
**20e Conférence annuelle du Conseil canadien des comités
des comptes publics et
27e Conférence annuelle du Conseil canadien
des vérificateurs législatifs**

Salle du Conseil législatif

Le mardi 31 août 1999

(Neuf heures cinq minutes)

Séance de travail 4

Les coûts de gestion en thérapies pharmaceutiques

Le Président (M. Geoffrey Kelley): Si tout le monde peut prendre place, s'il vous plaît. If everyone could come to the table, we'll get started.

So, I trust everyone had a good sleep last night and dreams of New France or people from New France, Mme Saint-Laurent or whomever. Anyway, welcome again to our second day of our deliberations here.

I'll just remind you a little bit of the program for today. We will have two sessions this morning: A first one animated by British Columbia on medication and different questions of how to control the cost of medical programs, if I understand it; after a pause, Québec will be talking about user fees. We'll have a more informal lunch but at the beautiful site, the Musée du Québec, which is right beside the Plains of Abraham. So, it will be a nice lunch. And then we'll come back for a joint session this afternoon with the Auditors General to talk about how our Public Accounts Committees and Auditors General can work together more effectively, a kind of round table discussion.

So, that's the order of business. We should be done around 4:00 o'clock which will allow us to enjoy a little bit of the afternoon sun afterwards, if that meets with everybody's approval.

So, without any further ado, I will turn things over to Evelyn Gillespie who will be talking to us about *Managing the cost of drug therapies and fostering appropriate drug use, Les coûts de gestion en thérapie pharmaceutique et les mesures incitatives à l'utilisation appropriée des médicaments*. Evelyn, the microphone is yours.

Mme Gillespie (Evelyn): Thank you very much and good morning. I would like to once again thank our hosts for a wonderful day and a spectacular evening last night. And we did indeed dream of New France.

One of the reports of the Auditor General that was submitted for our study, this past year, was a report called *Managing the costs of drug therapies and fostering appropriate drug use*. What I am going to do is provide a brief overview of the Pharmacare Program in British Columbia, and then my colleague, Murray Coell, is going to speak to you about our deliberations as a Committee.

So I'm going to start with some general information about Pharmacare. Pharmacare is the British Columbia Province's drug insurance program that assists British Columbia residents in paying for eligible prescription drugs and designated medical supplies. For hospital inpatients, drugs are an expense of the hospital system. Once the patient is discharged, however, Pharmacare becomes the responsible agency within the terms of established eligibility requirements. Because drug therapy is an essential part of many people's medical care, Pharmacare is an integral component of the health system which serves British Columbians.

Pharmacare was announced by the British Columbia Government in 1973, and began operation in January of 1974. The mission statement of our Pharmacare Program is to improve the health status of British Columbians by insuring reasonable access and appropriate use of prescription drugs and related benefit services for eligible residents of the province.

To achieve its mission, Pharmacare has the following strategic objectives: to manage a reimbursement system for required prescription drugs and related benefit services which prevents unreasonable access due to financial barriers; to monitor the appropriateness and cost effectiveness of drug therapy and prescribing patterns through the Prescription Review Program; to contain drug cost through a low-cost alternative policy; to increase awareness of the appropriate use of medication through health promotion strategies and PharmaNet in cooperation with the pharmaceutical industry and others; to promote optimal drug therapy through the development of

therapeutic guidelines by the Therapeutics Initiative — so, in the course of our report, we'll be giving you some more information on PharmaNet, on the Therapeutics Initiative and the low-cost alternative policy; to make the best use of financial resources through evaluation of cost and social benefits of pharmaceutical products by the Pharmacoeconomics Initiative; to make effective and efficient use of human and financial resources in order to meet program objectives.

Now, who can qualify for Pharmacare? In British Columbia, residents automatically qualify for Pharmacare coverage by registering with the Medical Services Plan. There are a number of different plans, I'm not going to go into each and every one of them, but throughout all of the plans, all British Columbians are covered. Since the full implementation of the PharmaNet system in 1995, individuals need not submit receipts to claim benefits from Pharmacare. Information on their coverage and deductible status is continually updated on the PharmaNet Program, and the pharmacist charges only the appropriate co-payment, if any, at the time of purchase.

Now, the reason for the Auditor General review of this program is that there are very significant cost pressures on Pharmacare. And, as a matter of fact, this program has been overexpanded in almost every year of its existence. The cost of Pharmacare to BC taxpayers has doubled over the last five years, growing at an average rate of 6.05% each year. This is notably faster than the growth of other health system costs, and is approximately four times faster than the rate of inflation. Despite several cost reducing measures, Pharmacare's deficit has remained substantial.

What are the sources of cost pressure? Pharmacare's rapidly escalating cost may be attributed to two major pressures: rising drug costs and increasing numbers of allegeable recipients. Prescription drugs are being used more frequently and for more purposes than before. Both the average number of prescriptions and the total quantity of drugs taken per person have been rising steadily since 1989. Both of these trends translate into increased costs for Pharmacare. If overall health care system reform continues to stress alternatives to institutionalization, upward pressure on the volume of drugs used may be expected to continue. Cost reduction measures such as the Low-Cost Alternative Program and reference-based pricing are designed to reduce cost in the face of rising volume. Average drug prices per prescription had been rising steadily until 1995. It appears that Pharmacare's new, more stringent, drug approval process may have begun to slow this trend.

The number of eligible recipients. British Columbia's population is growing steadily. Over the last 15 years, the average annual rate of growth has been 1.09%. In 1980, our population was 2 500 000, and today the population of British Columbia is 4 000 000 people. In addition to the rapid growth of population of British Columbia, there is a disproportion in growth among seniors in British Columbia. The population of

seniors, those aged 65 and over, the most expensive group for Pharmacare, is increasing faster than the general population. In the last 10 years, BC senior population has grown at an average annual rate of 3.2% while the general population's annual average growth has been only 2.47% each year.

Even though the number of prescriptions taken per senior has stayed fairly constant, the cost per senior has climbed steadily until 1995 but declined in 1996. This is a reflection of recent cost reducing initiative such as Reference-Based Pricing policies and the Low-Cost Alternative Program. I have a chart here that shows the comparative cost of Pharmacare to BC's overall expenditures. The comparative cost of Pharmacare as a percentage of the provincial budget has risen in the last 10 years from 1.47% of the total provincial budget to close to 2%. The Ministry of Health overall expenditure is slightly more than one-third of the entire budget of the Provincial Government and, as a percentage of the Ministry of Health expenditure, the Pharmacare budget is close to 6%.

So, I'm now going to speak to you about some of the measures to deal with cost pressures, the Reference Drug Program. The Reference Drug Program is a Pharmacare policy to encourage cost-effective first-line prescribing for common medical conditions. Under the Reference Drug Program, Pharmacare coverage is based on the cost of the referenced drug or drugs in a therapeutic category. This is the drug considered to be medically effective and most cost effective in that category. The therapy, the categories and the drugs to be included under the Reference Drug Policy are identified through reviews of the most current published scientific evidence of cost-effective drug therapies. Subsequently, the Reference Drug Program Expert Advisory Committee reviews each category and advises Pharmacare on the implementation and ongoing development of the policy. The Advisory Committee is composed of physicians, pharmacists and other experts.

Large studies of comparative therapeutic effectiveness predict how most patients will respond; however, they do not predict how an individual patient may respond. To accommodate this clinical reality, the special authority process was designed to ensure access to drugs based on patient specific needs. That is if a physician determines that a patient requires a drug in a reference category that exceeds the reference price, that doctor can then apply for special authority status on behalf of the patient. The top ten drugs, in 1996, are drugs that are very commonly used to treat hypertension, to treat ulcers, to treat high cholesterol and to treat angina and hypertension and asthma.

Now, how do new drugs get covered by Pharmacare? In 1994, Pharmacare established a Therapeutics Initiative. The Initiative evaluates new and existing drugs therapies according to the best scientific evidences and provides this information, as well as suggested guidelines for their use, to practicing physicians. The Initiative also makes

recommendations to Pharmacare on which drugs are likely to provide a therapeutic advantage over existing drug therapies.

Some of the other measures to deal with cost pressures in addition to reference-based pricing are education. Education is seen to be very necessary in order to insure that people are using their drugs appropriately, in order to insure that they are not running into problems with overmedication or with continuing to take medication that is no longer relevant for their condition.

One of the strategies that Pharmacare introduced to deal with this was to reduce the number of days for which a prescription could be administered, that there's a initial period of seven days and a renewal period of 30 days for new medications.

M. Murray Coell, in his review of the work done by the Public Accounts Committee on the Auditor General's report, is going to cover some of the other initiatives that Pharmacare has introduced in order to meet its cost pressures. But I would like to speak to you for a moment about PharmaNet.

PharmaNet is a secure computer network that links community pharmacies throughout the province in an effort to protect the health of British Columbians. By allowing BC's pharmacists controlled computer access to their clients' medication profiles, PharmaNet can protect British Columbians for potentially dangerous medication interactions and duplications. In addition, it will help limit prescription fraud and drug abuse.

PharmaNet is a computer network that links all pharmacies so that an individual taking a prescription to any pharmacy in British Columbia, the information of their drug profile will appear on that PharmaNet and the pharmacist who is administering the prescription will have all of that information in front of them. At this time, it does not include emergency department in hospitals.

PharmaNet will protect health. The pharmacist will be able to identify adverse drug interactions and unintended duplications instantly and will provide up-to-the-minute information about the medication an individual is taking. It will protect privacy: Only licensed practicing pharmacists and their registered assistants will have access to the PharmaNet, and by attaching a keyword to the individual's file, it'll able to limit access to pharmacists within pharmacies of the choice of the individual. And, of course, PharmaNet will protect the pocket book, eligibility for Pharmacare benefits will automatically be calculated at the dispensary counter, and will protect the medical system by reducing hospital admissions and costs related to accidental drug interaction and the cost to the medical system caused by prescription fraud and drug abuse.

Since the implementation of PharmaNet, in September 1995, clients need no longer their share of the prescription cost or the dispensing fee up front and submit receipts for reimbursement by Pharmacare. The dispensing pharmacy can see immediately how much the client is required to pay and charge only that amount at the time of purchase.

Another significant benefit of PharmaNet is an increase ability to identify potential difficulties or dangers of prescribed medications. Between September and November of 1995, pharmacists flag over 400 000 potentially dangerous drug interactions.

This has been a very brief background to provide you some information in the terms that are used in our discussion of the Pharmacare Program in British Columbia. And, after the presentation of M. Murray Coell, we'd be happy to answer any of your questions.

Le Président (M. Geoffrey Kelley): Mr. Coell.

M. Coell (Murray): Good morning. As Evelyn said, the British Columbia Pharmacare Program began in January 1st, 1974, and it is administered by the British Columbia Ministry of Health and Ministry Responsible for Seniors.

Prior to that time, British Columbia had a Drug Subsidies Program dating back to 1972 which provided subsidies to low-income British Columbians, and the new plan for seniors was also initiated in 1973. As delegates to the Conference, we'd be aware each province has its own drug plan, but only British Columbia, Saskatchewan, Manitoba, Québec and Ontario have universal coverage, i.e. making their provincial drug plans available to all residents rather than just particular groups such as seniors, social assistance recipients or those in care facilities.

In Ontario, coverage for those residents, other than those categories just mentioned, is available only if families or individuals have high prescription costs in relation to their incomes, the Trillium Plan. Other provinces' drug programs cover primarily seniors, social assistance recipients and special situations or conditions. The Pharmacare Program currently covers all British Columbia residents who have registered with the BC Medical Services Plan, and there are seven different plans.

Pharmacare also administers PharmaNet, as Evelyn said, a computer system implemented in 1995 which links pharmacies to each other and to the Pharmacare Program. The system is designed to protect citizens from potentially dangerous interactions, duplication of medication and addresses problems of fraud and drug abuse. Pharmacare does not cover drugs obtained while outside British Columbia,

drug costs that have been fully reimbursed by other plans or drugs administered in hospitals.

British Columbia's program, we believe, is a generous one with moderate deductibles and copayments compared with other jurisdictions. As was mentioned, the shift in demographics and the rising drug costs have presented British Columbia with unique and significant cost pressures and although the drug plan operates in isolation from one another the policies vary from one jurisdiction to the next and need to be effectively managed, hence the Auditor General's report.

The scope of the Auditor General's review began July through December 1997. The Office of the Auditor General of British Columbia conducted an audit of the Pharmacare Program and the report is available for all members of the Conference, if you wish. The audit focused on two areas: How best to manage the cost of prescription drug therapies — the Pharmacare program, as mentioned, in British Columbia, has doubled its cost in the last five years and is now spending in an excess of \$400 000 000 annually, therefore there is a need to seek new and better methods of managing prescription drug costs; how the Pharmacare Program may promote the appropriate use of drug therapies and patients not in compliance with therapies, therefore improving the health of citizens while at the same time addressing the cost pressures that are faced by the British Columbia Government and the health care system.

The Auditor General concluded that improvements could be made to the Pharmacare Program, firstly in the processes used to decide which drugs to cover under the program — and I know that's something that all provinces are grappling with; in fostering the appropriate drug use by British Columbians; in insuring cost effect of drug therapies are used; in insuring that the right price is being paid by pharmacies for drugs dispensed by them; and in evaluating the results of the Pharmacare Program and reporting those results on a regular basis.

The work of the select Standing Committee on Public Accounts for the Legislative Assembly of British Columbia. The select Standing Committee on Public Accounts, a 12-member all party committee chaired by Mr. Rick Thorpe, and Deputy Chair is Evelyn Gillespie, received the Auditor General's report in August 1998 and began its consideration of the Auditor General's findings on December 1st, 1998, along with consideration of the initiatives undertaken by the Ministry of Health and the impact of programs administered by Pharmacare upon its key stakeholders including doctors, pharmacists and prescription medication users.

A meeting during which representatives of the Office of the Auditor General provided the Committee with an overview of audit findings and recommendations as well as

representatives of the Ministry of Health responsible for seniors in the Pharmacare branch responded to committee members' questions of concerns and gave evidence which included general information about the program, actions taken in response to the Auditor General's recommendations and other initiatives to improve the program. The program director Bob Mara(?) and Simon Fraser Health Regional District Ann McFarlane also presented to the Committee.

Independent research was done by the Committee during January through February of 1999 which included a look at the various cost pressures facing Pharmacare, Bill C-91, the Federal Drug Patent Law and drug plans in other provinces. The Committee's draft report was produced during the period March to April 1999.

Another meeting was held in April during which the Committee members reviewed the draft report in detail, heard from the Auditor General, director of Pharmacare, assistant deputy minister of Pharmacare regarding the report and discussed the amendments to the draft report.

Another meeting held in early May of 1999, at which time a motion was passed, approving the report for presentation at the House as the Committee's fifth report for the third session of the 36th Parliament. The Committee's report contained six recommendations to the Ministry of Health and to the Ministry responsible for seniors.

The lines of inquiry that were pursued by the Committee. The first one was deciding which drugs to cover. The Committee heard that, although there are two programs entitled Therapeutics Initiative and Pharmacoeconomics Initiative which reviewed the therapeutic benefits and the cost saving opportunities for all new drug therapies, such review mechanisms did not exist with respect to currently listed drugs. The Committee wishing to see value for money in drug therapies endorsed the Auditor General's recommendations that the Ministry review currently listed drugs periodically as well as to ensure that they provide good value for money.

Formularies, or the lists of drugs covered by provincial plans, were also discussed by the Committee. British Columbia is currently the only province which does not make widely available to the public such a formulary. Rather the information is available through pharmacists on the PharmaNet system, the Committee concluded that such a formulary should be publicly accessible whether in hard copy or on the Internet and recommended that the Ministry examine methods of providing public access for information regarding drugs covered by the Pharmacare program.

Number 2 is: Fostering the appropriate drug use. The Committee examined and made recommendations with respect to the issues of monitoring the activities and

accomplishments of Ministry funded organizations, informing patients in order to prevent the problem of non-compliance with drug therapies, the utilization of an expansion of a formulation of PharmaNet computer system including freedom of information and protection of privacy concerns and also the Y2K bug issue.

An issue discussed at length by the Committee was the need for the Ministry of Health and the Ministry responsible for seniors to provide encouragement and support to the medical and pharmacy professionals and to the pharmaceutical industry in their endeavors to educate patients about the appropriate drug use in compliance with drug therapies. As is no doubt the case in other provinces, the Committee found that non-compliance can have a significant adverse effect on patients' health and the cost to the health care system and we are encouraging the Ministry to make efforts to address those concerns.

Another interesting issue raised by the Auditor General and considered by the Committee was a need to expand the information contained on the PharmaNet computer system. Currently, hospital emergency departments are not linked to the system so that doctors do not have a complete drug profile for their patients and must rely on patients' recollection of what took place while they were in the hospital. The Committee reviewed that information and even though the drugs dispensed at hospitals are not covered by Pharmacare program, expanding the PharmaNet information system to include emergency departments would facilitate faster and more effective assessments of presenting patients' medical and drug therapy status.

Thirdly: Ensuring cost effect of drug therapies. The Committee explored the various methods used by the Ministry of Health and the Ministry responsible for seniors to ensure cost effective drug therapies which included the reference drug program that Evelyn dealt with which has been quite controversial and has been opposed by the pharmaceutical companies because of an impact on profits. This program involves reviewing therapeutic categories of chemically similar but not identical drugs and selecting a particular drug which is determined to be cost effective as well as a good drug for that particular patient.

The trial prescription program also addressed by the Committee addresses drug waste associated with patients trying medications for the first time and providing an initial seven to 14 days supply and covering that cost of the drug as well as the initial dispensing fee. Also a low cost alternative program involves using low cost generic products with the same chemical content as higher cost drugs and limiting patients' reimbursements to the cost of the lower cost drugs. Based on the evidence received by the Committee about the value of the trial prescription program, in containing drug therapy cost, recommendations were made for the Ministry to examine the feasibility of expanding this program.

However the Committee's consideration of the more controversial reference drug program raised some concerns and possible cost shifting to other areas of the health care system such as hospitals and about the positive-negative impact upon patients' health. Therefore the Committee chose to endorse the Auditor General's conclusions and to recommend that the Ministry of Health and the Ministry responsible for seniors continue its ongoing efforts to facilitate periodic independent reviews of this program and report the results to the stakeholders and to our Committee.

Four: Paying the right price for drug dispensed. The Pharmacare program pays pharmacists their actual acquisition costs for drugs, up to a maximum of 7 % over the manufacturers' best available list price. The Committee explored a potential risk posed to the value for money the Pharmacare program is receiving from pharmacists. In particular, the Committee heard that pharmacists may be obtaining discounts from pharmaceutical companies but not passing those savings along to the Pharmacare program. The Committee found that field audits of pharmacies among other measures have been commenced to circumvent this program and the Committee urged the ministry to continue in its effort in this area.

Finally: Evaluating and reporting the Program results. In keeping with the role of the Public Accounts Committee, the Committee considered the need for performance indicators, measurement and reporting in the Pharmacare Program and made recommendations calling for the development of a framework for performance indicators and for periodic measurement and reporting of program performance.

However in its deliberations, the Committee did recognize that the Pharmacare Program is unique in the sense that the performance can be evaluated and reported in two ways: performance in terms of appropriate financial access to drug therapies in British Columbia, and performance as to how it relates to the impact of the Pharmacare Program on patients' health which is more difficult, although important to measure.

And finally, the Committee is pleased to discover that the Pharmacare Program is looking into conducting a comparative study with other provinces to determine whether or not the changes to prescription drug use occur when deductibles and co-payments, methods change, and how different levels of use relate to the health outcomes of patients. And we look forward to reviewing these results in the near future.

And just in closing I would say that this is a problem that Canada as a whole will face in the future as the population ages and drug therapies become more widely used. So I'm glad that we were able to present our findings today and I look forward to coming back in the years ahead. I suspect that other provinces will be reviewing their drug

programs and presenting them at future conferences. And if you have any question for Evelyn or myself, we'll be pleased to answer them. Thank you.

Le Président (M. Geoffrey Kelley): I thank you very much, Murray. I think it's a very timely presentation because as you say with ambulatory health care and the other reforms in our health system, pharmaceutical therapies will increasingly take the place of other medical treatments. And the costs for the provinces concerned — well I think we've all seen the projections and — it's going to become an increasingly important percentage of our health care budgets. So, I think that it's a very timely presentation. I think we'll lead off. I think Beth Phinney asked if she could ask a question. Beth.

Mme Phinney (Beth): I just have a question to do with not so much about which pills we should pay for or not pay for, but from the point of view of public accounts committees, where we have... The report is done by the Auditor General and we get the report that we, as the Committee, then write about the report from the Auditor General. And we were talking yesterday about being able to judge results from things you do.

And I'm just wondering if any of the provinces or anybody from any other country has any ideas, once the report is done by the Committee, the Public Accounts Committee, is there any way to judge what the value is of this book? Is there any way to, six months from now, say that... We put that much effort into it, the Auditor General puts this much effort into it. Is it worthwhile having a Public Accounts Committee? Look at this. And any other report. I'm trying to get back to what we do as people on the Public Accounts Committee. Is what we do worthwhile? Are we checking up afterwards to find out if: did anybody ever do this? Is there a check system saying: Well, has the Government did follow up on this? Just...

Le Président (M. Geoffrey Kelley): Mrs Gillespie, do you want a chance at answering that?

Mme Gillespie (Evelyn): Well I'm am happy to respond at least from our own circumstance. One of the reasons we presented this report is it's certainly a very important question in British Columbia: the costs of the Pharmacare Program are raising more quickly than any other cost in the health care system. And we want to be sure we're getting the best value and making the right decisions about health care as a whole.

The Auditor General's report was referred to the ministry. Representatives from the ministry came back and discussed the report with us and the steps that they had taken in the interim. And we have established now in our committee a six months' review program where the minister will be asked to come back to the Public Accounts

Committee within six months to identify again what steps they have taken on the recommendations that have been made by the Committee. So that's something new that we are just starting. And this fall we're going to be actually quite busy hearing back from representatives from ministries and Crown corporations with respect to the reports that we've completed.

Le Président (M. Geoffrey Kelley): In order I have, the next intervener will be Corine Dacyshyn.

Mme Olsen (Susan): Sue Olsen.

Le Président (M. Geoffrey Kelley): Sue Olsen. Sorry.

Mme Olsen (Susan): Corine is the Public Accounts boss. Ha, ha, ha!

Le Président (M. Geoffrey Kelley): O.K.

Mme Olsen (Susan): I would just have some questions in terms of... We know the cost of the program, it was roughly \$400 000 000 and has the Auditor General, in his report, asked for any comparative work since 1995 to show the cost savings in terms of prescription fraud, double doctoring, and those kinds of issues on the criminal side, and also are the adding of cost in relation to low income recipients included in the \$400 000 000? Is that the Social Services recipients as well or is that the working poor? Their costs associated with that. And also, what about the upside in terms of prevention ensuring that... And I'm wondering if that has ever been a discussion from the Auditor General's perspective, again a comparative analysis asking or showing the savings in terms of preventive drug therapies and visits to hospital, and that kind of things?

So, I don't know if that has been done but it would be interesting to see the outcome.

Le Président (M. Geoffrey Kelley): Evelyn Gillespie.

Mme Gillespie (Evelyn): I can try to answer at least some of that. The Pharmacare Program... They are getting into a cross provincial study to see what the comparisons are across provinces.

Your question about the cost of the program and who does it apply to. Every person in British Columbia is covered by the PharmaCare Program. In recent past, the Government has instituted a co-payment program and the amount of the co-payment depends on the category within which you fall. So, people on income assistance, there is not a co-payment requirement. People who are not receiving... I should start by

saying that in British Columbia, we do have an MSP payment, a monthly payment that is required for people to participate in the health care system and I know that that's not universal among provinces. There are some provinces that do have a payment requirement and some don't. But for individuals or families that have all or a portion of that payment supported, then their co-payment is adjusted accordingly.

Mme Olsen (Susan): There's no... So, you don't have any data in relation to the double doctoring, or the fraud aspect which is very costly to society as a whole.

Le Président (M. Geoffrey Kelley): Murray Coell, do you want to have a chance at that one?

M. Coell (Murray): I could just answer that the problem is that before we had a PharmaNet program, there wasn't any of that information available. So you are almost just starting from scratch. And that 10 years ago, if people were using more than one doctor, or double doctoring, you wouldn't have known that, there was no way to catch that. With PharmaNet now, you're building up a series of years of estimates of what the cost were, what the drugs were. You are going to be able to, in the next decade, to make some pretty good evaluations of the system but unfortunately, for the period back to the turn of the century, there is no data.

Le Président (M. Geoffrey Kelley): Susan Olsen.

Mme Olsen (Susan): ...four years in the program.

Le Président (M. Geoffrey Kelley): Evelyn Gillespie, do you want to finish the answer, or...

Mme Gillespie (Evelyn): I would just like to add to that I have some information here that indicates that's one in 25 people admitted to hospital in British Columbia is suffering from an adverse drug reaction, and for seniors, that's one in four admissions. So the PharmaNet Program and the education initiatives that are being established as well are going to help address these kinds of hospital admissions.

Le Président (M. Geoffrey Kelley): Conrad Santos, Manitoba.

M. Santos (Conrad): Thank you, Mr. Chairperson. The provision of essential basic services in society can either be basic or essential and in which case we assign it to the Government, as the agent of the State. If it is non essential but merely desired, or for convenience of people, we leave it to the private sector in the free enterprise area. For example, the probation of national security, we pay the army, the navy and all the

armed forces from taxation because that's the ultimate source of supporting this essential basic service to society.

The dispensation of criminal justice and settlement of disputes by the courts, we pay the judges, we give them pensions, all of this supported by taxation. Is health, the probation of health — and you can include education if you wish but let's focus on health — is that an essential governmental function that should primarily stay in the hands of the Government or anyone acting in the name of the Government?

Mme Gillespie (Evelyn): Ha, ha, ha! We have certainly come to accept and expect that as Canadians that health, and health care is a privilege. Universal health care is a privilege we enjoy in Canada because we all choose to support through our taxation system.

And I just wanted to speak a moment to... I was reading off a list of the ten most commonly prescribed medications, those are all medications for chronic conditions: asthma, hypertension, and that is the big demand on our health care system. We started in Canada with a health care system that addressed acute health care needs and, with the support of that system, we have grown to be a healthier population. What we have now is an aging population and more chronic diseases. That's a substantial part of the cost of the system as a whole.

Le Président (M. Geoffrey Kelley): Darrel Dexter from Nova Scotia.

M. Dexter (Darrell): My question has to do with something that... actually isn't mentioned in either the Auditor General's report or in the Committee's response and that was with respect to the effect of the extension of drug patent legislation and whether or not it had some effect on the Pharmacare Program. At least I didn't see it and I had a relatively short time to review both these reports.

Le Président (M. Geoffrey Kelley): Evelyn Gillespie.

Mme Gillespie (Evelyn): Reference-base pricing came in into effect largely as the result of Bill C-91. So I have some information here on Bill C-91. First in 1987, we had Bill C-22 which instituted a period of market exclusivity by limiting compulsory licensing to a waiting period of seven to 10 years. From the time the drug reached the market prior to 1987, companies could copy brand name drugs as long as they paid royalties to the licensee for the duration of the 20-year patent protection. It wasn't a full patent protection, it was a license and generic companies could produce medications by paying into the license fee.

But Bill C-91 which was passed in 1993 made it illegal for generic copies to be marketed until drug patents expired, giving developers market exclusivity for 20 years. So a combination of that and the introduction of new medications into our system here in Canada, there are many new medications coming on to the market and they tend to be very expensive.

Le Président (M. Geoffrey Kelley): Darrel Dexter.

M. Dexter (Darrell): A related question, although not directly on the question of drug patent legislation. In our province, we found that the number of prescriptions that have been written for our senior population exceeds the numbers in any other provinces, far above the national average and the question of whether or not seniors are receiving unnecessary pharmacological interventions is certainly something that has been widely discussed. One of the responses of the Government of Nova Scotia has been to make the Pharmacare Program the payer of last resort. You must go to any other available plan before you could come to Pharmacare. I didn't understand, in your presentation, whether or not that was the case in B.C.

Mme Gillespie (Evelyn): Not for seniors. Seniors are covered under Pharmacare. But, you're right, that is a very significant problem. And I think that a couple of the initiatives of the Pharmacare Program, in British Columbia, are helping to deal with that. One is the new drug initiative where a person receiving a new prescription medication can receive only seven to 12 days' worth of that medication, that you can't prescribe a new prescription for a 30-day period, for instance.

We used to have a limit of 100 days for an existing medication prescription, and that has been reduced to 30 days. And I will say that that's not without controversy. We have many people who live in small communities in British Columbia and it seems to be a hardship to have to get to a pharmacist more frequently than once every three months, that they've been used to, if you're taking a medication for a chronic condition. But the intention, there, is to reduce the oversupply where people end up with months of supply of a medication that could be very expensive, but they may not be using anymore for one reason or another.

And then, the other thing is the PharmaNet system itself, where, when you go to purchase your prescription medication, your whole drug profile comes up, and the pharmacist can then see what's there and determine whether or not there are any dangerous interactions of the medications that have been prescribed for you.

Le Président (M. Geoffrey Kelley): Returning to Nova Scotia, is it... on my list was David Morrisson. Is that it?

M. Morrisson (David): Yes.

Le Président (M. Geoffrey Kelley): David Morrisson, from Nova Scotia.

M. Morrisson (David): Thank you, Mr. Chairman. Evelyn, just to clarify what I think that you've told us today is that there is, in essence, a state universal drug plan, in British Columbia. And has that precluded the operation of the private sector?

Une voix: ...

M. Morrisson (David): So there are still drug coverages available through good plans. And how does that interact?

Mme Gillespie (Evelyn): I'm not sure of the details. I know that I have an extended medical plan that covers my prescription medications, and that's where I submit my costs.

I could go through... there are seven different plans, under Pharmacare...

M. Morrisson (David): ...encompassing, then.

Mme Gillespie (Evelyn): It is not all encompassing. And there is a co-payment requirement, so that depending basically on your income category, there is a co-payment requirement for medications. So it may be the first \$200 of prescription medications, it may be the first \$600 of prescription medications, in a year, that would be covered by the individuals themselves. So the Pharmacare Plan does not pay 100 % of every British Columbians' drug costs. It does pay for seniors, it does pay for people on income assistance, and then there are some co-payment categories.

M. Morrisson (David): So in more extreme cases, people that, lets say, have Crohn's and they need \$500 a month worth of medication would get some relief from their provincial plan. O.K.

And my point, Mr. Chairman, I was wondering, if this did preclude the private sector, whether that was conducive to a greater cost efficiency or not. But you've answered the question, and I thank you.

Mme Gillespie (Evelyn): Actually, my colleagues have just passed me the details, here. I could be more precise, if you'd like me to go into it some more.

Une voix: ...

Mme Gillespie (Evelyn): Yes? O.K. The Pharmacare Program currently covers all British Columbia residents who have registered with the B.C. Medical Services Plan. And there are seven different plans.

Plan A covers seniors 65 and over. The citizen pays the first \$200 of the dispensing fee, and the dispensing fee is between \$6 and \$7 of each prescription, and Pharmacare covers 100 % of the drug costs and dispensing fees in excess of \$200. The \$200 dispensing fee co-payment is a more recent addition to the Plan.

Plan B provides 100 % reimbursement for drug costs and dispensing fees to all permanent residents of adult license long-term care facilities in private hospitals. So, any adult — and then you'll see how children are covered later — in a long-term care facility, their drug costs are completely covered, including the dispensing fees.

Plan C covers 100 % of the drug costs and dispensing fees for those eligible for ministry of Social Services or refugee status medical coverage. And that answers the question, I believe, from Alberta.

Plan D provides 100 % coverage of dispensing fee and actual acquisition cost for digestive enzymes required by individuals suffering from cystic fibrosis.

Plan E, this is the largest group of people, the plan under which most British Columbians not 65 or older are covered, provides reimbursement of 70 % in excess of an \$800 deductible each year.

Once a family has paid \$2 000 in one year, the Pharmacare program pays 100 % of further costs. However, if premium assistance is being provided under the British Columbia medical services plan, an individual would get 100 % reimbursement once the deductible has been exceeded. And the deductible there is \$800 per individual or \$2 000 for family.

Plan F provides 100 % coverage for children eligible for benefits under the at-home program, which assists families of severely disabled children, or the associate-family program which provides care for disabled children residing in institutional settings.

And, Plan G, a relatively new plan, covers the cost of psychiatric medications provided to clients of mental health centers.

Le Président (M. Geoffrey Kelley): I thank you. Next, I have, from Canada, Philipp Mayfield.

M. Mayfield (Phillip): Mr. Chairman, for better clarification, I have listened to an explanation of the Pharmacare system in British Columbia, but I'm wondering how we tie that into our discussions as Public Accounts Committees and holding Governments accountable, and the focus of that, in this dimension. Perhaps there could be some clarification of how we make use of this for edification, education, as Public Accounts Committees in our responsibility of holding Government departments accountable.

Le Président (M. Geoffrey Kelley): I think I don't want to answer in the place of B.C., but obviously this is a very expensive program. It was outlined in the beginning that there are many issues of the control of the cost of pharmaceutical therapies that are very important. Do either Evelyn or Murray, do you want to built on that answer? Because I have a couple of questions. Of course, the president is always at the end of the list of questions that follow up on that question, Phillip. But, I will ask whether B.C. would like to have a kick at that question?

M. Coell (Murray): If I might, I think it's twofold for our Committee, one is that the health of British Columbians, and, if we're going to have a program that dispenses the use of money for drugs, we want to make sure that it's being spent in the best interest of the health of British Columbians. And that was the reason, I think, that the Auditor General and ourselves took the idea of educating people. It's as important as the money to make sure that people themselves get the most out of their drug therapies and, at the same time getting value for dollar. And I think that they're quite intertwined, but both important. So, that was the value we saw for our Public Accounts Committee.

Le Président (M. Geoffrey Kelley): Evelyn Gillespie.

Mme Gillespie (Evelyn): As I mentioned early on in this report, the budget for Pharmacare has been significantly overexpanded every year. And Pharmacare program has brought in some measures to try to address that. But the demand, the need for pharmaceuticals is the fastest growing part of the health care budget in British Columbia. And it's very difficult for any Government to exert a lot of control on that. And we have had a little bit of discussion around Bill C-91 to that effect. The reference base pricing has been controversial in British Columbia, and, I think, is worthy of review by the auditor general and the Public Accounts Committee to see again whether we are achieving value in terms of appropriate treatments available for people and improving the health of the population at large and doing it at a reasonable cost.

Le Président (M. Geoffrey Kelley): Did that help, Phillip, or... Does that help answer your question?

M. Mayfield (Phillip): I'm still trying to tie it in to how I might use this information as a member of the Public Accounts Committee in Ottawa, but I'll wait for the rest of the discussion. Thank you, Mr. Chairman.

Le Président (M. Geoffrey Kelley): O.K. Mary O'Neil from Alberta.

Mme O'Neil (Mary): Thank you very much, Mr. Chair. I might make a suggestion as to how you could present it in Ottawa and that would be to give us a little bit more money for our health...

Des voix: Ha, ha, ha!

Mme O'Neil (Mary): ...to the provinces. And, if you could make that suggestion, we could certainly make programs like this work.

M. Mayfield (Phillip): Mary, perhaps you should go to the Finance Committee; I'm on a Public Accounts Committee. Ha, ha, ha!

Mme O'Neil (Mary): Forgive me for the aside. Thanks, Evelyn, I appreciated your explanation and you were most clear.

My question is with respect to whether the Accounts Committee has done any evaluation as to whether drug pharmaceutical companies have had any role in assisting with, in particular, I suppose I would say the Public Accounts in tracing, if they have had a role, anything with respect to research and usage.

Mme Gillespie (Evelyn): The Public Accounts Committee has not but the Pharmacare program has, and what they've shown here... Now bill C-22 came into effect in 1987; bill C-91 came into effect in January of 1993, and the trade-off for bill C-91 was that there was to be more investment in research — pharmaceutical research — in Canada and that was to be the balance that was required in order to get market exclusivity for the period of 20 years.

In 1998, the research and development expenditure in British Columbia amounted to about 3.34% of the total Canadian research and development expenditure and, in 1995, it's about 3.24% of the total Canadian expenditure.

Now, the information that has been brought to me is that research and development is largely... it's not the high-technology research that some might think of; it's actually testing of medications in... you know, trials of medications. So, it's not actually producing more hi-tech or pharmaceutical industry in British Columbia. It's testing medications on British Columbians.

Le Président (M. Geoffrey Kelley): Are there other questions? Elmer MacFadyen from Prince Edward Island.

M. MacFadyen (Elmer): Thank you very much, Mr. Chairman. Is the mike on?

Le Président (M. Geoffrey Kelley): It should be.

M. MacFadyen (Elmer): My question is in regards to the PharmaNet. Was there a reluctance on the part of people in the province to accept PharmaNet? Was there a large outcry?

Mme Gillespie (Evelyn): No, I would not say that. Although, of course, privacy considerations are important, and a significant part of the program is to ensure privacy.

Now, there has been a pilot project initiated with, I believe, one Emergency Department in one of the hospitals in British Columbia and that intended to expand. But there's certainly been more discussion around privacy concerns at Emergency Departments than there has been through the PharmaNet program available through pharmacies themselves.

M. MacFadyen (Elmer): In regards to the delivery of prescription drugs to, say, clients who are on social assistance, is there a provincial pharmacy system in place in B.C. or it's all done through the private pharmacists?

Mme Gillespie (Evelyn): It's done through the private sector.

M. MacFadyen (Elmer): And, in regards to the costing, in regards to the drugs, like Nova Scotia, I wondered if there was a policy in place in B.C. in regards to Government being the payor of last resort, 'cause there would be the possibility of a large number of seniors. Like in our province, our senior population is increasing very greatly, and there is always the concern of the cost in regards to the drugs versus the cost in regards to medical services being provided in an acute-care facility. I'm wondering if, in fact, there is the same concern in B.C.

Mme Gillespie (Evelyn): I'm not a 100% sure about that. I did mention that there is a \$200 deductible for seniors; that's for the dispensing fee which can be \$6 to \$7 per prescription, so that that \$200 is paid out by the individual. Now, if the individual has an additional insurance policy, then that could be covered. But I'm not 100 % confident about the answer to that whether or not Pharmacare is the payer of last resort.

M. MacFadyen (Elmer): O.K. Thank you.

Le Président (M. Geoffrey Kelley): Robert Morissey from Prince Edward Island.

M. Morissey (Robert): ...I believe, is a Member from Canada's House of Commons. Possibly, the Public Accounts Committee of the House of Commons could do all the provinces a favor by conducting a review, a value-for-money audit of the impact of bill C-91. Because when it was brought in... probably the selling feature was: The country would benefit from all the R & D — research and development. And, listening to this, it appears to be... a lot of us question, and I was in Government at the time, and we didn't agree. But it was another move by the Federal Government unilaterally forcing the cost on the provinces by a legislative decision.

So, from a Public Accounts perspective, then, I would suggest maybe the Public Accounts Committee of the House of Commons could do, now it's eight years later, an in-depth audit of the impact, the true impact of bill C-91, to see if we did get what the pharmaceutical companies promised us, from an economic perspective and to get the true impact of the rising costs. Did the cost of prescription drugs rise because there is now a monopoly situation or the companies were protected or was it true cost, inflationary cost, that the companies did pass on?

So, if they're looking for a correlation between Pharmacare drugs and what Public Accounts Committees do, possibly, that would be a worthwhile exercise. I would be most intrigued, as a legislator, a parliamentarian, to see the results of that. And we can not conduct it, I don't think so.

Le Président (M. Geoffrey Kelley): Thank you very much for that observation. Are there other comments around the table? Yes, Jack Weisgerber from British Columbia.

M. Weisgerber (Jack): Yes. I think, in answer to the question about the reluctance of British Columbians with respect to Pharmacare, I think initially that there was quite a strong resistance, a lot of apprehension among people about putting their pharmaceutical information on a network. And, initially, as my recollection is, the program started as a voluntary program. People were encouraged to participate in the program and, as experience kind of unfolded, the public resistance dropped quite dramatically to the point where it is now, necessarily. But I don't think that we could have initially required people to make that information available without a huge backlash among people, particularly among, well, I guess, the broad population. But there was a lot of apprehension initially about the program that no longer exists or, at least, not something that we hear about as MLAs or hear about in the community.

M. MacFadyen (Elmer): Like, I know that, in our province, we have toyed with the idea of connecting all of our health care facilities, our doctors' offices and our dentists. The difficulty that we have to date is that there is a grave concern in regards to the lack of confidentiality and a concern of the right to privacy.

Le Président (M. Geoffrey Kelley): As the President, I always get to ask the last question.

So, one thing — I think Murray Coell, you said it — that the Committee, in terms of Public Accounts, is trying to look at the most cost-effective drug and make various judgments on the different drugs available.

In Québec, a couple of years ago, as part of an effort to reduce the cost to the pharmacists, there was a 6% reduction by a commitment by the pharmacists to use more generic drugs and fewer prescription or patent drugs which raised quite a bit of opposition both from doctors and pharmacists, that it's the health care professional and not the accountant or the bean counter or whatever, who should be able to choose the appropriate medication for a patient and that, to have the sort of cost-conscious considerations thrown in is somehow against not quite the Hippocratic oath but, you know what I mean there.

I was wondering, in BC have you run into that kind of argument where both the pharmacists or the doctors will say that kind of argument where both the pharmacists or the doctors will say: You know, get out of my way; it's none of your business. This is the best medication on the market. I am going to give it to my patient and damned the costs.

M. Coell (Murray): Thank you. Actually, Evelyn and I had breakfast discussing this issue, as a matter of fact, and one of the things that we have allowed is that a doctor can apply for the medication that they want to a review panel. So, it hasn't created a problem. Initially, it did. I think, as Jack was saying, initially, people were saying: Look, if my doctor recommends this drug, I want this drug. I don't want a derivative of it. And that, I think, has been taken care of with the review program.

And I think too that if someone is concerned enough, their mental attitude to the drug therapy, they want to psychologically know they are getting the drug their doctor gave them. So, I think that has an effect as well. But we haven't had a lot of complaints about the system.

But, initially, there was an apprehension.

Le Président (M. Geoffrey Kelley): Because and about that and even what drugs are covered, I don't know about you, but my own experience as a Member of the National Assembly, many groups write to me and say: This drug should be covered, that drug should be covered. Québec put into place a universal... It is not quite a universal drug plan but for the people in Québec who don't have a private plan, they automatically go on the public plan. And there are always debates over...

I think the recent one, I received a series of letters about Aricept which is something that may or may not help people in the early stages of Alzheimer's and, with my Master's degree in History, I have no way of evaluating whether this is a good...

One group came with me with a big set of studies that said: It's very effective, and other people come and say that it's a placebo and...

These are hard questions but, as you say, with the development of pharmaceutical therapies, I think it can only become more common that people will be turning to various provincial plans for extended coverage and the costs are often, you know, hundreds to thousands of dollars a year per patient. Evelyn?

Mme Gillespie (Evelyn): I think it's part of the challenge of our system which really is a public private partnership, I hate to say. But, you know, there's a significant amount of private enterprise in our Public Health Care System and pharmaceuticals, of course, is the biggest part of that.

People hear about new medications and there's certainly plenty of advertising in physicians' offices. On American television, you know, there are television advertisements, full-page magazine ad about specific medications. And, so, people will know the names of those medications and go looking for them.

I think, in part, that was behind the Auditor General's recommendation that the formulary in British Columbia should be available to British Columbians, so they can look up quickly, probably on the Internet because the formulary changes quite frequently, look up various medications and see whether or not they are covered by the provincial plan.

But I would argue somewhat with my colleague and say it remains very... You know, prescriptions remain very controversial. I think all of us in our offices receive either letters or visits from people who believe that a certain kind of medication is the best medication for a particular condition and, even though it may be brand-new and may not have been approved in Canada or may not be on a provincial formulary at this time, there will be an active lobby for that particular medication.

The therapeutics review, in British Columbia, is done by a professional panel that includes physicians and pharmacists, and I think the public needs to know about that and have confidence in that and know that it's not politicians who make the decisions about what medications are most appropriate, but that it is professional health care providers who do make those decisions.

Le Président (M. Geoffrey Kelley): Anyway, thank you very much to British Columbia for that presentation. We have come to the coffee break. So, we will adjourn for 15 minutes and come back with another topic after the break. Thank you very much.

(Suspension de la séance à 10 h 15)

(Reprise à 10 h 42)

Séance de travail 5

Le Président (M. Geoffrey Kelley): If you look at your schedule for after the break today, you'll see that — the original printed schedule — we were going to have a presentation on the role of the Victorian Public Accounts and Estimates Committee in the Government reform in Victoria, Australia. Unfortunately, the State of Victoria had one of those democratic outbreaks and they called an election, I think, last week, just before the Conference was to begin. So, Mr. Bill Forwood, who was going to come here from Victoria and make that presentation, is out knocking on doors and putting up posters and all those other things that those of us around the table lucky enough to be elected know what all that is about.

So, every good conference has a backup plan and, with the assistance of Martin Rochefort who is beside me, Québec will share with you an experience that the previous Public Administration Committee did. So, I feel a little bit, here, under false pretenses, because I was not a member of the Commission when this work was done, but I will go forward and present the document that Martin has prepared and, then, if you have any questions afterwards, Martin and I will try as best as we can to answer them. But it started with a publication in our Auditor General's report on the question of user fees, and I think it's something that every province and jurisdiction has looked at, so I thought that it would be a useful topic for us to look at today. So, without any further delay — you can follow along, there's a printed text in English and French — but I will deliver that now.

For over a decade, the budgetary health of states has been a central concern to governments, elected officials, the business world and the population. Major efforts have been devoted to reducing expenditures and containing rising costs in order to

achieve a balanced budget. Several governments within Canada have already reached this target. Yet, this does not mean that all the efforts to reduce the cost of public services are completed. Pressures from all quarters to reduce the fiscal burden of taxpayers encourage governments to find new sources of financing and to collect revenues for the delivery of services or goods to the population or to specific client groups.

The application of user fees is one of the preferred methods. The Committee on Public Administration had the opportunity to study this issue in detail last year; the Auditor General of Québec devoted a chapter of his report to the study of user fees within the Québec government. Thus, in the framework of its mandate and responsibilities, the Committee called several deputy ministers, including the Deputy Minister of Finance, who is responsible for the coordination of practices relating to user fees within the Québec Government, in order to discuss the practice of applying fees, a method of financing public services that is increasingly being used by governments.

The amounts involved are important: about \$7 000 000 000 in Québec, if one adds together all the revenues from the sales of goods and services, rights or duties, licenses and remittances, fines and confiscations and other amounts used to finance specific services such as automobile insurance contributions and employers' contributions to our Workmen's Compensation System, la «Commission de la santé et de la sécurité au travail.

These figures clearly indicated that this method of financing has grown significantly in scale in recent years. In Québec, between 1987 and 1996, the increase in revenues resulting from user fees was of the order of 56.5%.

In contrast to income tax and other taxes, user fees have the specific characteristic of associating the payment of an amount of money in return for a specific service or good that is received. For example, the rental of a lot at a zone on crown land.

However in the public sector, the correspondence between the amount paid and the good received is not always as clear. The contribution paid for a service such as that of government control over financial institutions may be perceived as a hidden tax if the citizen involved considers that the service received is not very useful or is of less value than the contribution required. It is therefore essential that the method of financing be used properly and discerningly.

It is important to emphasize that the decision to charge a fee remains strictly a political choice. In the course of its deliberations, the Committee never questioned the political decision to apply a fee for the delivery of a good or a service. In said, it

concentrated in the orientations, principles and rules that guide public administrators in the setting and management of fees.

The studies on this matter conducted by the Auditor General, in consultation with several government departments and agencies as well as of the Committee on Public Administration, have identified several problems which, to a large extent, arise out of incomplete or imprecise orientations on the part of the department responsible for fixing user fees within the Government of Québec, namely the «Ministère des Finances» our Finance Department. As a result, it may be observed that there was a lack of consistency in the application of fees giving rise to a spectrum of problems and iniquities.

Among other things, for both parliamentarians and citizens, it becomes difficult to find one's way around in this area. And one of the examples they gave was: it is the Minister of Finance who sets the cost of a driver's license with very little consultation with the Ministry of Transport that knows how much it costs to maintain our roads or with the Québec Auto Insurance Board which knows how many cars are on the road and how many drivers are on the roads. So, you have three Government agencies, each with sort of a key element of information, and what the Auditor General found is that there was virtually no coordination between what it costs to maintain the roads, how much we are charging drivers to get a driver's license and how many drivers in the general... development in the number of vehicles and what kind of trucks, cars and so on and so forth. There was also important information in Government's hands but very poorly coordinated.

I guess that on top of that, there was another controversy when the previous Liberal Government went in to the Automobile Insurance and took a surplus of — I think it was about \$2 000 000 000 — and apply it against the deficit reduction. But that's another controversy for another day.

Des voix: Ha, ha, ha!

Le Président (M. Geoffrey Kelley): Among the problems raised, it should be mentioned that only a minority of Government departments possess a policy on user fees or a plan of action in this regard. The review of rates is not done on a regular basis and there is no obvious link between the amount of the fees and the service provided. And in certain cases, there exists a lack of transparency regarding fee reductions granted and a lack of knowledge of the input costs of products and services.

It has even happened that a department imposed a fee without any legislative authority which is contrary to the principle of no taxation without representation. There must be

a legal foundation for any fees applied. Since most departments do not have a policy in the area, there is not really a framework policy and we are more often than not in the field of the arbitrary.

In the course of its deliberations, the Committee heard from five deputy ministers and one agency director who came forward to present their viewpoints and to talk about their experience and their concerns on this issue. During a plenary session following the hearings, the deputy ministers expressed the wish to obtain guidelines on fees for services, a framework flexible enough not to impede the departments in the development of user fees while being based on the precise principles that are clearly defined and adapted to the public nature of the goods and services delivered. The departments wished to act as consistently as possible while avoiding an overly rigid framework.

And if I could just going open another parenthesis on another parliamentary commission I sat on before, our culture commission, we were able to use this idea of a round table of senior civil servants and it's very interesting. We had one on the question of the privacy and the information highway and it allowed the ombudsman, the Auditor General and the Access to Information Commissioner from Québec to join with parliamentarians and think out loud a little bit, and it was quite refreshing to get everyone off of their prepared text and, as I said, thinking out loud. And the same thing occurred here that many of the issues raised in the Auditor General's report, the various departments had identified it as a problem but no one has had an occasion to sort of sit around a table and think about it. And I think one of the strengths of the public hearings here was this round table that occurred between the five deputy ministers, including the deputy minister of Finance and the committee members. In his report tabled before the National Assembly, the committee endorsed this proposal. It was also completed by adopting the elements of the best practices' guidelines for user charging for Government services in 1997, developed by the Organization for Economic Cooperation and Development.

The main purpose of this document is to define what are the best practices for the implementation of such a system once the decision has been made to apply it. These answer the main problems raised by both the Auditor General study and during the hearings of the committee. Based on the many experiences of the member countries of this organization this guide responds to many of the concerns of parliamentarians.

Before summarizing the nine best practices, the guide gives an overview of the advantages of fees for services. First, reducing budgetary deficits; second, expressing more clearly to both users and to the public sector the cost and advantages of the services provided; I think, coming off our discussion just before about medical services, too many of our constituents always thought that health care was free and it

is free at the moment that you receive it, but nothing is free. And I think experiments that have been done in the past remind people of the great cost. About a third of all of our provincial budget are consecrated to health costs, so it's far from free and I think it's ways to remind people that are always useful. And lightening the taxpayers' burden by having the cost of services covered by those users who benefit directly from them, imposing upon the users a certain discipline in their demand for services, encouraging a more commercial type consumer-oriented management and, in a general sense, improving the financial results and the quality of services to the beneficiary and, finally, encouraging the development of markets and competition.

User fees also involve disadvantages and risks if not properly developed and applied. Parliamentarians and members of Public Accounts Committees must be vigilant about several aspects related to the imposition of user fees. One must ensure that the fees do not bring into question citizens' access to essential services or give rise to a contradiction with the provision of laws which, for example, guarantee access for all citizens to health care systems, to social services and to education. One must avoid the situation in which the charging of the fee generates excessive administrative cost. In contrast to income tax and other taxes, user fees constitute an expensive system to manage since it is necessary to set up a system for the collection and management of the revenues. It must be ensured that the rate set is fair and as close as possible to the input cost. In the event that the fees constitute a contribution it must be ensured that it is fair and equitable.

The cumulative effects of fees on certain users must be avoided, particularly in the case of a more economically disadvantaged. In addition, inappropriately used fees should, in some cases, limit access to certain services that have a preventative function and, as a result, could give rise to higher costs for the community in the middle and long term.

Finally, and I must admit I chuckled when I read this for the first time, user fees must not have the effect of increasing the tax burden of citizens.

If I can open another parentheses, as a father of five children in public schools that are nominally free, there're not all that free anymore. And the number of user fees that we see in our public schools today is an issue that we'll take up with the Government at another time but it's very expensive to go to our free public school. There is my little complaint for the parents of the country.

Des voix: Ha, ha, ha!

Le Président (M. Geoffrey Kelley): The OECD guide describes nine practices that should govern the process of establishing user fees in public organizations. These best

practices may also assist parliamentarians, principally the members of the Public Accounts Committees, in better exercising their function of control in this area.

1. A clear legal definition of jurisdiction. It is necessary for the public agency to have legal jurisdiction to charge a fee. The legal framework must be flexible in order to allow for the adjustment of the fee without other legislative authorization.
2. Consultation with users. Many complaints from citizens, including parents, concerning user fees result from a lack of information and consultation of client groups. The citizens are not aware of the reasons for the user fees. Also the Government departments could benefit from the expertise of client groups to develop appropriate collection mechanisms that fulfill the requirements of the client groups.
3. The determination of full costs. The overall costs in each service must be determined even in the case of those which are not charged a 100 %. In this way, one can identify the amount of the subsidy granted. The determination of cost is complex and one must consider not only direct costs but indirect costs. The effort devoted to fix in the rate must be proportional to the importance of the service. Finally, it is necessary to plan on a periodical review of the rates in order to avoid forcing users to face overly steep increases.
4. The setting up of an efficient collection system. The system must be credible and cause the least possible inconvenience to the user.
5. Improvement and monitoring of the organization performance. The application of fees for a service creates greater pressure on the quality of services. It forces administrations to become more efficient. From a view point of accountability, it is essential to require agencies that charge their fees to set goals for their results, financial and otherwise, and to conduct regular follow-up.
6. The effective treatment of the receipts. This involves seeing to it that those who collect the revenues may keep the amounts generated. In the Québec public administration, all of the revenues collected, income tax, other taxes, fines and so forth, are deposited in a single large fund, the Consolidated Fund. It is therefore necessary to develop other mechanisms that encourage the departments to apply user fees as a way of financing public services.
7. The strategy for the setting of prices. To the extent possible, the rates must be determined based on competitive market prices and if this is not possible, one must fall back on the principle of full cost recovery.

8. Taking into account considerations of fairness. This essentially involves taking into account the negative effects of overly high user fees on the economically disadvantaged, on small communities or on small entities.

9. The assurance of competitive neutrality. The cost of the service must be the real cost, including the indirect cost as well as costs related to taxation, even if these do not apply to a public entity. The situation must be avoided in which the state benefits from a monopoly and an activity for the purpose of costs financing to the detriment of the private sector.

All of these are subjects of concern and of questioning for Public Accounts Committees. However as is the case in many other areas, information that will be necessary to properly assess the stake is neither absent nor incomplete. This shortcoming exists in many public administrations. The Auditor General of Québec often mentions it. In the area of user fees, the Auditor General of Canada has even made it a subject of a study, Parliamentary control over the raising of revenues by fees. The Canadian Auditor General stated that Parliament cannot readily scrutinize user fees established by contracts and other non regulatory means. There is no government-wide summary of fees charged, revenue raised and authorities under which they are established.

In the absence of a precise portrait it's difficult if not impossible for Parliamentarians to exercise effective control in this area. The adoption of a policy in the area of user fees is inevitable. It is essential to establish a better framework for this method of financing public services. Since it is a matter of revenues charged to citizens by the Government, would it not be desirable for a policy to oblige the Minister responsible and the Departments involved to provide Parliament with relevant information in order to exercise proper control?

Should we require that responsible authorities submit annually to Parliament a detailed statement of the revenues generated through user fees, different trading from the various sources of revenue: sales of goods and services, licenses and permits, rights or duties, fines, insurance contributions, and so forth? Or, alternately, ought we to require the Departments and organizations to enter into their annual report the revenues generated, the number of products and services subject to fees, the increase in fees, a list of new fees, and so on? The absence of appropriate information on this activity makes it difficult if not impossible to ensure effective parliamentary control.

The Public Administration continues to transform itself and no doubt the fees for services will come into increasing use as an instrument through which the finance public services. The proportion of the revenues ... from this source will continue to grow. While there are many advantages using this form of financing, on the other

hand, it requires great rigor in order to guarantee access, fairness and efficiency in public services. The use of this financing instrument by the Departments and organizations makes it possible to generate much greater revenues and already encourages these organizations to exercise greater management autonomy in relation to central organizations such as the Conseil du trésor, the Treasury Board or the ministère des Finances.

Managers wishing to enjoy more room to manoeuvre so as to use part of the profits earned. As a corollary, they must be more accountable for their actions. In this context, the Publics Accounts Committees have a fundamental role to play.

Just in conclusion, I was reading in my office last week that there is going to be a debate at the National Assembly this fall about financing public transportation. I think it's a wonderful example of to what extent the users should pay for, to what extent metropolitan regions, notably Montréal where I'm from... We have a \$0.015 a liter gas tax in the metropolitan region. And if you want to get into politicking about what municipalities are or are not in the metropolitan region, this is one that is always fun to follow, but to what extent? Because all of the drivers in a metropolitan region benefit from the presence of a mass transit system. To what extent they should all be called upon to contribute, and to what extent is it something that the Québec Government should play a role in out of our general tax revenues? So, there are always decisions that have to be made about the relative financing: to what extent, as I say, the users pay, to what extent the indirect beneficiaries pay. It's not an exact science, but it's something that the more information that's available to parliamentarians, I think the more ability we have to come up to what we hope are judicious decisions. So...

On that, I'll open up to comments. I'll start with Sue Olsen.

Mme Olsen (Susan): Thank you, and I really do appreciate the discussion on user fees for public service. I think the Urich decision that came out last August spoke very clearly to the need for the fee to match the cost of service; anything over that is a tax, therefore has to be debated on the floor of the Legislature and be called a tax.

So, in the province of Alberta, we have an excess of 800 user fees that are now frozen and going to come under review. One of the main concerns I have in terms of accountability user fees either by provinces or through the delegated administrate of organizations is the, in our province, inability to scrutinize the records of some of those privatized services. In fact, those services are being provided on behalf of the Government to Albertans, and our Public Accounts Committee does not have the opportunity to scrutinize the DAOs or privatize services. We did see the Auditor General provide a report on the Minister at that time of Municipal Affairs on the

privatization of registries make some 16 recommendations for change. However, that report in itself, in its entirety, never came to the floor of the Legislature for our scrutiny from the Public Accounts Committee. And I think that in itself is a gap in how we do business in relation to being able to scrutinize those particular records that affect our province in funding from other sources.

Le Président (M. Geoffrey Kelley): Thank you for your comments. I feel a little limited because I wasn't at the Committee. Was that question raised, Martin, la question des services qui sont privatisés à l'intérieur de notre système de santé, par exemple, qui échappent d'une certaine façon à la commission de l'administration publique ou d'autres commissions parlementaires pour soulever la question?

M. Rochefort (Martin): Pour ce qui est du domaine de la santé, il reste que, en raison de la Loi canadienne sur les services de santé, la tarification est relativement limitée. On parle, bon, peut-être du service ambulancier — quoiqu'ici au Québec ceux qui ont 65 ans et plus ne sont pas couverts par le service ambulancier. On parle peut-être aussi pour les personnes âgées en institution. On parle également aussi si quelqu'un veut passer un test chez le médecin pour obtenir un emploi et tout ça, bon, il doit payer. Mais, règle générale, dans le domaine de la santé, la tarification, en raison de la loi fédérale, les services doivent être gratuits et ne peuvent être tarifés, sinon la contribution fédérale va diminuer. Alors, là-dessus, la marge de manoeuvre est quand même assez étroite.

C'est sûr que la tarification aussi, quand on parle des revenus de 7 000 000 000 \$ pour le Québec, c'est assez important, mais c'est en raison des revenus... Les cotisations à la CSST, l'assurance automobile, ça prend quand même une grande, grande part.

Mais pour quand même vous donner une idée de l'importance de la tarification... Comme le ministère des Ressources naturelles, c'est un ministère qui fait ses frais, dans le sens qu'il récupère plus de revenus qu'il ne dépense. Alors, c'est quand même assez nouveau qu'on voit des ministères qui sont capables de générer des revenus plus importants que leurs dépenses en raison notamment du bois, le commerce du bois qui permet de récolter des redevances importantes.

Le Président (M. Geoffrey Kelley): I have one thing, Sue. From the Auditor General's report, one area we're even within the public system was the accountability for the cost of hospital beds because obviously if you go for a private or semiprivate room, hospitals still have the ability to charge additional fees. And there was very little accountability, there was very little link between the real cost, there was confusion between our regional health boards and the Government Department as to who is responsible.

So, the Auditor General found a lot of problems in the billing practices and the cost to the hospitals. There was a high level of non payment, hospitals aren't necessarily in the business of chasing after bills, and everything else. So, there was even within the public sector... And I agree with you that as we have more and more costs for various tests and X rays and things that may or may not get charged, it's not clear what review we may have of it.

I have Conrad Santos now.

M. Santos (Conrad): Thank you, Mr. Chairperson. I'd like to focus on the role why we have government in the first place, whether parliamentary in form or presidential through democratic representative government is based on what we recognize as the democratic principles, the consent of the governed, the majority rule and specific limits to governmental powers.

Our governmental institutions as they are voted or as they are created are primarily there to exercise supreme political authority to govern all our society and to be the guardian of all and trustee of all its citizens. They can initiate policy and implement policies, they settle disputes through the court system, and they pursue the general good of all. And the source of their authority is the power to tax everyone, every member of that general society.

However, within society, it is a system of systems. The general social system, that is the corporate world with all the little governments — little but some are multinational corporations — have assets more than any countries or number of countries. Religious groups, they have empires; other groups, like professional associations which are very powerful and influential in our society, all of these are competing to try to be the Government. And we have witnessed that in our historical transformations.

However, the legitimacy of the political authority of the State is there because it is warranted, because it is justified by its desire to pursue the common good of all, the benefit of everyone. Whereas the little governments here, the little influential groups in society, like to pursue their own specific interests. Their claim to obedience by Government and States is based and predicated on the pursuit of the common good. The moment we get elected to political positions of authority and we insist to pursue the *raison d'être* of Government and promote a specific interest and specific goods, it is a zero-sum game, we diminish the opportunity to pursue the general good of all.

I believe, and this is a belief, that the institution of commercial practices of selling and buying in Government is a transformation that we should be aware about. It is an insidious transformation of the system from the basic governmental system that it is to

some kind of a new system emerging where by some specific powerful moneyed class will take over the function of Government.

Now, the Government has the power to regulate, it has the power to tax. There has been no question about that. It can impose lobbies, it can charge licenses, but as soon as the Government charges this money-producing function, not for the purpose of regulation but for the purpose of raising money, then there is again a transformation of that system. It is becoming a marketplace, and all the citizens are becoming buyers and sellers. And the function of Government there is being diminished, and only those who have the resources can buy essential services.

So that if you push this to its logical growth and development, you cannot do anything, unless you're able to buy or sell. And there is something, if you read Revelations, there is that power there that will control everyone's commercial activity. If you don't have the number, you don't buy, you don't sell, you lose your freedom.

So, I'm saying: He who has the benefit should share in the burden. All of us benefit in organized society, we should share the burden. That's why Government is given the power to tax, to lobby and everything. But, as soon as the Government engaged in money-raising activities, it descends from the level of being the supreme political authority into like any other commercial enterprise. And therefore it's unfair for any private enterprise, for any private corporation, to be in competition with the Government acting as an enterpriser.

And then we will say: That's not the end of Government. The end of Government is not to compete with our enterprisers, with the free enterprise, the marketplace. So, I'm saying: The fees are there all the time, but only to regulate. As soon as the Government exceeds that limit up his power, then it is destroying the free enterprise system, the marketplace. And it can no longer be habilitate to control because if it controls and at the same time be a competitor, that's no good for everyone of us. Just like the Chairman of any Legislative Assembly, the Speaker engaging in debates, in issues, or the Chair of any committee engaging in debates, at the same time making a ruling. That will be the role of Government, as soon as it raises fees for the purpose of raising revenues. And, then, it should be subject to its own regulation.

But the primary and dominant criteria is the pursuit of the public interest. As soon as we depart from that and we pursue a specific interest with the individual group or some other interest, we lose the legitimacy to govern, we lose the legitimacy to be the Government. My fear is that if this goes on and on, there will be no more government. It will be government by a specific group running the entire society. Now, I fear the moneyed class, International Monetary Fund, banking systems, all the other moneyed classes running our lives. Thank you, Mr. Chairman.

Le Président (M. Geoffrey Kelley): I think, on the other hand, Conrad, we made it quite clear that in the work for a Public Accounts Committee, we left the debate over the political opportunity to charge a user fee or not. That's somewhere else. We were looking at, if a government has agreed to charge a user fee or not — which is another debate, which is an important debate — how do you apply that fee, how do you ensure that it's done fairly, how do you ensure that it's done efficiently. But we left quite deliberately when the Public Administration Committee of Québec looked at this question. We took out of it the whole debate over the political opportunity, because that's up to a government to decide to what extent you fund things out of the general revenues, to what extent you... Because I listen to your logic, and I could say: Well, then, we could have driver's licenses that should be free.

M. Santos (Conrad): No.

Le Président (M. Geoffrey Kelley): But we say... Oh! The people that choose...

M. Santos (Conrad): ...

Le Président (M. Geoffrey Kelley): ...to drive on our roads have to get a driver's license every year, which doesn't asset the entire cost of maintaining and constructing highways in all of our provinces. But it's a start, and it does provide some sort of control over who can get behind the wheel of a car. That's a user fee to an extent, it's one that, I think, every jurisdiction has always accepted. But it's: Which ones you include on the list of tolerable user fees, which ones do you say are not? There's no perfect answer. If I sit down with... You know, in Québec, we have friends of public transport that say: The buses and metro in Montréal should be free. That's one extreme position. I'll get other people that say: It should be 100 % paid for by the riders; I never take the bus, I never take the metro, it doesn't do me any goods, so I am not going to pay a nickel for it.

Well, I think neither system, you know, resists analysis. We've tried to find a position somewhere in the between where if, tomorrow morning, there was no public transit in Montréal, the Québec Government would be very busy starting to build highways everywhere and bridges over rivers. If you know anything about commuting in Montréal, we have a bridge problem. Maybe not as serious as the one in Vancouver but we have bridge problems in Montréal, and they get quite serious around 4:00 o'clock and every summer when, in our infinite wisdom, we decide to do construction works on all of them at the same time. So, it makes for a mess, but the Government would be on the hook for a lot of money if we didn't do it. So you have to hit an equilibrium between the two.

Darrell Dexter, from Nova Scotia.

M. Dexter (Darrell): Thank you, M. Chairman. Just to follow up on that discussion. It is true, and you've emphasized in this paper, the question of charging the fee being a political choice. But nonetheless when you look at the guidelines and you start to examine considerations like fairness, then that very much becomes a political consideration. And I think it is a fair one for Public Accounts Committee to look at the whole question of what damage you do to access to services as a result of the imposition of user fees.

And I think we recognize that user fees are taxation. The question of jurisdiction for the charging of indirect taxes is a serious consideration. We know that probate fees in certain instances have been struck out by the courts as not meeting the test for the charging of those fees, that the correlation between the service provided and the fee that is to be charged for particular services is a very important one.

I would suggest for Public Accounts Committees to consider, and to consider carefully, when they see the Government embarking on series of increases in these fees.

In my province, where minor league baseball teams have to pay fees to use their fields which are an annoyance not only to the organizations that run those programs but also to parents who must paid those fees and the question of whether or not you are denying access to essentially young children who would like to participate in that activity to even weightier questions about the access to the justice system. For example, in Nova Scotia, we have introduced a system where you must paid for court time. So, the question is, how do you damage the right of the public to have access to one of the most fundamental part of the democracy which is their justice system when you imposed arbitrarily a fee on the users of that system irregardless of their economic circumstances.

So, these are important questions, and that was just my comment. But I wanted to thank you for what I think is a very good think piece and certainly something that I'll find useful in our deliberations in Nova Scotia. Thank you.

Le Président (M. Geoffrey Kelley): As a parent who pays soccer and arena fees, I listened with great interest to that, the arena that we already built out of our tax dollars we... I think it's a good question, but to turn it around, I remember there was quite a controversy in Québec as we started to charge for and then increased the fees for complaints to our Rental Board which adjudicates between landlords and tenants, all sorts of things. And there was an argument made that, by having a free access, there was an inordinate number of frivolous complaints, that tenants would go to the Rental Board — again I'm just reporting how the debate was characterized — for frivolous things, and that it was tying up an awful lot of expensive time. So, a user fee... I think

it started at \$35 or something to file a complaint with the Rental Board, and I think recently, it's off the top of my head, but it might be now \$60.

And it has raised the question at what point... Given that questions of substandard housing are often at the heart of these dispute, it tends to be at lower rental, so lower income levels are the people often involved in these kinds of dispute, is \$60 to high? Does that become an impediment to justice for people living on a minimum wage or something like that? There are no complete answers to it, and I agree with you that where that the political opportunity debate ends and the cost efficiency debate begins, we always like to draw this line in the sand and say it's completely, you know, hermetically sealed that that's the political side and this is the efficiency side.

And I think the more experienced I get on this Committee the more I realize that there's a lot of grey in between the two, where only by having good public accounts analysis of numbers of cases, the kinds of cases say for a Rental Board, can you study the impact of a \$60 fee, if that's what it is, on, you know... are not only «frivolous», quote on quote, complaints dropping off, but in addition to that, our people being denied access to the right that set out for them to go after their landlord if he's not respecting his commitment in the least... It's a very good question to which I don't have an answer. Is there anyone else that would... Evelyn Gillespie.

Mme Gillespie (Evelyn): I was just thinking about some work that we've been engaged in for the last two years in British Columbia, which is to develop a new shellfish ten-year policy and open up the opportunities for shellfish aquaculture. And one of the reasons it's taken so long to come up with this, the policy regarding the fees and the permit costs, is the desire of the Government to move from a system whereby the individual or the corporation that could provide the most amount of money up front on a bid system was able to get the new aquaculture lease opening up, which seems to limit the opportunity for small communities or for individuals, small businesses to get access to new economic opportunity, so how to design the fees and the permit costs in such a way as to promote local economic development activity and provide some kind of fairness in the access to that economic activity. And the other thing was to ensure that the individuals who have access to aquacultural leases are then using them rather than, you know, getting access to a lease in order to protect the waterfront for personal use, but to actually use it for economic activity for the community.

And it has been a very interesting process and it's just now in play, has required a lot of consultation with both communities and with industry. But the question there around the value received for the fee charged or the permit required is a difficult one because it depends on how the resource itself is used. I think they're probably other

jurisdictions, other fees around the use of Crown lands that present a lot of difficulty, and it would interesting to hear some more from people about that.

Le Président (M. Geoffrey Kelley): Thank you very much for that. On that note, we have a couple... First, I'd like to thank Martin Rochefort from our research services who help me out a great deal. As I said, I felt a little bit like a three-dollar bill talking about these great discussions, I wasn't there. So, thank you for Martin for helping me out on that.

Two bits of housekeeping. When we come back at 2:00 o'clock this afternoon, we need to make room at the table for the 15 Auditors General. So, if amongst your delegation you could free up a chair or something... I think they're going to come around and try to figure out a way to accommodate everybody. If you could just check the name plates when you come back, because the idea this afternoon is to have an exchange with the Auditors General about how we are to interact.

Secondly, the buses are leaving from downstairs, «la porte des Amérindiens», to take us to the Musée du Québec. So, you can just proceed through the door and downstairs, and we'll be off to a beautiful museum on the Plains of Abraham. Thank you very much.

(Suspension de la séance à 11 h 29)

(Reprise à 14 h 8)

Séance de travail 6

Le forum John-J. Kelly

Le Président (M. Geoffrey Kelley): Thank you very much. Merci beaucoup. We will start our final session, the homestretch now. Before starting, I'd just like to invite, if there are any clerks left... The clerks are having a separate meeting now. So they're invited to gather in the lobby and they will be led to a separate clerks' meeting. So, if there are any clerks who would like to attend that, please gather out in the hall.

The last session here, the object is to have an exchange between the Auditors General and the members of the Public Accounts Committee. So, as you see, there's a slightly different configuration around the table. Our apologies again to Erda Walsh who seems to get the little seat out of all of that. My apologies. And I will turn the microphone over to Québec's Auditor General, Guy Breton, who will explain a little bit about the John-J. Kelly forum — no relation — but he will explain a little bit what we're expecting out of the session this afternoon. M. Breton.

M. Breton (Guy): Merci, M. Kelley. Alors, John-J. Kelly, comptable agréé, est décédé l'an dernier après avoir été le directeur d'une unité de l'Institut canadien des comptables agréés qui se consacrait à développer les méthodologies de comptabilité et de vérification propres au milieu gouvernemental. Il a été le moteur pour développer cette comptabilité propre au milieu gouvernemental et lorsqu'il est décédé, c'était évidemment une très grande perte. Et il nous a semblé que, ayant assisté à la majorité des nos réunions annuelles comme participant, comme personne qui venait nous mettre au courant de ce qui se passait dans le développement comptable et de vérification pour les milieux gouvernementaux, il se devait qu'on maintienne son nom à notre mémoire et qu'on pose un geste tangible. Et de concert avec les dirigeants du Conseil canadien des comités des comptes publics, il a été convenu que ce forum que nous tiendrons cet après-midi et probablement pour toutes les années à venir, quand il y a cette rencontre conjointe que nous tenons, que nous lui donnions le titre de Forum John-J. Kelly, en mémoire de cet homme qui a vraiment développé la comptabilité et la vérification dans le milieu gouvernemental.

Vous avez devant vous un curriculum vitae beaucoup plus complet qui vous explique qui était John-J. Kelly, dont nous sommes tous très fiers d'avoir connu et avec qui nous avons, la majorité d'entre nous, travaillé sur les comités de l'ICCA. Alors, c'est la raison pour laquelle ça s'appelle le John-J. Kelly forum et c'est pour souligner sa mémoire. Voilà.

Le Président (M. Geoffrey Kelley): So I might note how we will proceed. I will try to introduce a topic. We have four topics for discussion this afternoon: *Helping new legislative members; Helping public account committee members to be better prepared and more effective; More effective results and Public affairs committee input into legislative auditor's budgets*. So, those are the four questions. I will try to pose the problem as quickly as I can.

The first two, Mr. Breton has agreed to launch some solutions or some ideas on how the Auditor General and the Public Accounts Committee can work more closely together and Mr. Desautels will help us on the second two. But at the end of each item, we'll open up to a comment or discussion from the floor.

So here we go. The first one being: *Helping new legislative members*. And as a new legislative member, I can relate to this one dealing with how do you provide information, from the Auditor General's perspective, to committee members. The four solutions that Mr. Breton is going to explore are, one, that legislative auditors could help through the clerk to identify the information needs of new and returning committee members. Secondly, auditors could provide a briefing at introductory meetings for new legislative members. Three, CCOLA could develop generic information on accountability, governance and the role of the Auditor General in the

parliamentary process. Additional background information from the CCAF and the CICA could be given to members to improve their understanding of issues relating to accountability, accounting and auditing. This generic information could be supplemented by specific information on the legislative auditor of that jurisdiction. And fourthly, a legislative auditor could provide input into briefing books prepared by clerks for new members. So those are four of the many ideas.

And Mr. Breton is going to talk a bit from the Québec example on those. But once his presentation is finished, feel free to comment on those four or add any other good ideas to the list. M. Breton.

M. Breton (Guy): Si vous me permettez, avant de vous donner notre exemple de travail, j'aimerais resituer un peu ces documents que vous avez en main. L'hiver dernier nous avons demandé aux secrétaires des commissions parlementaires, et nous avons demandé également à quatre vérificateurs législatifs de revenir avec des idées sur comment améliorer les communications entre les commissions des comptes publics et le Vérificateur général. Lorsque les résultats d'un questionnaire que nous avons envoyé à ces huit entités nous sont revenus, nous avons fait un sommaire, nous avons essayé de structurer les réponses obtenues.

Et en mai l'an dernier, nous avons réuni à Montréal des représentants des commissions des comptes publics ou des représentants des secrétaires et les représentants des vérificateurs législatifs et nous avons réécrit les sujets. Nous avons convenu que le thème n'était pas de dire: Oui, il y a un problème et quel est la hauteur du problème, mais plutôt de dire: Avec cette expérience de quatre provinces, le problème existe mais quelles sont les solutions possibles? Et consacrons notre effort à endosser l'une des solutions qui est là. Convenons qu'à l'avenir, nous essaierons de travailler ensemble sur l'une des solutions où on trouve un consensus.

Donc, le sujet... tout le monde est d'accord qu'il y a une difficulté, ce qu'on ne connaît pas encore avant la discussion, c'est laquelle des quatre solutions qui est la préférable? C'est l'objet, cet après-midi, d'essayer d'arriver à des solutions à partir de quatre projets que nous vous présentons. C'est l'esprit de la rencontre. Cherchons des solutions et ne revenons pas en arrière constater qu'on a des difficultés quelquefois à se comprendre.

Dans cet esprit, lorsqu'il y a eu des nouveaux membres de la législature, nous avons expérimenté trois pratiques. Alors, à la suite d'une élection qui avait amené un changement de gouvernement, quand le Parti québécois est arrivé au pouvoir, en s'inspirant de ce que le fédéral avait fait...

M. Breton (Guy): ...qui avait amené un changement de gouvernement, quand le Parti québécois est arrivé au pouvoir. En s'inspirant de ce que le fédéral avait fait, on a présenté aux membres de la législature une rétrospective de tous les dossiers en suspens et pour lesquels des actions devaient encore être prises par le gouvernement, donc tout ce qui était en inventaire et non réglé a été présenté aux membres lorsqu'ils sont arrivés, ce qui les a mis directement dans le bain.

Également, à la suite des deux dernières élections, nous avons participé à la session d'accueil des nouveaux députés afin de leur faire connaître notre mission et l'importance de la commission de l'administration publique.

Et, troisièmement, lors de la première rencontre avec la commission de l'administration publique qui a été formée à la suite de l'élection, nous avons présenté plusieurs des cadres de référence qui guident la formation de notre opinion, c'est-à-dire les documents de l'Institut canadien des comptables agréés, notamment ceux sur le comité de la comptabilité du secteur public, les documents de la Fondation canadienne pour la vérification intégrée, les documents des administrateurs agréés qui sont une corporation professionnelle au Québec, même nos manuels de vérification, de sorte qu'ils comprennent nos outils et sont plus à même de comprendre nos messages quand on réfère à des concepts.

Voilà, c'est ce que nous avons fait au Québec et vous aviez, encore une fois, quatre possibilités d'approche pour faciliter votre travail quand vous arrivez pour la première fois dans le contexte des comptes publics. Quelles sont les solutions que vous préférez? Lesquelles vous sont le plus confortables? Ou y-a-t-il d'autres expériences qui ont été vécues dans d'autres provinces? C'est l'intérêt de la rencontre de cet après-midi.

Le Président (M. Geoffrey Kelley): John Williams.

M. Williams (John): I ask you, Mr. Chairman, to reiterate the four particular points that we are talking about.

Le Président (M. Geoffrey Kelley): Yes. The first topic will be looking at helping new legislative members; the second one that will flow from, it is helping public accounts committee members to be better prepared and more effective, so on a more ongoing basis how to provide information; the third is more effective results and the fourth is public accounts committee input to legislative auditors budget. And these... You should have in front of you, I think, the sheets...

Une voix: They're being...

Le Président (M. Geoffrey Kelley): They're coming, hot off the press.

So as people who, at one point or another in our lives, were new public accounts committee members, do we have any suggestions or any comments on... If we can remember back to that day when we were a new member of a legislative committee, what could have been useful, what was useful or what wasn't useful? Anyone wants to break the ice? John Williams.

M. Williams (John): I started off, Mr. Chairman, in 1994, as a new member of a public accounts committee and not having a clue of what I was getting into. And now, I'm the Chair, and I hope that perhaps I have evolved somewhat and progressed somewhat along the way. But in 1994, the Parliament of Canada had 208 brand new members out of 295, which meant that the amount of continuity was very, very small, indeed. And I would think that mostly committees would likely have evolved a new methodology and way of doing things, because basically no corporate memory had carried over from the previous parliaments, and I certainly can't speak for the previous parliaments.

But it took me a while to become aware of the real role of the Public Accounts Committee as pertaining to its role in accountability, that the Auditor General would provide the information to Parliament through the reports that he tables. They automatically refer to the Public Accounts Committee in Parliament, and I presume that's the same in all provinces too, and then it's up to the Public Accounts Committee to take that and do something with it. Because the Government can quite easily, if they so desire, ignore the reports of the Auditor General, unless he keeps harping on the same issue time and time again and the media will cause the Government to do something. But the role of the Public Accounts Committee is to take that report and do something with it.

And as far as educating the new members is concerned, I'm a little apprehensive of the Auditors educating the parliamentarians, and yet they need to be educated in what they're supposed to be doing. Their role is to hold the Government accountable. Mr. Charbonneau said that yesterday, at lunchtime, and I mentioned that yesterday, that the role of Parliament is to hold the Executive accountable, and that applies most specifically to the Public Accounts Committee.

And when we have new members, and I would imagine that likely every time we have new members on the Government's side — and I'm not being critical of new members on the Government's side — their desire or recognition that they're being elected to stand up and hold their Government accountable is perhaps a little bit strange to them and they're not exactly sure how much power they actually have or how much

authority they have or how far they're prepared to go out on a limb to criticize their own Government.

Opposition parties, of course, have not quite the same constraints, but for Government members there definitely is that constraint there. And I think that we definitely need to provide some training to new parliamentarians, but I'd rather see it come from within the Legislator or Legislature rather than from the appointed people who are serving the Public Accounts Committee, be it the Auditors General. I'd rather see the Legislature adopt a training process for new members.

Le Président (M. Geoffrey Kelley): Are there any other reactions? Conrad Santos from Manitoba.

M. Santos (Conrad): There are two kinds of sources of information or authorities. The authority of position and the authority of knowledge. If somebody is knowledgeable and he can assume a neutral kind of position in imparting that knowledge, I don't see why a legislator cannot take advantage of experts in accounting and auditing. Although I agree with the Speaker that elected members should not be educated, I can use other terms like «indoctrinated by» people who are subservient to the Executive.

Le Président (M. Geoffrey Kelley): So any other experiences that have worked or have not worked? Certainly, in our own case, eight of the 10 members changed after an election. So the point that John Williams raised, I think, is a good one that you... It's hard to keep a continuity going when you have our democratic rendez-vous every few years and other reasons which will change the compositions of our committees. And there is much difference when it's after an election when you have many new members. When it's an individual who joins a group, I think you're right, the group inside, it can sort of coach a new member along when it's one member on 10 or one member on seven, but when the whole new group is there, what other things have you in the past or... I look at the Auditors General around the table and the experiments that they've tried to do to finally make politicians understand something, if possible. Have they worked or not? Erik Peters.

M. Peters (Erik): Just a brief comment. When we started the point why we considered... In Ontario, for example, the provincial Auditor is the key factor in providing information to the new members. It arises simply out of the fact that the terms of reference of the Public Accounts Committee in Ontario are very specific. They are foremost to deal with the issues raised by the provincial Auditor in the reports. So the influence and the training may arise very well out of the terms of reference that the Legislator has given to the Standing Committee on Public Accounts. So we follow that bearing in mind that we are an office of the Legislature, we take

both that responsibility very seriously and we are, in fact, the principle advisor at all times to members of the Legislature who are chosen by their caucuses to serve on the Standing Committee on Public Accounts. So we feel that it is part of our responsibility to provide that education.

And Guy Breton has outlined three steps that he's taking to which what we add is essentially three particular elements that we have found of good use to the members. One is the accountability framework in which our office operates in putting both the office and the Standing Committee on Public Accounts into that context, and that's done by way of a chart. Number two is to provide an exact description of the mandate and working over the mandate of the office and division with the members. And the third area is what we have identified as the seven focus areas of our work in the office. I'm not suggesting that these be exclusive, I'm nearly suggesting that they could be dealt with in addition to the very valuable points that Guy Breton has just raised. That's, by the way, opening the conversation on that one.

Le Président (M. Geoffrey Kelley): Yes, sir. Could you identify yourself? The micro, it'll come on automatically.

M. Salmon (E. Roy): O.K. Roy Salmon, Auditor General of Nova Scotia. I really believe that our function is there to do whatever it is we can do to help legislators do their job and, primarily, to work through public accounts committees to achieve that. And, in many cases, in terms of orientation and in assistance to members, we are filling a void because — I don't think Nova Scotia is unique here — there isn't the research capacity or support — with all due respect to the clerks — for the members, either from within the committees' offices or from within their caucuses, to do the kind of research that's necessary to allow them to fulfill their responsibilities as members of a public accounts committee. That's a personal opinion but it's certainly one that has been born out by my experience in Nova Scotia.

Le Président (M. Geoffrey Kelley): Robert Morissey.

M. Morissey (Robert): Mr. Chairman, I would have to agree with the comments of the speaker from Nova Scotia as a parliamentarian, he's from the office of the Hansard. We do not have adequate independent research as legislators in preparing for some of the detail that should be scrutinized and the proper questioning of the Auditor's report when it comes in. And after years and years in public life, it still hasn't changed, you're not always well prepared for it. If there's going to be steps taken to better educate new incoming members, then parliaments as a whole, legislators as a whole have to look at research capability of the public accounts committees. I agree with your comments. You stated them as personal, but on an operational perspective and watching them, I agree totally with your observations.

Le Président (M. Geoffrey Kelley): Erda Walsh from British Columbia.

Mme Walsh (Erda): Thank you. I have a question. This is also an attempt from yesterday and more or so today after the discussions and some of the deliberations that we have done, I mean during the last day. And that means — and especially since I've heard now some words that pertained to the principle — that it would be in advising legislators and providing education and the need to hold our Government to account. And with those phrases in mind, the one question that I have to ask is... Again, I haven't received an answer, I guess, from talking to colleagues around the table, and that is: Who audits the Auditor? And if no one audits the Auditor, why not? And if they do, how?

Le Président (M. Geoffrey Kelley): Would one of our auditors like to answer that question? Mr. Desautels.

M. Desautels (Denis): Thank you, Mr. Chairman. This is a fairly common question, it comes up at least once a month and I've developed a fairly standard answer.

Des voix: Ha, ha, ha!

M. Desautels (Denis): But actually there are mechanisms in different jurisdictions for taking care of that particular concern of what oversight is there over the Auditor General. At the Federal level, there is, of course, first, an independent auditor appointed by the Government who audits the books and records of the Auditor General. So, there is a standard financial audit carried out of our Office by an outside firm appointed by the Treasury Board.

Now, in addition to that, as I might explain a little later, we have a fairly intense relationship with the Public Accounts Committee. So, we review our plans with the Public Accounts Committee at least once a year and the review of those plans also includes now a review of the performance of our Office, using a special performance report that has been developed. So, the interaction with the Public Accounts Committee is another element of oversight on our activities.

In addition to that, we commission, on occasion, and fairly often, outside reviews of certain aspects of our work. At the present time, as I was explaining to my colleagues this morning, we've hired an outside firm to do a complete audit of our quality control systems for the financial attestation work that we do in our Office.

Now, in addition to that, I say that there are other organizations such as the Provincial Institute of Chartered Accountants, which do a review of our functioning to make sure we meet professional standards.

And, finally, and I think this is maybe more important than all the rest, all of our reports are not only public, but they are in fact quite intensely debated publicly and that, in itself, in my view, acts as a strong accountability mechanism over what we do. So, in fact, if we were to do shoddy work, I think it would come through pretty quickly through this public review process, either by the media or by the Standing Committees of the House.

So, when you put all of these factors together, starting with the outside independent audit by an independent firm, and all of these other factors, I believe that there is a fair bit of scrutiny of the work of an auditor general's Office, at least at the Federal level. I think there are variations of that among the provincial Offices across Canada.

Le Président (M. Geoffrey Kelley): Erda, do you want to...

Mme Walsh (Erda): Can I just follow up on that?

Le Président (M. Geoffrey Kelley): Yes.

Mme Walsh (Erda): But what I'm hearing is that there really isn't any process in place overall in which anyone can really say... other than self-auditing or contracting someone to come in and do that whatever area of the office. So, there really isn't any process in place to say that: Yes, this will, in fact, take place.

Because I think that with so many reports that are, in fact, going out to the public and, many times, what can happen is that the bar can be set so high that I don't know of any jurisdiction or most jurisdictions can or can't meet some of those bars, you know, and cost thereof.

You know, I still haven't heard whether there was anybody or any jurisdiction that, if fact, has in place a process by which there is an actual regulatory regime in place to ensure that these bars aren't so high or that the Office is, in fact, functioning to the accountability measures that are in place already for other Committees and person.

M. Desautels (Denis): O.K. Can I respond to that?

Le Président (M. Geoffrey Kelley): Sure. Go ahead, Mr. Desautels.

M. Desautels (Denis): First of all — I am not sure if I understood one of your points correctly — when you talk about setting the bar at a certain level, I would interpret that as meaning that we should... You know, all legislative auditors, when they do audits of other organizations, shouldn't set the bar at a level harder than what they are ready to assume for themselves. And I think that's a fair comment and I hope that's

what legislative auditors do, that they are being realistic in their expectations of organizations that they're auditing.

But, coming back on maybe to the more fundamental question that you are raising, I guess there is... I mean, different jurisdictions could, in fact, provide for even further oversight of legislative auditors' work. And we have some colleagues here from Australia and I think in some of the Australian States, there is, in fact, legislation providing for periodic review by an outside organization of the functioning of the Audit Office. There is no such a requirement in Canada at this point in time. So that the mechanisms that I'm describing are voluntary, taken on the initiative of the various auditors general. But it's a choice; it's a policy choice that one could make. But, here in Canada, even in the more recent revisions to audit legislation in our different jurisdictions, this was never brought in as such.

Le Président (M. Geoffrey Kelley): John Williams.

M. Williams (John): Getting back to the point of helping new legislative Members, and I was thinking more along the lines of helping a new Committee getting going after an election rather than a new Member coming in to join an existing Committee where... Two ideas have come to mind: one is that, in order to obtain best practices, perhaps they may want to think about traveling around the country to talk with other Public Accounts Committees, because I remember, a couple of years ago, at this particular Conference where we did have a round-table presentation by all Public Accounts Committees as to the way they conducted their business, there was a wide variation in the way they did things, and some were more, obviously more, capable in holding the Executive to account than others. So, learn best practices, I think, would be very, very desirable and, to perhaps help that along without just getting on the road, perhaps a manual of practices of all Public Accounts Committees, collectively, could be developed, and Mr. Santos was saying yesterday that they are totally reviewing and potentially reforming the mandate and the terms of reference for their Public Accounts Committees. So, I would hope that, for example, when the Province of Manitoba are going through that exercise, that they would try and obtain best practices from all Public Accounts Committees across the country in your review as to what exactly you're trying to achieve and how you're going to set up this new Public Accounts Committee. So, bring all the information together in one spot rather than just their own Legislature and their own Auditor General giving them some information, say: This is how we did it in the last Parliament; obviously, that's how you want to do it in the next. That may not necessarily be so.

Le Président (M. Geoffrey Kelley): Max Trenorden.

M. Trenorden (Max): Thank you, Mr. Chairman. Just in response to Mr. Desautels' knowledge of the Australian system, which is pretty pronounced, the Victorian State does an audit of the Auditor General; so, they watch the watchdog.

The Public Accounts Committee of Victoria takes charge of that process: they choose the auditor, they do the process which establishes the conduct of the audit. They oversee the audit, from start to finish, and they do it every three years.

In Western Australia, we don't do it. In fact, most other States don't do it, because of a very, very simple matter of around about 250 000 000 \$ to \$300 000 which is x number of schools, x amount of hospitals. So, I'd say to B.C.: If you want to do that, you're welcomed to it, but you might get a bit of criticism.

Mr. Chair, I'd like to go to another point. I think, if you get back to the initial question you've got, I think it's very important that auditors get involved in the education of new Members, though I totally agree with John Williams saying that the legislative system should train new Members. But what auditors, I think, have to be very cautious of into the future, is the closing line between policy and performance... And what auditors should be very conscious of, in my view, is that many of those new Members are going to be a creature called ministers and, occasionally, they're going to be a creature called Premiers. And if they don't understand the role of the auditor and the Auditor General's Office early, then the clash is often born in that perception. I can't speak about the Canadian experience, but if you look at the Australian experience, many Premiers get there quickly; certainly, many ministers get there in the first year without any experience of being a parliamentarian and immediately come up against this creature who doesn't seem to like them very much. And I think auditors would be very wise to get involved in that process.

The other important thing is, and we do it in Australia through Treasury, most Members of Parliament will not admit they can't read financial statements, and it's important for Members of Parliament to be able to read financial statements. So, in Australia we do that through Treasury, but it could be a role for auditors to get involved to make sure, not only that Members can understand financial statements, but also know where to find the information they're looking for within the documentation.

Le Président (M. Geoffrey Kelley): Thank you. Phillip Mayfield, and then, we will move on to the next topic.

M. Mayfield (Phillip): Thank you very much. It occurs to me, as I listen to John ask the question and perhaps provide some ideas in response to his own question, that I think the idea of having some kind of a paper manual to carry on from one generation

to the next is an excellent idea. It seems to me that there are research staff within the Parliamentary Library, for example, who go from one generation of parliamentarians to another. I think it would be too bad if parliamentarians were ever in a position where they were being instructed on how to do their business, but somehow, they need to be coached and how to go about beginning to do their business until they become familiar enough with it.

Now, I've been on the Public Accounts Committee for two years and I still feel at times that I'm grasping. It seems to me that, at this Conference, we have an opportunity for cross-fertilization that is not being taken advantage of.

In having dinner last night with one of the auditors, I was impressed with the amount of preparation that the auditors and the comptrollers go to have before they come to this Conference here, in comparison to the legislators. Well, I found the burden to be pretty light and it's not something that I should object to, I suppose, but I think it would be more helpful if our part of the Conference was a bit more structured.

The other thing that I would like to suggest is that perhaps there might be some joint planning of this Conference between the auditors and the legislators and that some of our sessions might be held jointly. I think it's a good idea that we come together and see who is here to begin with. I really appreciate the opportunity to sit and to take part in this part of our Conference at the close but without wanting to be involved in the technical aspects of what the auditors do in their talks together. I do think that there's opportunity for presentation of papers, dialogue between auditors and legislators that would be most fruitful, and I would suggest not only for newcomers to Public Accounts Committees but for the growth of those who have been there for some time that this kind of cross-fertilization might be very productive.

I think that there's always a struggle to enhance the relationship — the Auditor General of Canada described the kind of intense relationship that exists as we come together to do our job on Committee. I think that's a very creative and a productive process but I think, from my point of view, it would be helpful perhaps to understand some of the elements that are involved in what the auditor goes through to bring his report to parliament and as we pick it up. And I would like to see this opportunity here be expanded to include part of that educational process.

So, I guess that the nub of what I'm saying is it would have to begin with some kind of joint planning between the auditors and the legislators before we ever get here. I've been to two Conferences now and I've not seen that and I think I would appreciate that opportunity.

Le Président (M. Geoffrey Kelley): Duly noted, Phillip. I think the second topic a little flows from the first so we'll come back to some of these themes because once the new Member becomes no longer a new Member, how do we keep Members informed? We all know politicians don't want to be briefed too far ahead of time. They don't want to be briefed too close to the actual meeting. They don't really like to be briefed in the morning and they're not too good in the afternoons but, apart from that we're really an easy lot to get along with.

Des voix: Ha, ha, ha!

Le Président (M. Geoffrey Kelley): And it's just in what way and how do you effectively organize a working session. In Québec, we do it. We have a working session prior to a public session to make sure that, when we're exploring a chapter from the Auditor General's report, we allow ourselves enough time to digest what we have from the working session before going forward to the public session.

I mentioned in my presentation yesterday, one of the sessions we did this spring was on ambulances in Québec which is a very complicated issue. We have two parallel systems: we have a public system in Montréal, we have a private system off the Island, I think 120 or 130 companies involved off the Island. It's a very complicated issue. So, I won't read through them. You have the sheet in front of you now, but I'll pass the microphone over to Guy Breton to talk a little bit about how to prepare us for public sessions and how, on an on-going basis, information should be passed from the Auditor General to the Public Accounts Committees.

M. Breton (Guy): Back to your hearing aids, please! Au Québec, nous procédons de la façon suivante: Nous préparons un texte de présentation extrait de notre rapport annuel. Ce texte est complété de quelques brèves pistes de réflexion sur des sujets importants afin de démarrer l'échange entre les parlementaires et les dirigeants des entités vérifiées. Ce document est remis aussi bien aux parlementaires qu'aux dirigeants de l'entité vérifiée.

Lors de la séance de travail, en se servant de ce document, j'ouvre la session par un résumé rapide de la situation décrite dans le chapitre à l'étude. Ensuite, nous reprenons chacun des grands thèmes du chapitre et nous exposons la raison d'être pour chacune de nos pistes de réflexion. Dans l'échange qui suit, nous attirons l'attention des parlementaires sur les réponses probables que formuleront les entités et nous indiquons aux parlementaires en quoi certaines de ces réponses seront incomplètes ou insatisfaisantes et qu'ils doivent poser d'autres questions plus pointues. Donc, nous aidons les parlementaires à se faire déjà une idée de la nature du sujet dont ils vont traiter et surtout de la nature des réponses qu'ils vont recevoir, de sorte qu'ils

connaissent le domaine. Les parlementaires durant cette session soulèvent des problèmes ou des pistes de réflexion auxquelles on n'avait pas pensé.

Lorsque la séance est terminée, nous téléphonons au dirigeant de l'organisation vérifié ou qui apparaîtra en commission publique et on lui donne la tendance des questions qui seront posées par rapport au texte qu'on lui a déjà remis et on signale qu'il y a des questions majeures qui seront demandées et pour lesquelles les parlementaires ne semblent pas très heureux de la situation pour l'instant.

À titre d'exemple, la semaine dernière, nous avons une unité de perception de comptes à recevoir pour le ministère du Revenu. L'analyse des comptes à recevoir était très incomplète; les parlementaires n'étaient pas heureux. J'ai téléphoné au contrôleur des finances que vous avez rencontré hier soir, M. Fiset, il me disait que, ayant reçu le téléphone à 17 heures, la veille, à quatre heures du matin, le lendemain, il préparait ses réponses pour la commission parlementaire. Cette commission parlementaire a obtenu beaucoup de réponses sur la qualité des comptes à recevoir, des réponses qui ont été préparées dans les 12 heures qui ont séparé la fin de la séance de travail et la séance publique.

Le Président (M. Geoffrey Kelley): So, are there other Auditors who would like to share with us either their experiences of how to work with and help prepare a Public Accounts Committee? Or are there other Public Accounts Committee Members who would like to comment on the best way to get ready for a public accountability session? Conrad.

M. Santos (Conrad): I notice that ...hiring experts as auxiliaries so that they can better arrive at the best judgment they could arrive at. There will be psychologists there and other specialized psychiatrists, other specialized training, especially in complex family affairs, they're deciding. So, it's an auxiliary kind of relationship as an aid to help them understand, because no way can any layman, legislator, no matter how experienced he is in law-making or legislation, can be a ... for someone who is technically trained and who is using technical language with specific meaning that only he and his colleagues in the profession can understand; it will be very difficult indeed for the layman, even if he's reelected again, to understand the technicalities of accounting and auditing theories, unless he, himself, has taken some studies in the same field.

So, I'm suggesting it will be a relationship between someone who is learning but has a mandate to act for his collective masters, the taxpayers and the voting public, and someone who has no mandate, because he is appointed, but has the knowledge and the expertise that he can impart to the one who has a mandate electorally, no disciple can be greater than his master, nor a servant greater than his lord. If the lord in our

political, democratic representative system, is the one who gets his authority from those who elected him collectively, then he should be able to learn as well from the expertise of those who are in auxiliary position to help him out to better perform his task of being the watchdog of how the public money is spent.

Le Président (M. Geoffrey Kelley): John Williams.

M. Williams (John): In Ottawa, we use the Auditor General's staff to brief the Public Accounts Committee in camera, informally, prior to the Public Accounts Committee, and we hope that as many Members will show up as possible in order for them to be fully informed and, as Mr. Kelley has pointed out, unfortunately, our agendas are far too busy, that getting time to read the chapter in detail, to analyze it, study it, be briefed, ask questions of the Auditor General seems to be a bit of a challenge for a large number of Members and, even for myself, at times, and we certainly thank the Auditor General for supplying the staff to brief us on a verbal basis.

But perhaps we could step back before that, and in the way that auditors general write their reports... I know that... And I have to compliment the Auditor General of Canada, Mr. Desautels, the clear, concise, lucid way that the points are brought out for clear and simple understanding, so that you can really put the pressure on the bureaucrats, we can ask them the question.

If the Auditor General's report is flowing and full of generalities without really hitting the points on the head, it's going to be more difficult for the Members of Parliament and the Members of the Legislative Assemblies to really grasp what is being said and to put the bureaucrats on the spot. So, I would just say to the Auditors General: When you are writing your reports, think about lucidity and clarity of the issues that you really want to stress, so that they can be quite easily picked up by the parliamentarians, so they can really put the bureaucrats on the spot because, to me, accountability is knowing that bureaucrats... knowing that they will be having to answer in public for the issues that the auditors general bring to our attention. And the more clearly and concisely and lucidly you can pass that information to us, the greater the opportunity we're going to use that to the benefit of our accountability.

Le Président (M. Geoffrey Kelley): Just to build on that point, John. In Québec, our Auditor General's report is wonderfully put together; each chapter starts with the headlines, if you will, "les points saillants". After that, you go through a very tightly organized numbered paragraphs. It's very easy to read, very well organized, distinct. There is no room for verbiage or long passages, it's really... It cuts to the chase, it's a very useful document that way.

Now, having said that, I don't know whether every Member has read every word of every chapter yet, but we're still working on that. But I think what you say is quite... Well, that because people are busy, because we come up against very different issues, quite a rhythm, it's important to have information presented to you in a way that you can get at quite easily.

M. Williams (John): And also, if I may say, that part of the accountability process is the way that the media pick up the Auditor General's report. And, again, if it's more in a general way of being written, the media are not going to analyze it and read it again, hold the Department to account for the shortcomings and failings pointed out by the Auditor General, whereas if it's clear and concise, again, the media jump on the accountability band wagon and provide some assistance.

Le Président (M. Geoffrey Kelley): Is it Mr. Salmon?

M. Salmon (E. Roy): Just an elaboration on the process Guy described, because we go through the same process in Nova Scotia. That is a preliminary in camera briefing along the particular subject that the Committee wishes to address in a public hearing. But I think there's a stage that goes before that, that we attempt to carry out, and that is an initial briefing on the annual report itself, in its totality, at a summary level to highlight the more significant issues, if I could put it that way, to influence or assist the Committee in establishing its agenda for the period of time that falls in terms of which subjects the Committee would consider addressing. That isn't to say that Committee cannot choose to deviate completely from those subjects and even select subjects for examination that have not been covered in an annual report and, certainly, our Committee has traditionally chosen, in some cases, to do that. But I think that that initial step is also very useful to a Committee.

Le Président (M. Geoffrey Kelley): Erik Peters.

M. Peters (Erik): Yes. Just a few comments if I may and if I may put on a little bit of a dream onto the table. We follow all the processes that have been mentioned as far, except that we use the advice to the Committee subsequent to tabling the report. Normally, in Ontario. I also am an ex-officio Member of the Sub-Committee of the Public Accounts Committee that strikes the agenda for the upcoming session, and that Committee consists of the Chair plus one member from each party represented on the Committee and myself. And we'll analyze the key issues that are before us.

And the word issues gives me, in a way, the dream, and that is that, if I think back on the term, to date, of me as the Legislative Auditor of Ontario, what have been the most successful sessions that we had on any session by the Public Accounts. And there's one characteristic of those sessions that springs to mind almost immediately,

and that is where there was unison of opinion that there was an issue that we had to address. And what happened in those circumstances? That almost invariably, for example, dividing party lines or party views were almost left at the door.

We dealt with the issues and the Committee came up with quite effective solutions in many cases, two particular problems, together with the witnesses that were called. Incidentally, that's one of the issues we're raising as well in these planning committees, we provide advice to whom to call as a witness before the Committee, so that they could have experts, as was mentioned by one of the speakers, before them as well.

So, if I look back on what is really successful, is a coming together of the Auditor being able to provide a crisp view of the issue at hand and the members agreeing that if that is an issue they have to deal with, and then have a solution-oriented approach that very often, and that's where the dream part comes in, has left party politics outside the room, which is a rather interesting phenomenon, I felt, in this process.

Le Président (M. Geoffrey Kelley): On that, I think we can move along to the third and, I think, one of the topics that all of us have shared some frustration about, which is More effective results. The Auditor General has written a brilliant chapter in his report the Public Accounts Committee has seized upon it. We've had an exciting day of exchanges and all sorts of things of wonderful, we're feeling very good about ourselves, but 24 hours later it goes very quiet. And what can we do to make sure that there is the necessary follow-up, what kind of procedures have been used? I'll turn the microphone over now to M. Desautels who will try to... You have some proposals on the sheet that is in front of you... but some sort of experiences and how we can make sure that we get results after we've prepared our brilliant chapters and we've had these very effective public sessions to try to look at some of these problems, how can the follow-up be insured.

M. Desautels (Denis): Merci beaucoup, M. le Président. C'est un sujet qui m'est très cher au coeur parce que nous voulons que nos rapports aient un lendemain. Donc, c'est quelque chose sur lequel nous travaillons toujours très fort.

Je ferai donc quelques remarques sur ce qui est fait au niveau fédéral pour assurer le suivi des rapports de vérification que nous produisons ainsi que le suivi des recommandations du Comité des comptes publics et celles d'autres comités permanents qui portent sur nos rapports de vérification. Et je crois sincèrement que les pratiques adoptées par le Comité des comptes publics fédéral ainsi que notre Bureau ont renforcé la reddition de compte en assurant la mise en oeuvre de nos recommandations respectives de façon rapide et efficace.

Tout d'abord, comme je l'ai dit tantôt, on peut affirmer que le Comité des comptes publics fédéral est très actif. Par exemple, au cours de l'année qui vient de s'écouler, le Comité des comptes publics a tenu 21 audiences publiques, 15 réunions d'information sur des questions soulevées dans nos rapports; il a tenu neuf autres réunions pour discuter de projets de rapports. Et, au cours des deux années écoulées depuis de la première séance de la Trente-sixième Législature, le Comité des comptes publics a déposé 30 rapports à la Chambre des communes. Donc, ces efforts concertés ont assuré une réaction plus rapide des ministères aux rapports de vérification.

Pour assurer ces suivis, notre Bureau et le Comité des comptes publics agissent en fait sur trois fronts: premièrement, avec les audiences et les rapports du Comité des comptes publics, dont je viens de parler; ensuite, le deuxième front, ce sont les lettres du Comité des comptes publics qui sont envoyées aux sous-ministres leur demandant des rapports d'étape et des plans d'action en réponse aux observations et recommandations des chapitres sur lesquels le Comité n'a pas tenu d'audiences; et le troisième front, ce sont les rapports de suivi du Vérificateur général qui sont déposés à la Chambre environ deux ans après chaque vérification. Donc, j'aimerais élaborer quelque peu sur ces trois points.

Premièrement, les audiences et rapports du Comité des comptes publics. Le Comité dépose un rapport pour chaque chapitre ou segment d'un rapport qu'il a étudié au cours d'une audience, normalement une audience de deux heures par chapitre, cela peut varier, et le Comité peut combiner deux ou trois chapitres connexes ou il peut tenir deux ou plusieurs audiences sur un même sujet. Le règlement de la Chambre des Communes exige que la réponse du gouvernement soit déposée à la Chambre au plus tard 150 jours après le dépôt du rapport du Comité. Et ces réponses sont déposées par le ministre compétent.

Au cours des audiences, les membres ou le président du Comité exercent des pressions pour que les ministères ou les organismes prennent des engagements. Par exemple, ils peuvent demander que des mesures correctives soient prises dans un délai précis, jugé acceptable par le ministère, ou ils peuvent demander qu'un plan d'action soit déposé devant le Comité à une date donnée. Nos équipes de vérification étudient ensuite les réponses aux rapports du Comité pour évaluer les progrès réalisés dans la mise en oeuvre des recommandations et fournir de l'information officielle au personnel de recherche du Comité des comptes publics. Le personnel de recherche, lui, analyse les réponses et donne des conseils aux membres du Comité, à savoir si la réponse est satisfaisante et si le Comité doit faire un autre suivi.

Le deuxième front que j'ai soulevé, c'était les lettres de suivi du Comité aux ministères. Dans le cas des chapitres qui ne sont pas étudiés par le Comité au cours de l'année, faute de temps, le président du Comité écrit aux sous-ministres des ministères

pour leur demander un rapport sur la mise en oeuvre des mesures correctives et des plans d'action mis en oeuvre pour répondre aux recommandations des rapports du Vérificateur général de l'année précédente.

Les réponses, qui sont demandées pour le milieu d'août, puisque ces lettres sont envoyées au début des vacances d'été, sont analysées par le personnel de recherche du Comité de comptes publics et les équipes de vérification pour déterminer si le plan d'action du ministère et l'échéancier sont acceptables. Ainsi, le Comité et notre Bureau ont un excellent point de départ pour effectuer un nouveau suivi. Et, à l'occasion, le Comité peut demander d'autres informations ou des réponses plus détaillées et plus complètes. De plus, enfin, il est possible que le Comité convoque une audience si les progrès sont jugés insatisfaisants.

Le troisième point que j'avais soulevé, c'était nos rapports de suivi. Règle générale, deux ans après la publication de chaque rapport de vérification, notre Bureau effectue des vérifications de suivi pour rendre compte à la Chambre de l'état de mise en oeuvre des recommandations du Vérificateur général et celles du Comité des comptes publics. Nous examinons également les progrès réalisés dans la mise en oeuvre des recommandations des autres comités permanents qui ont fait l'objet de rapport sur la même question depuis notre vérification.

Je suis donc convaincu, M. le Président, que les pratiques adoptées par le Comité des comptes publics servent souvent de catalyseurs pour assurer une solution plus rapide des problèmes que nous avons soulevés dans nos rapports de vérification. Sans l'intérêt et l'attention continue du Comité, la détermination du ministère évidemment s'affaiblit. Donc, en quelques mots, c'est la pratique qui est suivie au niveau fédéral pour assurer une mise en oeuvre, je pense, satisfaisante de nos recommandations ainsi que celles du Comité.

Le Président (M. Geoffrey Kelley): So, who'd like to follow up those comments? John Williams?

M. Williams (John): In addition to what Mr. Desautels has given us with a very comprehensive overview of the way we do it in the House of Commons, I think the accountability process starts by the senior bureaucrats knowing that a trip to the Public Accounts Committee shouldn't be any more pleasant than a trip to the dentist...

Des voix: Ha, ha, ha!

M. Williams (John): ...and they're rather not show up at the Public Accounts Committee. And sometimes we have a fairly bruising debate in the Public Accounts Committee with the Department's officials and I think that's important if they are to be

held accountable for what has been pointed out as being deficiencies by the Auditor General.

We also, as the Auditor General point out, table our report in the House of Communes and require the Department to respond within 150 days. When we table that report in the House of Communes, the clerk of the Committee also sends out a press release highlighting the recommendations of the Committee, and therefore the media pick that up as well if they find that it is news worthy, and again it means the Department has to answer to the general public as to what is going on. We have a Web site where they show up on the Web site. And again we follow up with letters from the Committee. If we find the Department has put us off with some waffle and general: Everything is O.K., don't worry about it, we've got it under control, we are not satisfied, we keep on writing letters to them saying: We want more answers.

Another thing that is relatively new is the annual departmental reports that all Departments now table in the House of Communes annually. And in the Public Accounts Committee, I'm trying to use that more and more by requiring in our recommendations that the Departments include that missing information in the annual reports, so that they can't just say: Well, we produced the information this year and could go back to sleep in subsequent years. Now, we're trying to get a commitment out of them to put the information in the departmental annual reports every year. So again, more information, more transparency, hence more accountability.

And I think it's important that we also mention that we in Ottawa have some wonderful assistants provided by the Library of Parliament researchers who are unknown. They're never out front, but we have to thank them for their assistance. I don't know about the provincial Legislatures, about the role that librarians provide to them, but we certainly have great assistance by all librarians in the research, the questions, the writing of the reports, the development of the recommendations and so and so. That helps us a great deal.

Le Président (M. Geoffrey Kelley): Evelyn Gillespie from British Columbia.

Mme Gillespie (Evelyn): Thank you. I will try to summarize our practices in British Columbia and will look to my colleagues for other supportive corrections as I go along.

In British Columbia, the reports of the Auditor General include responses from the entities being audited at the time. And when those reports then are referred to the Public Accounts Committee, the Public Accounts Committee we meet as a Chair and deputy chair with the Auditor general and the Controller for the Province and determine what kinds of questions are needed to be asked and who's necessary to

respond to those questions. And then the Controller insures that those individuals appear at the appropriate Public Accounts Committee meeting.

At that time, the entities that are responding to the audit have already their responses in place which we've had an opportunity to read, but they will have a lapse to maybe six months to a year from the time of the audit to the time of our review, and they can again report on their progress.

The Public Accounts Committee then either agrees with the recommendation of the Auditor General or, through the discussion that occurs in the Committee, may change those recommendations, bringing forward recommendations of its own. And, as I mentioned yesterday, we have now instituted a practice where we are asking for follow-up reports to then come back to the Public Accounts Committee six months later to determine whether or not the actions that have been recommended by the Public Accounts Committee have been put in place by the entity that's been audited.

Le Président (M. Geoffrey Kelley): Thank you, Evelyn. Are there other people who'd like to comment on things that work or things that don't work, about... Max Trenorden.

M. Trenorden (Max): Perhaps I'll just say what we do in the West Australian context. We do operate differently, we're from different cultures obviously. In my Committee, we do not sit down immediately before any investigation with the Auditor General. We would meet with the Auditor General at least two or three months before we do the investigation and we would, much cases, have a hearing of the Auditor General, have that on the record, and then the staff would examine that process and go into the agencies and get whatever information we want before the Public Accounts Committee deliberates on what actions we are going to take. Then, we get the people in for the hearings. On writing the report and presenting it to the House, we ought to do what John suggests, we ought to put out a press release or hold a press conference.

...report in, the House must report back to us within three months, in writing. What we then do, in new all cases, is examine the response, except what's been recommended, reinvestigate what is not being picked up by the Government and rewrite a report and sometimes go back to hearings, if we need to, and represent it to the Parliament again with the press release or with a press conference and put the system back under the microscope. And we keep repeating that process until we're satisfied. And it works. And it works I would just say not only on in the West Australian context. Ken's sitting next to me, I'm sure that's pretty close to the Tasmanian manner of operation and all the other committees within Australia.

I believe it is important to let the public know through the press what you're doing. If you really have to, make that a little sharp at times, to make particularly Government Agencies sit up and take notice, but if you have to, and that's rare in our context... It'd cause some discomfort to a minister but it's important, I think, in Public Accounts Committees that you don't get political in your process. I'd repeat that. I think it's very important that you don't get too close to hunting for ministers, but we do put the bureaucrats under extreme pressure like your own Committees. And it's a process that's been happening in the Australian jurisdiction for some time and it's been quite successful.

Le Président (M. Geoffrey Kelley): Wayne, is it...

M. Strelieff (Wayne K.): Yes, Wayne Strelieff from Saskatchewan. I think all of us want to effect positive change. And the way that I see Saskatchewan carrying out its role is that they do focus on the recommendations that are made and they deal with every recommendation that we make. Sometimes they disagree, change it and quite often they agree. They then ask the Government to respond to whether they are going to support the Public Accounts Committee's recommendation for change, and we keep a summary of the recommendations and report that back to the Public Accounts Committees so they can review the status of their work.

One of our key performance indicators is the extent to which our recommendations are supported by legislators, by the Government, and are implemented. And we keep track of the extent to which they are implemented. It's a key performance indicator. We'll have short-term and long-term types of recommendations. And when our recommendations do get implemented, it is a test on whether they are useful, whether they are doable and the cost effectiveness of it, because that all has to be debated in a public way, a very important opportunity for Government officials to step forward and argue that the recommendation is not cost effective or is not useful or doable.

Over the nineties, that I've the principal Auditor for almost nine years, a difficult period of finances in Saskatchewan, I've seen the Public Accounts Committee be not very effective and be very partisan and also I've seen it being very effective. Lately, the last few years, I think it has been very effective. Some of the signals that I see is the Chair, the role of the Chair can make such a powerful difference in terms of keeping the debate on line and trying to focus the debate on the topic.

From what I've... Another factor would be the timeliness, the timeliness to which a Public Accounts Committees can deal with reports, and the more timely they are, the more useful they can be. And they get a sense of being useful because they're dealing with issues on a more real time basis. If they let reports slip, they get frustrated because they're dealing with issues that are just not time sensitive.

In Saskatchewan, I've seen the Government of the day, I think, use the Public Accounts Committee as almost a training ground, the training ground for future Cabinet Ministers, because it's one of the few places they get an overview of how Government works and an opportunity to question and discuss issues with officials and also an opportunity to manage sometimes the political complexity of issues that sometimes have to be managed well before they take a life of their own. But, in general, the focus on the recommendations seems to be a useful role of affecting good positive change in results.

Le Président (M. Geoffrey Kelley): Thank you, Wayne. Erik Peters.

M. Peters (Erik): I just hate to speak to every topic but, again, coming back on what has worked, there's one other thought, and maybe the parliamentarians might want to respond to that.

One area where our report has been particularly effective is where there was what I would like to call cross-fertilization with other Committees of the Legislative Assembly, in other words, where there was a recognition that, although it was a very interesting issue that the Standing Committee on Public Accounts wanted to deal with, there may be also a benefit, for example in our case, if the Standing Committee on Finance and Economic Affairs dealt with some of the issues and members then inscribe themselves to be present at those particular hearings to make their contribution.

Another area where we were particularly, well, almost as successful as we had hoped to be, and that is in the area of introducing accountability in the new creation of Crown corporations or Crown agencies that were established, and again that was not dealt with by the Standing Committee on Public Accounts but was rather dealt with by a committee that dealt with the establishment of new agencies and corporations within the Conference of the Ontario Legislature. So, I throw that question out to you, if you wish, as to whether there's an additional benefit to ... by having the Public Accounts Committee deal with other Committees of the Legislature in which they exist.

Le Président (M. Geoffrey Kelley): I think it's a good point. I know, in Québec, our Public Administration Committee has several extra seats. So, in addition to the permanent members, I think the Government can add up to five members, and the Opposition can get up to three members. So, as a routine, the Opposition will invite its critic, if it's a health issue or an education issue that's being addressed by the Committee, which allows a bit of a bridge between our Committee and the works of another Parliamentary Commission which might, in part, answer the concern that you raised.

Given the time, I'm going to move on to the fourth topic, which was a question of the relationship between Public Accounts Committees and Legislative Auditors' budgets. And I know in our own legislation we had the occasion to receive Mr. Breton, the Auditor General of Québec, and he presented his annual report. And the members of our Public Administration Committee have an occasion to listen to their concerns, ask questions about the management of our Auditor General Office. They're a few questions here but without repeating what's before you... is it Mr. Desautels who's going to kick it off? So, Mr. Desautels, please.

M. Desautels (Denis): Well, thank you again, Mr. Chairman. This is, in my view, a very important topic, but, as we look across Canada, there's a variety of practices among different jurisdictions as well, when we look around the world, we find a number of interesting practices.

Some of us have had the chance to study what's going on in Australia and, in particular, at the Commonwealth level in Australia, with a new legislation giving the Committee there a fair bid of involvement in the planning and budgeting of the Office. In the U.K., some of you are well aware, there is a Public Accounts Commission which has an oversight responsibility over the budget of the National Audit Office, and it can make or suggest modifications to the budget of the NAO, taking into account advice from both the Public Accounts Committee and the Treasury.

Here in Canada, at the federal level, the Auditor General determines his budget requirements and submits them to the Treasure Board Secretariat, therefore to the bureaucracy, for review and inclusion in the Department of Finance appropriations. Our office in doing so adheres generally to the budgetary guidelines that are set out by the Treasure Board Secretariat for a particular year, but we have to ensure, mostly through negotiations and hard bargaining with the bureaucracy, that we have sufficient resources included in those estimates to enable us to fulfill our mandate. So, when you look at the small... On paper, at least, it's not an ideal model. In practice, it hasn't worked too badly.

Now, our estimates, when they're put together by the Treasure Board Secretariat, are then referred to the Public Accounts Committee for study and reporting back to the House. And, like any Standing Committee of the house that is reviewing the estimates that are referred to it, the Public Account Committee has the authority to recommend a reduction of the estimates but not an increase in funding levels.

However, in order to give Committees a more meaningful role to play in reviewing estimates across the whole system, all Standing Committees of the House — and Mr. Williams had been quite involved in following that particular situation and studying

that situation — have recently been given the authority to report on the plans and priority reports tabled in the spring by each Department and on their performance reports which are tabled in the fall. So, our estimates have been broken into two parts: the spring plan and priority's report and, in the fall, the performance reports. So, now Committees can make recommendations related to future year budgets based on their review of the performance report that they receive in the fall. So, this provides the Public Accounts Committee with a better opportunity to provide input to our audit plans.

During the Public Accounts Committee hearing on our estimates, we provide the Committee with an overview of our audit plans and our priorities for the next two years. And more recently our performance reports had been providing additional information to the Committee. And during our estimates hearing, we also seek members views on areas they might wish us to consider auditing. And we take note of their concern in the development of our plans, and we believe that it's important to seek the views of parliamentarians, and we consider requests from committees very seriously. We've been attempting as much as possible to make our organization more of a demand-driven organization and perhaps less of the supply-driven organization.

Now, at the end of the day, the Auditor General has to exercise professional judgment in the choice of the audit subjects, and this is done, having regard to our mandate, to audit all aspects of federal spending including certain statutory audit obligations and our desire to respond to parliamentarians concerns.

Like most similar acts, our legislation was intended to ensure that the Auditor General was not subject to direction by the Executive or any minister, thereby ensuring freedom from undue influence by the Government or by others on the selection of various auditors.

So, Legislative Auditors and Public Accounts Committees, each have a role to play, I believe, in ensuring that the Audit Office does provide value for money in the conduct of its work while continuing to maintain credibility, independence and public confidence.

Le Président (M. Geoffrey Kelley): At the end of the table. Sorry, I don't know your name. If you can identify yourself.

M. Morfitt (George): George Morfitt, the Auditor General for British Columbia. This a senior issue for most provincial jurisdictions in this country and certainly in British Columbia.

The problem with the current process of most provincial jurisdictions is that there is no knowledge, outside of Treasury Board, of the budget requirements or business plans or requirements of any kind of the Auditor General's or legislative auditors' Offices. So, as a result, the budget process and the consideration of the budget requirements of the Auditor General's Office is restricted to a very, very few people within the government's sphere and certainly is beyond the knowledge of anybody in the Opposition side.

So, consequently, we have this situation, as Mr. Desautels mentioned, where budgets are presented to Treasury Board through the Treasury Board's staff. Treasury Board determines what that budget should be. In 11 years that I've been in this position, I've met with Treasury Board twice, so that this Office certainly hasn't even had the opportunity to discuss budgets and budget plans with Treasury Board, much less with a broader constituency within the Legislative Assembly.

So, it's a frustration not only for most audit officers, but indeed for all officers of the Legislatures. All officers of the Legislatures are put in this position, and I think there is a need for a remedy to this process. I believe that the process, at the Federal level, is somewhat better in that there is input from the Public Accounts Committee. There is a review, there is a consideration by the Public Accounts Committee as to the business plans and the operating plans of the Audit Office, and I would suggest to legislators around this table that this is an area that there should be some serious consideration about.

In some other jurisdictions around the world, there are Committees that deal with all of the budgets of all of the legislative officers, and that's another model that can be assumed as well. But, in this country at least, the Public Accounts Committees should take an active interest in the plans and the resourcing of these officers.

Le Président (M. Geoffrey Kelley): John Singleton.

M. Singleton (John W.): Thank you very much. I might just relate the process that we go through in Manitoba for, actually, all the officers of the Legislature, which is quite different from the process which has been described so far for Canada and B.C.

We've set up, in Manitoba, what's called a «Legislative Assembly Management Commission», which is a Committee of the Legislature with representation from all the parties in the Legislature, and its mandate is to review the budgets of all the officers of the Legislature and to recommend them to the Government. The way the Act that creates that Committee works is that, once that Committee has approved the budget, the Government has no choice but to put it exactly as has been approved by

the Committee into the Government's budget, and that works pretty well, from my point of view.

The downside from it is that that Committee is not nearly as interested in the work of our Office as the Public Accounts Committee is, and so, they don't necessarily ask the same probing questions about what we're doing and why we need this money as might happen if we, in fact, had our budget reviewed by the Public Accounts Committee. But I think it's certainly an improvement over having to go through Treasury Board.

Le Président (M. Geoffrey Kelley): Erik Peters.

M. Peters (Erik): Again, the Ontario process is significantly different; it may serve in some respect as a template. The budget of the provincial Auditor is determined by the Auditor, who shall present it to the Board of Internal Economy, which is a separate, all-party Committee that regulates the financial affairs of the Legislature, and the Chair and Vice-Chair of the Standing Committee on Public Accounts have to be invited, under the Audit Act, to attend any meeting in which the Auditor's budget is reviewed.

So, on paper, it sounds ideal. The difficulty is, very often, that the Board of Internal Economy, as such, is viewed by many Members of the Legislature as one of the least desirable Committees to serve on, to be quite frank; it deals with these issues. Very often, we are dealing with significant delays in budget approval, because other issues of the House are preceding the priority that has to be given to the budgets. But, on paper, it is certainly a very good process and it depends very much on the interest that the Chair and the Vice-Chair of the Standing Committee on Public Accounts take in the affairs to make the process work. It can work very well.

Le Président (M. Geoffrey Kelley): John Williams.

M. Williams (John): I think that it's interesting to note the different procedures and processes in different parts of the country. But I believe that it's important that, as an officer of the Parliament, the Auditor General be given an opportunity to speak about his budget on-the-record. And I've always made a point every year of asking the Auditor General, while we may not have the authority to increase his budget, does he feel that he has enough? Because it's very, very... It's the core of our accountability process. And if the Auditor General is being squeezed and cut back on his budget by meetings behind closed doors and by bureaucrats, and so on, I think that there must be a forum where that opportunity is for him to speak out in public is automatically there, so that, should he feel that he is being constrained in any way, shape or form, that opportunity for him to speak out is being granted.

Le Président (M. Geoffrey Kelley): Wayne.

M. Strelieff (Wayne K.): The process in Saskatchewan is a little bit similar to Ontario and Manitoba. Each fall, we prepare a business plan and we provide it to all Members, and it's a public document at that time. It's referred to while we submit it to the Board of Control on Economy, an all-party Committee that meets in public, which has an interesting dimension to it. They decide whether they're going to support or disagree with our proposals, and then, their recommendation gets incorporated in the Minister of Finance's budget.

Once the overall Government's budget is introduced, our budget is referred to a Standing Committee on the estimates which has another opportunity to discuss and ask questions in public, again, on our spending proposals and what work we plan to carry out.

The key elements that I've seen change over time have been the debates or the discussions of these Committees to be moved into a public forum. It certainly changes the dimensions of the discussions and arguments. Usually, in December or January of each year, the Board of Internal Economy has met, has decided whether it's going to support or not support our plans and, for the last five years, they've supported the business plan that we've presented to them.

On a different element, I often think that if I was a Member and I was sitting in the Public Accounts Committee and trying to figure out how to be more effective, I would initiate work that I think the Auditor General should do. As a Member of the Public Accounts Committee, if there's an issue that is floating around in your mind or is coming up in a debate or somewhere else, there's nothing really to prevent Members of the Public Accounts Committee to ask the Auditor General — or Provincial Auditor, in my case — to carry out an assignment and then seek support of the Public Accounts Committee. Rarely does that happen, yet the mechanisms are all in place.

The Committee can ask the Auditor General or Provincial Auditor whether they can carry out the particular assignment within their current resources, in what time frame or, in my case, where I can charge the government of the day for the particular assignment if it makes sense or separate funding that is provided by the Committee. But to actually take the step and ask the Auditor General or Provincial Auditor to carry out a particular assignment, I think is a strategy or a step that I would take more often than I've seen.

M. Mayfield (Phillip): May I ask the Auditor General of Canada to respond to that?

Le Président (M. Geoffrey Kelley): You can ask.

Des voix: Ha, ha, ha!

M. Mayfield (Phillip): I ask!

Des voix: Ha, ha, ha!

M. Desautels (Denis): Well, yes, Mr. Chairman. We consider requests from Committees, properly formulated requests, having the support of the full Committee, as essentially being requests from the House.

We are very careful not to respond automatically to requests of individual Members who are pursuing their own specific political agenda. But, if there is a properly approved request of a Committee representing the views of all the parties on the Committee, we would oblige.

There is always the problem, of course, of timing, you know, resources sometimes to do something but we try to be... It's happened before, we have done that in the past. It is also a possibility, under our Act, for the Government, to make a special request to the Auditor General to carry out a special audit of one subject or another and that has happened as well. We can say no to those but we would have to have a darn good reason not to do it. Ha, ha, ha!

M. Mayfield (Phillip): Thank you.

Le Président (M. Geoffrey Kelley): Ms. Marshall.

Mme Marshall (Elizabeth): May I have a second... My name is Elizabeth Marshall. I am from Newfoundland. In Newfoundland, my budget is approved by the Internal Economy Commission which is comprised of both Government and Opposition Members. Usually, around January of each year, I do appear before the Committee and provide information on my budget.

Occasionally, I receive slight increases. Generally speaking, I am required to comply with the same restraint guidelines as is in place for all Government departments and agencies.

I have found that the process works generally although, at times, I feel that a little bit more time needs to go into discussing the budget of the Office, and also, the resources that it needs to do its work. So, that is basically what happens in Newfoundland.

Le Président (M. Geoffrey Kelley): Thank you very much. Mary O'Neil.

Mme O'Neil (Mary): Thank you, Mr. Chair. It's a point of clarification with respect to the comment, I believe, made by the Auditor General from British Columbia who, I think, indicated that you weren't aware of any of the Governments or provinces in this country that do have that kind of checks and balances.

In Alberta, we have a Committee called the Legislative Assembly Offices which I also sit on and what we do is we do review the budget, we do review the business plans of the Auditor General, the Ethics Commissioner, the Chief Electoral Officer and the Ombudsman. So, those are four Offices of the Legislature and we do do that review plus, subsequently, it goes into the discussion of the, if you will, the preliminary budget or the... What's the word I want?

Une voix: Estimates.

Mme O'Neil (Mary): The estimates. Thank you. So, we have that opportunity as well but it is independent of the Public Accounts Office. I just wanted to clarify that because we do have that. In fact, it's part of our mandate, as a Government, to make sure that we are transparent, accountable and available to be perceived and read by the people.

Le Président (M. Geoffrey Kelley): Anyway, I think, on that, we have gone 15 minutes over, and I think that there is no conclusion you can draw to this discussion because it's relationship that evolves, is ongoing.

I'd like to thank our two Auditors General for taking four points out of the relationship. There are many more. We will go and refine our practices in our respective provinces and territories and at the federal level for another 12 months. No doubt we'll have an occasion to come back and revisit many of these themes again.

We will adjourn this session for just 10 minutes. The Auditors General are going off back into a separate session downstairs. So, if we can just, for the Public Accounts Committee, get back together in 10 minutes So, we'll start again at 3:55 p.m.

We have the final business which is to pass to an election of a new president. So, we'll do that business in about 10 minutes. John Williams.

M. Williams (John): I just wanted to say, Mr. Chairman, before we do break, that we should pick up on what Mr. Mayfield said earlier, that these Conferences perhaps could be more productive if we had some joint sessions with the Auditors General and the Public Accounts Committees to focus on how we can each reinforce and making each other more effective and, perhaps between now and the next conference that can be taken under advisement.

Le Président (M. Geoffrey Kelley): I notice that, certainly, Mr. Breton took that down at that specific point and I think it's something we should forward to the planning group for the next year's session. So, thank you very much for repeating it and I thank you, Phillip, for the suggestion.

So, I declare this part adjourned and the Public Accounts Committee will start again in 10 minutes.

Perhaps the Auditors General could take their headsets back and turn them in as they leave the room, please.

(Suspension de la séance à 15 h 46)

(Reprise à 16 h 5)

Clôture de la conférence

Le Président (M. Geoffrey Kelley): If everyone could take their place. Si tout le monde peut prendre place, s'il vous plaît! We have very little business left and, as promised, if we get it done expeditiously, we can get out and enjoy some afternoon sunshine, which I think is what everyone is looking for.

The last order of business is that we have to elect a new president and a first and second vice-president. What has been distributed to you is the constitution of our group. Another constitutional document that I haven't read, but... You'll see in point 6 that we have a procedure that is the host of the next conference who becomes the president of this meeting and the host of the meeting in the year 2001 becomes first vice-president and the host of the meeting in 2002, if I'm getting my years right, becomes the second vice-president.

In the first two cases, as I understand it, we will be electing players to be named later because Nova Scotia is in the process of... first has graciously accepted to host the Conference next year. So I'm looking over at Darrell Dexter and David Morse. I thank you very much for that and we look forward to visiting Halifax. But because the election was held recently, there is not a Chair, as I understand it. So we will be entertaining a motion to elect the Chair and that is a Chair to be named later to be the president of CCPAC for the year ahead.

Equally in Saskatchewan, which will be the host in 2001, we will be electing a Chair and I don't know the identity of this individual and whether he or she will or will not be elected, or will or will not be on the Government or Opposition side. They're all the mysteries that the ballot box reserves for us in the 16th of September, I think, in

Saskatchewan. So we will be also entertaining a proposition to elect a Chair in Saskatchewan as the first vice-president and, as I understand, the second vice-president will be Jack Byrne from Newfoundland, if that's right, who is occupying his Chair.

So can I have a motion or could someone propose that we elect those two pieces of furniture and then one individual to their respective position?

Des voix: Ha, ha, ha!

Le Président (M. Geoffrey Kelley): So we have a proposal by Lance White. Is there a seconder? Is there any debate over this motion?

Une voix: No.

Des voix: Ha, ha, ha!

Le Président (M. Geoffrey Kelley): So I would like now to...

M. Williams (John): I'd like to say, Mr. Chairman, since we're now talking about Chairs rather than chairmen or chairwomen, that we do have to have elected two Chairs.

Des voix: Ha, ha, ha!

M. O'Neil (Brian): We've never done that before, we've never elected actually the first persons.

Une voix: ...

Le Président (M. Geoffrey Kelley): Yes, we will.

Une voix: We may get by.

Des voix: Ha, ha, ha!

Le Président (M. Geoffrey Kelley): So, on behalf of Nova Scotia, is there someone who would like to... Darrell Dexter, I turn the microphone over to you.

M. Dexter (Darrell): Thank you very much.

Le Président (M. Geoffrey Kelley): Is that motion adopted and carried? So we have Nova Scotia, Saskatchewan and Newfoundland that will be respectively our president,

first vice-president and second vice-president for the year ahead. Is that motion carried?

Des voix: Carried.

Le Président (M. Geoffrey Kelley): Thank you very much. Darrell Dexter, to you.

M. Dexter (Darrell): Thank you very much, Mr. Chair. As a piece of the furniture...

Des voix: Ha, ha, ha!

M. Dexter (Darrell): ...I'd like just to say that we invite all the members of the various public accounts committees to Halifax. I understand we are likely to meet in the first part of September of next year. We acknowledge that, in terms of the hospitality that has been shown at this meeting, you have set the bar very high, but we will certainly do our best to try to reach the standard that has been set. I understand there are plans afoot to treat you to something called «harbor hopping» and a little bit of our celtic roots. So, in Canada's ocean playground, in the year 2000, we extend a hearty invitation to the Conference. Thank you.

Le Président (M. Geoffrey Kelley): Thank you very much, Darrell, and it's something I'm sure we all look forward to. As I say, I have roots down in Hants County, so it will be a little bit of a homecoming for me. So I look for it very much and I know that Halifax is a beautiful city and I look forward to the hospitality there.

I'd just like to close, first and foremost to thank the many people sort of around who make a conference like this possible. It has been the organization by the people from the National Assembly, from my own staff, Alain Major from la commission de l'administration publique, the whole protocol group from the National Assembly, our faithful translators, in the booth behind us, who we don't always acknowledge. There is an awful lot of logistical work that goes on and I think it's always important for us to remember that to have a successful conference, to put all this into place. I'm sure that in your own provinces and at the federal level there are people who help you as well get ready. So, first and foremost, a big thank-you to all of them.

Thank you to our guests from afar. It's been very useful to have an Aussie spin on some of our issues and to learn, in a different kind, in a similar parliamentary system but that's evolved in it's own way, what public accounts have evolved or are evolving in various jurisdictions. So for Max and Ken and our friend from Bermuda as well, thank you very much, Grant, for coming along. It's been wonderful. We shared this parliamentary tradition here in Québec. It was started over 200 years ago in this, at

least, second oldest Legislature in North America. So we have continued to build on it, we have our own ways of doing things.

I thought the exchange with the Auditors General this afternoon, just on the question of their budget, it forced me to think a little bit about our own procedure in Québec and to hear about the various provinces and how budgets are arrived at with their Auditors General. There's food for thought there and I thought that a number of the issues that were raised in that final session are ones that we won't answer immediately but they were ones that will come back.

John Williams' reflexions yesterday on the international components is one that in a context of globalization, in a context of increased connexions between countries and this is something we are going to have to think about again in the future, because I think it's an issue that will become more and more timely. I thank British Columbia again for its presentation on a pharmaceutical cost because we've all seen the projections and we know that that is an issue that won't go away and will probably be back and will be looking at again in the future. So, on that note, thank you very much for coming.

M. Trenorden (Max): What I just want to say is thank you very much for the invitation to come. It is something special to be invited to a Council like yours, particularly as an outsider and a non national. The other point I'd make is that in 2001, ... we only meet every two years, not every year. There will be a Conference which will be in Canberra, the snow fields of Australia. So, there will be an invitation coming to those people who wish to attend and we'll be keen to have everyone who wants to come. And if anyone has any question, they ought to contact the Australian Commonwealth Committee there, or I can pass along ... Australia. On behalf of my friends here, I thank you very much, your hospitality has been outstanding and it will be in every ways a very memorable event for us.

Le Président (M. Geoffrey Kelley): Thank you very much, Max. Lance White.

M. White (Lance): Mr. Chairman, as a former chairman or a "president", "en français", I know Roy is also a president knowing what a joy it is to host these affairs. You have had the most joy of any of us. This has been undoubtedly, I think from those familiar faces that have been here to these conferences a number of times, it has been absolutely delightful. The hospitality that has been shown has been second to none anywhere that this group has ever been. We are exceptionally... The reception and the dinner and all there was last night was absolutely outstanding. It's going to be darn difficult for those here and after to match that sort of thing certainly and I'm sure, on behalf of — and I know Roy and I have spoken about it — all of those people here, that I'm one to stand up and give you one heck of a good round of applause. And,

hopefully, I'll still be around when you do it again sometime, in 2025. Thank you kindly.

Le Président (M. Geoffrey Kelley): It's just been a pleasure to have you all here. As I say, I'm a rookie at this Public Accounts games, so it's been very fruitful for me just to learn from you experiences and everything else. I look forward to see you again, either over the phone, over the course of the year or, if not, to see as many of us as possible next year in Halifax. And on that note I will declare the 20th Session of the CCPAC adjourned, and we'll see you in one year's time. Thank you very much.

(Fin de la séance à 16 h 15)