sure that is what you would do and it is certainly what we do in Australia.

In both organizational options, as just discussed, it has been assumed that hosting the conference would rotate from nation to nation as decided at the conclusion of each conference. There may be a nation such as UK, Canada or Australia who is willing to undertake a permanent hosting role; however, I personally think it would be good if it moved around. However, such a commitment would be difficult to uphold as membership and staff of public accounts committees obviously change over the years. That is my presentation. Here is the miraculous Chairman.

CHAIRMAN (Mr. White): He is here and he is alive, yes. The phantom has arrived. Ladies and gentlemen, we have the proposal before us. I imagine there is a great deal

of discussion, particularly as Max said, about the price of membership and the time it takes for each individual committee to work on the money after it is decided. Oh, yes, we have Craig our resident expert and the longest standing Member coming to these things. How many have you had now?

MR. JAMES: Well, I have been attending these conferences since about 1984, but I think Missy Follwell probably has the reigning record for the most frequent number of attendances at these conferences.

CHAIRMAN (Mr. White): Well, then we will look for both their participation. Perhaps you can carry on from where Max left off.

MR. JAMES: Sure. Craig James from British Columbia. As Max said, this really is the brainchild of Western Australia and quite visionary in its scope. I think that probably there is enormous merit in developing a Commonwealth Association of Public Accounts Committees. My comments are primarily those reflected by the Chair, Mr. Fred Gingell of the Public Accounts Committee in British Columbia. Both he and Max have had several conversations and have shared a bit of correspondence on this matter, but I will try to be as brief as possible.

I think in order to facilitate the concept of an international association along the lines of public accounts committees it might not hurt, provided the council is in agreement, that over the course of the following year, this coming year, that a group of Canadian jurisdictions have a look at the constitution and also some other elements of putting together not only this international association, but also to arrange for some body to facilitate its mandate. I say that by way of maybe proposing the Commonwealth Parliamentary Association Secretariat in London for a number of reasons. I think that they certainly have the resources and the reach to facilitate this sort of thing.

In the meantime, I would propose that, say, British Columbia would be quite willing and I believe the House of Commons in Ottawa would be quite willing and maybe one other jurisdiction, that over the course of the coming year the three of us get together, by e-mail or phone or whatever, fax, to flush out a framework around which we can hang this international association, but also with proposals on whether it is a stand alone enterprise or one which, depending upon the view, of course, of the Commonwealth Parliamentary Association, using their facilities and their kind offices to get this thing going. If that is a useful proposal, maybe for the time being we can do that. We could also, at the following meeting of this group next year, discuss the results of our work over the course of the year and maybe get some determination from the council as to whether they really want to proceed and what options would be most useful.

CHAIRMAN (Mr. White): Perhaps we could have some discussion around the question. The first question is whether in fact it is worth this body pursuing the council as it is proposed. Once we have come, if we do come to some consensus there, then we can deal with putting it to a subcommittee with the appropriate direction. Yes, Saskatchewan. Identify.

MR. JESS: Yes. Walter Jess from Saskatchewan. I like the sound of this proposal. My questions are, what is the cost, who pays, and does this establish a precedent for other legislative committees? If you would like to elaborate on that. Thank you.

CHAIRMAN (Mr. White): Craig, do you want to cover that?

MR. JAMES: Yes. Craig James from British Columbia. I do not think it sets a precedent for any other parliamentary committees, per se. I think that in terms of the funding for this association, that is something that, say, the working group or the committee of this council could sort out by way of a number of options over the course of the year. I think that there would be sufficient enterprise, sufficient interest in other jurisdictions or other regions of the world to the effect that we may be able to get, say, funding from a major organization; either from the CPA or the World Bank or the United Nations or some other jurisdiction so that it really is, in the end does not cost anybody really anything.

MR. TRENORDEN: Can I make a comment?

CHAIRMAN (Mr. White): Yes, you can, Max.

MR. TRENORDEN: On the precedent for other committees, it is very clear in the Westminster system, certainly if you look at the English Parliament itself and you're own and our committee, that the Public Accounts Committee is the premier committee of any parliament. If you look at the history of how it was born in the Commons and why it was born, in 1700 or whenever it was, I think it would be very hard for any other group of committees to have that sort of precedence to be able to put it together.

CHAIRMAN (Mr. White): We have some other questions. You have a follow up, supplemental question? No? We have Violet, then we have John Williams from Ottawa, and then we have Richard from Ontario.

MS. STANGER: Thank you, Mr. Chair. I just think it is a really good idea and I would make a suggestion to the gentleman from BC. I am sorry I have forgotten your name.

MR. JAMES: Craig.

MS. STANGER: Craig. I would like to make a suggestion that you sort of, when you get rolling next year, do it through the CPA, because the Speaker chairs the CPA and I am on the local CPA Executive and we retain or reject any ideas on the CPA. This would be, I think, a good start because you would have the Public Accounts Committee people, like me, who might get them on side, but you would also want the rest of the folks on side. I don't know if you think that is a good idea, but I would certainly work through the CPA. I think it would be successful in that way. Thank you.

CHAIRMAN (Mr. White): Thank you for the contribution, and I assume that is in support of the application and further to it. Terrific. John Williams, please, and then Richard.

MR. WILLIAMS: I think that Max has put forward an excellent and timely recommendation here to broaden or to create this Council of Commonwealth Public Accounts Committees. I have had the opportunity these past two months to participate in a Public Accounts Committee meeting in New Delhi in India, where we had the Public Accounts Committees and the Auditor General from various parts of the sub-continent; and Canada was represented there, too. The World Bank was the sponsor of this particular bringing together of the Public Accounts Committees and the Auditor General to try and wrestle the issue of accountability in government and bribery and corruption, which is endemic in some parts of the world and where on earth do you start to address that. The World Bank is now recognizing that accountability within government is every bit as important in many ways as the handing out of the money, because the money sometimes drifts away with no real accomplishment because of the fact there has been a lack of accountability, bribery and corruption, and so on. A public accounts committee, as Max said, is one of the committees that every parliamentary government has. I think that based on these experiences that I have had, that the knowledge that we have here in Canada, UK, Western Australia and so on, and the more developed countries, to help those around the world that this type of organization I think is very, very helpful.

One thing, a couple of points, I think that rather than a quadrennial meeting, I think perhaps we want to talk maybe of regional chapters meeting every couple of years and that type of thing, which, as we draft and flush out this kind of constitution, we can think about. I do think that it is a timely and important step in the direction of improving the accountability of governments, not just here but around the world because they are all wrestling with the same problems, believe it or not. They are all wrestling, some with huge problems of inability to pay, corruption is rife in some

areas, and yet they do not know where to start and they look to us. I think we have a real role to play. Thank you.

CHAIRMAN (Mr. White): Thank you, John. Richard, you have a contribution?

MR. PATTEN: Yes, thank you. I am not in a position, of course, to formally say our Public Accounts Committee agrees or the Government of Ontario agrees. I can only voice my personal opinion and I think it is always wise to explore possibilities of approaching common goals from different vantage points because there is always something to learn. I support the concept.

There is one, I don't know what the perception is throughout Canada and the various jurisdictions, but I would say probably in Ontario, I don't know whether the government would or the Members would, see the Public Accounts Committee as being the supreme committee. Frankly, I certainly did not until I got involved with it. I think we may still be, in some jurisdictions, dealing with a perceptual challenge and that there is some education to be done.

Along the lines of sharing information, certainly the wish or the views held at this particular gathering, you know, we are tending to be in support of this, et cetera, et cetera. I think something should be able to go back to, perhaps, the committee and saying can you work this through your system? It is not simply the legislative side. It really boils down to the government's commitment and whether it feels it is going to support some general development of the Members of the Public Accounts Committee. It is easier for the Auditors General to get together, because there is a general sense about "professionals" getting together to share professional advice and findings and research and one thing or another. Often it is seen as, well, this is just another junket for a bunch of politicians who were looking for an excuse to get out of town. I think that would be unfortunate and I think it is a unique committee in that particular sense. But in this day and age where the prevailing attitudes very often are economic, economic, economic, and it is not the sense of having a strong value for the growth and development of our Members in their capacity to do a better job at trying to serve the public.

CHAIRMAN (Mr. White): Okay, Richard. From Alberta, Shiraz.

MR. SHARIFF: Thank you, Mr. Chairman. Conceptually, this is an excellent idea and there are great merits to sharing these concepts and exchanging ideas on a Commonwealth level. A couple of observations. There is the Commonwealth Parliamentary Committee that meets internationally, but I guess it is restricted to the federal Parliament as opposed to the provincial ones participating. I don't recall Alberta, for example, having participated at the International Commonwealth

Parliamentary Conferences. There is probably a lot of work that needs to be done. Then as somebody said about the perception of how the money is used for junkets, I think that also has to be overcome. My recommendation would be that those who are here as Members of government may want to take a lead role in getting this message out to the Caucus, because that is where the endorsement will have to occur. I am willing to play my part in Alberta to work with my Caucus to see that we support this initiative, and I encourage others to do the same. Thank you.

CHAIRMAN: (Mr. White): Further comments? Yes, Nova Scotia. I am sorry I don't recall your name. Is it Neil?

MR. LEBLANC: Neil Leblanc from Nova Scotia. I support the concept. We have a little, strange House in Nova Scotia versus other ones, that we have a minority situation, but I will be more than willing to bring it before a committee and consider it. I think the potential for getting some good recommendations and information is always beneficial to any public accounts, and ours is going to be evolving. It has evolved just since the House has opened and I am sure it is going to evolve in the months ahead. Hopefully we can gain by others' experience and maybe, likewise, the same thing we can share our experiences with other jurisdictions also. So we will be bringing it forward for consideration, but I cannot really say as to what will come out of it. But I think it is well worthwhile that we take a look at it.

CHAIRMAN (Mr. White): Okay. Thank you, Neil. Others in contribution of the general principle of the council? That being explored, we do have one other suggestion from Craig to put a smaller committee together in order to work on the possibility of funding, of course, from internationally. John, I assume you have volunteered your services and Craig, is it yourself.? You are looking for a volunteer for one or two others?

MR. JAMES: Craig James from British Columbia. It is entirely up to the council, but maybe one other jurisdiction or two others, depending on who wants to be involved with preparing a series of options for the council to consider next summer.

CHAIRMAN: (Mr. White): Do we have any volunteers? Shiraz Shariff, so recognized, the vice-chairman of the committee and the lead government Member who is sort of required to, as he mentioned, required to speak to the government and get governments in line, will volunteer. Others that wish to have participation? That should be sufficient and this group does not generally follow the parliamentary rules of order of drafting motions and that sort of thing. So if nothing else, any other discussion on the matter, I suspect that will be the committee. I suspect, Craig, you will be the central contact point and that as you have been executive director of this association for some time can gather together both Shiraz and John. Further business

to conduct on the matter? Being none, that piece of business has now been completed Mr. James, do you have any other housekeeping items and that sort of thing? Did you want to go on?

Business Session 8: Council Business

MR. JAMES: Craig James from British Columbia again. Under Association or Council Business I don't really have anything new to introduce, but I was wondering if maybe I might turn it over to Quebec for a moment.

CHAIRMAN (Mr. White): The delegate for Quebec. Did you want to say it again?

MR. CHAGNON: Well, as you know, the twentieth meeting of our committee will be held in Quebec City next year. (Translation) It is an important opportunity for us to be able to invite each one of you, all the provinces, territories and the federal government, to join us for the twentieth annual meeting which will be held in Quebec City. We hope to try to define the themes that we would like to look at as a group over perhaps a longer term, to allow us to send the participants the required information and documentation to even better prepare our deliberations.

I would like to indicate and I would like to say this while Roy Erasmus is with us, I would like to congratulate him and his organization for the excellent welcome we have received here and the marvelous organization.

[--Applause--]

We hope that we will greet each and every one of you in Quebec City next summer, and we hope that our weather will be just as fine as the weather we have had here in Yellowknife. Thank you very much. (Translation ends)

[--Applause--]

CHAIRMAN (Mr. White): I would like to add a little bit to the next meeting. I enjoyed having no tie this week and I suggest the Quebec delegation have a serious look at the Yellowknife tradition, which is to cut the tie.

MR. CHAGNON: (Translation) Well, how do you feel, guys? No ties? (Translation ends) What do you think about it?

[--Applause--]

(Translation) Carried.

CHAIRMAN (Mr. White): I will try not to drive, they do not want me to drive to Quebec City. I might be a day or two late. That is right. Ron, you have something to contribute?

MR. OSIKA: Yes, thank you, Mr. Chairman. Ron Osika from Saskatchewan. As a newcomer to this group, I want to express on behalf of my colleagues from Saskatchewan our sincere appreciation for the excellent hospitality that has been displayed in the last two days. I firmly believe that meetings such as this give us an opportunity to meet the very talented and committed people from right across our great country, and that is what makes us a great country; to share our thoughts and our ideas and to learn from one another. I have a great deal of respect, mutual respect, for people who initiate new ventures. As we heard, I believe this is an experience that we cannot afford to miss out on in continuing these types of gatherings. I commend each and every one of you and I feel really privileged to have had the opportunity to meet with you, to participate. And I have to say that it has been a true learning experience for myself and I look forward to continuing in our endeavors. Thank you, Mr. Chairman.

[--Applause--]

CHAIRMAN (Mr. White): Max, did you want to pick up on that, or did you want Violet to go first?

MS. STANGER: I just wanted to say we hope that Mr. Osika is still here after the next election.

CHAIRMAN (Mr. White): There are two competing parties there, you see. Max, you have some contributions, too?

MR. TRENORDEN: Well, not a real great contribution, Mr. Chair, but on behalf of Amanda and myself, I would really like to thank all of you for treating us so well. You make us so welcome in being here. It has been a real pleasure for both of us. I felt a little sorry for Amanda last year because we have a staff of three and...(inaudible)...so she could not come last year and the other two Members did. Because the number is very much smaller just being myself, and it should have been my deputy as well this year, Amanda was able to come and participate in it too. I know she has expressed to me how delighted she has been and it has been a wonderful program. Yesterday was wonderful. The whole process has been first class and I have developed over two years some great friendships amongst you. I have really

appreciated it and I am sure Amanda has as well. Thank you very much for the invitation.

[--Applause--]

CHAIRMAN (Mr. White): Another couple of times showing up here and we will learn you how to speak Canadian, eh? Jack Williams from Ottawa, followed by Jack Byrne from Newfoundland.

MR. WILLIAMS: I would just like to say, Mr. Chairman, on behalf of all the Public Accounts Committee people around this room, to thank Max and Amanda, who have come all the way from Australia. I know some come a long, long way, but I don't think anybody has come as far as Max. And perhaps come as often, because every time I have been here I think you have been here, Max, and you have made a great contribution to our conference. We certainly enjoy the rapport that we have built up with yourself and with the other members of the legislatures in Australia and New Zealand. We have had the United Kingdom over the years and I can only thank you for the contributions that you have made. We are much appreciative, thank you.

CHAIRMAN (Mr. White): Jack, from the other side of the country and the other rock.

MR. BYRNE: Thank you, Mr. Chair. On behalf of the group here from Newfoundland, I would like to say that we enjoyed the conference. It was well organized. We enjoyed the hospitality; the barbeque; the boat ride last night, by the way; and, the food. As a token of our appreciation we would like to present to our hosts a small gift that we brought along -- A bottle of Screech for everybody.

[--Applause--]

CHAIRMAN (Mr. White): Neil Leblanc.

MR. LEBLANC: Neil Leblanc from Nova Scotia. I would also like to thank our host for all three of our Members on Public Accounts. We are all new Members onto it and we are hoping we will have, hopefully we will have a lot more experience as time goes on and we will be able to partake perhaps more fully in the next meetings. Halifax will be hosting the conference in the year 2000. We fully intend to have a "no-tie" policy, so...

[--Laughter--]

UNIDENTIFIED SPEAKER: If there is no bug. If there is no bug for the millennium.

MR. LEBLANC: Well, hopefully there will be no election. It is kind of busy around Nova Scotia these days. Again, thank you very much for your hospitality. We had a fantastic time and I think we learned a lot about the north. For ourselves, being from the east, we really do not have an understanding and it has really opened up our eyes, especially the way that your government works and it has been very enlightening for all of us. Thank you very much.

CHAIRMAN (Mr. White): Yes, Richard from Ontario.

MR. PATTEN: Yes, we are going around. I want to say thank you on behalf of the delegates from the Ontario delegation because this was quite unique and one of the dimensions that has, I think, been helpful. While you have a vast territory, you have a small enough legislature that we saw and a different model. And I have got a lot of documents, by the way, on your model, that perhaps we can all learn from. But I think your sense of hosting others is wonderful and a great spirit of generosity on behalf of the delegates who really appreciate that, and we look forward to participating with you again down the line and all the best on your new constructs. Thank you.

CHAIRMAN (Mr. White): Elmer from PEI, you have got a contribution?

MR. MACFADYEN: On behalf of my fellow companion from Prince Edward Island, I do want to extend the heartfelt gratitude of the accommodations and the hosting that was provided to us from the people of the Northwest Territories; in particular, the people who had to drive two of us to the functions that took place at the Legislative Assembly. Vi Stanger and myself had trouble with our walking, but they got us there and got us back. I do appreciate the opportunity of participating and the learning of the knowledge and sharing of ideas. Most of all what I have enjoyed is not having to wear a suit and tie. I think it is a process that should continue, whoever is hosting it. Thank you very much.

CHAIRMAN (Mr. White): Yes.

MR. GRAHAM: Yes, Dale Graham, New Brunswick. I certainly, too, want to add my thanks to the organizers. First time in Yellowknife, certainly enjoyed it, had a great time. Thank you very much.

CHAIRMAN (Mr. White): And on behalf of Alberta, the province where you can actually drive to this wonderful part of the country, I will not, I have to admit, make it a habit of coming up here in that mode. Once was enough and it was quite eventful

and quite lovely. I would like to leave it to the...Oops, oh yes, British Columbia would like to have...

MR. JAMES: Thank you very much. First of all, I would like to thank Max and Western Australia for coming up here. It is certainly an interesting perspective to have someone come from outside of Canada to give their opinions on things. I am always in awe of this country and coming up here for the very, very first time...I thought I had been north when I went to, in British Columbia, Prince George. I thought that was north. They all laughed at me. This truly is a fantastic experience. I have learned a great deal about our country and I really appreciate the hospitality extended to all of us.

CHAIRMAN (Mr. White): Certainly. Roy, do you want to wrap up and bring us to a crashing crescendo?

MR. ERASMUS: Thank you. I would like to thank everyone for coming. Especially I would like to thank our friends who came from abroad. You came a long ways and I hope you enjoyed your stay here. We certainly enjoyed having you all here and I hope, of course, that you left lots of your hard-earned dollars with our Chamber of Commerce here. I would like to thank people for their kind words and I want you to know that if you have any further compliments, please refer them to me; if you have complaints, refer them to Doug.

[--Laughter--]

Seriously, a conference like this takes a lot of work and I would like to thank several people. I would like to thank my colleagues on the Government Operations Committee; the Explorer Hotel staff and management; our capable interpreters; the sound technicians; the Western Arctic Visitors' Center staff; the Dettah Drummers; the Norweta and Sail North staff; and the Legislative Assembly staff; and, of course, my co-host, Denis Desautels, Auditor General of Canada. This was all put together by three of our very capable staff, Ronna Bremer, Cheryl Voytilla and Soledad Castillo. They are not here right now, but I would like you to join me in showing our appreciation for all their hard work.

[--Applause--]

As I indicated, it has been a real pleasure to have you all here. It has, of course, been an opportunity to renew acquaintances that we have made in the past with several of you, and an opportunity to make new friends with people who we did not meet before, of course, to exchange ideas and viewpoints during the business sessions. It has also been an opportunity for the rest of my Government Operations Committee to

participate for the first time, because usually we only bring two people to these types of conferences and this year, because it was here, the whole committee was able to participate. Ed, of course, really enjoyed himself and he has indicated that he did not know what he was missing and he is not going to miss any more of these conferences.

I would also like to thank all the presenters who made presentations. Everybody was well prepared and presented the material well and did a very good job. Next year the conference will be in Quebec and we look forward to seeing you all there and, of course, being a recipient of the famed Quebec hospitality. I hope you all have a safe journey home and those who are staying, have fun and feel free to call on us if we can be of any more assistance. Thank you.

[--Applause--]

CHAIRMAN (Mr. White): Thank you, Roy. Being no further business to conduct, we look forward to seeing you all in Quebec City in la belle province in September 1999. We are closed.

[--ADJOURNMENT--]

[List of Delegates](#)
