

Canadian Council of Public Accounts Committees/  
Canadian Council of Legislative Auditors  
Annual Conference

*Edmonton, Alberta  
September 13-16, 2009*



*Transcript of Proceedings*

CANADIAN COUNCIL OF  
LEGISLATIVE AUDITORS



VÉRIFICATEURS LÉGISLATIFS  
CONSEIL CANADIEN DES

*Compte-rendu des délibérations*



Conférence annuelle  
du Conseil canadien des comités des comptes publics/  
Conseil canadien des vérificateurs législatifs

*Edmonton, Alberta  
du 13 au 16 septembre 2009*





CANADIAN COUNCIL OF  
LEGISLATIVE AUDITORS



COMITÉ CANADIEN DES  
COMPTES PUBLICS



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Canadian Council of Legislative Auditors  
30th Annual Conference

Edmonton, Alberta  
September 13-16, 2009

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Hon. Shawn Murphy, MP, Chair, House of Commons Standing Committee on Public Accounts, House of Commons	
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du Conseil canadien des comités des comptes publics/  
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Michael Ferguson, CA, Vérificateur général du Nouveau-Brunswick	
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Darlene Henry, greffière de comité, Assemblée législative de la Nouvelle-Écosse	
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VÉRIFICATEURS LÉGISLATIFS  
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## Delegates, Observers, and Presenters

### Delegates

#### Alberta

Hugh MacDonald, MLA, Chair, Standing Committee on Public Accounts  
Dave Quest, MLA, Deputy Chair, Standing Committee on Public Accounts  
Dr. Philip Massolin, Committee Research Co-ordinator  
Jody Rempel, Committee Clerk

#### British Columbia

Dr. Josie Schofield, Committee Research Analyst

#### House of Commons, Ottawa

Hon. Shawn Murphy, MP, Chair, Standing Committee on Public Accounts  
Bev Shipley, MP  
Joann Garbig, Committee Clerk  
Andrew Kitching, Analyst

#### Manitoba

Len Derkach, MLA, Chair, Standing Committee on Public Accounts  
Jennifer Howard, MLA, Vice-Chair, Standing Committee on Public Accounts  
Rick Borotsik, MLA  
Rick Yarish, Clerk Assistant and Clerk of Committees

#### New Brunswick

John Betts, MLA, Chair, Standing Committee on Public Accounts  
Donald Forestell, Clerk Assistant and Clerk of Committees

#### Newfoundland and Labrador

Roland Butler, MHA, Chair, Standing Committee on Public Accounts  
Derrick Dalley, MHA, Deputy Chair, Standing Committee on Public Accounts  
Felix Collins, MHA  
Terry French, MHA  
Yvonne Jones, MHA  
Kelvin Parsons, MHA  
Tracey Perry, MHA

#### Northwest Territories

Doris McCann, Researcher

#### Nova Scotia

Diana Whalen, MLA, Chair, Standing Committee on Public Accounts  
Leonard Preyra, MLA, Vice Chair, Standing Committee on Public Accounts  
Cecil Clarke, MLA  
Darlene Henry, Committee Clerk

#### Nunavut

James Arvaluk, MLA, Chair, Standing Committee on Oversight of Government Operations and Public Accounts  
Fred Schell, MLA, Co-Chair, Standing Committee on Oversight of Government Operations and Public Accounts  
Alex Baldwin, Committee Researcher

**Ontario**

Norm Sterling, MPP, Chair, Standing Committee on Public Accounts  
Jerry Ouellette, MPP, Vice-Chair, Standing Committee on Public Accounts  
Laura Albanese, MPP  
Ernie Hardeman, MPP  
Phil McNeely, MPP  
Liz Sandals, MPP  
Maria Van Bommel, MPP  
Katch Koch, Committee Clerk  
Susan Viets, Research Officer

**Prince Edward Island**

Jim Bagnall, MLA, Chair, Standing Committee on Public Accounts  
Francis (Buck) Watts, MLA  
Ryan Conway, Research Officer

**Quebec**

Sylvain Simard, MNA, Chair, Standing Committee on Public Administration  
François Bonnardel, MNA, Vice-Chair, Standing Committee on Public Administration  
Yvon Marcoux, MNA, Vice-Chair, Standing Committee on Public Administration  
Éric Thomassin, Committee Clerk  
Pierre Rainville, Researcher

**Saskatchewan**

Trent Wotherspoon, MLA, Chair, Standing Committee on Public Accounts  
Michael Chisholm, MLA, Deputy Chair, Standing Committee on Public Accounts  
Warren Michelson, MLA  
Laura Ross, MLA  
Kathy Burianyk, Committee Clerk

**Yukon**

Floyd McCormick, Clerk

**Observers****Alberta**

Cal Dallas, MLA  
Wayne Drysdale, MLA  
Kyle Fawcett, MLA  
Jeff Johnson, MLA  
Ty Lund, MLA, Deputy Chair, Standing Committee on Legislative Offices  
Verlyn Olson, MLA  
Tony Vandermeer, MLA  
Teresa Woo-Paw, MLA

**Canada**

Jocelyne Therrien, Principal, Parliamentary Liaison, Office of the Auditor General of Canada

**CCAF-FCVI Inc.**

Geoff Dubrow, Principal Associate  
Michael Eastman, Executive Director  
Ronald C. Thompson, Chair, Board of Governors

**La Trobe University, Victoria, Australia**

Peter Loney, Adjunct Professor, Executive Director, Public Sector Governance  
and Accountability Research Centre



## **Presenters**

Hon. Kenneth R. Kowalski, Speaker, Legislative Assembly of Alberta

Hon. Lloyd Snelgrove, President of Alberta Treasury Board

John Williams, Former Chair, Standing Committee on Public Accounts, House of Commons, Canada





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VÉRIFICATEURS LÉGISLATIFS  
CONSEIL CANADIEN DES



## Liste des participants

### Délégué(e)s

#### Alberta

Hugh MacDonald, député, président, Comité permanent des comptes publics  
Dave Quest, député, vice-président, Comité permanent des comptes publics  
D<sup>r</sup>. Philip Massolin, coordinateur de la recherche de comité  
Jody Rempel, greffière de comité

#### Canada

Guy LeGras, directeur principal (Yukon)  
Ronnie Campbell, vérificateur général adjoint (Nunavut)  
Andrew Lennox, vérificateur général adjoint (Yukon et Territoires du Nord-Ouest)

#### Chambre des communes, Ottawa

L'Hon. Shawn Murphy, député, président, Comité permanent des comptes publics  
Bev Shipley, député  
Joann Garbig, greffière de comité  
Andrew Kitching, analyste

#### Colombie-Britannique

D<sup>r</sup>. Josie Schofield, analyste de recherche, Bureau des comités

#### Île-du-Prince-Édouard

Jim Bagnall, député, président, Comité permanent des comptes publics  
Francis (Buck) Watts, député  
Ryan Conway, agent de recherche

#### Manitoba

Len Derkach, député, président, Comité permanent des comptes publics  
Jennifer Howard, députée, vice-présidente, Comité permanent des comptes publics  
Rick Borotsik, député  
Rick Yarish, greffier adjoint et greffier des comités

#### Nouveau-Brunswick

John Betts, député, président, Comité permanent des comptes publics  
Donald Forestell, greffier adjoint et greffier des comités

#### Nouvelle-Écosse

Diana Whalen, députée, présidente, Comité permanent des comptes publics  
Leonard Preyra, député, vice-président, Comité permanent des comptes publics  
Cecil Clarke, député  
Darlene Henry, greffière de comité

#### Nunavut

James Arvaluk, député, président, Comité permanent des opérations gouvernementales  
et des comptes publics  
Fred Schell, député, co-président, Comité permanent des opérations gouvernementales  
et des comptes publics  
Alex Baldwin, attaché de recherche de comité

**Ontario**

Norm Sterling, député, président, Comité permanent des comptes publics  
Jerry Ouellette, député, vice-président, Comité permanent des comptes publics  
Laura Albanese, députée  
Ernie Hardeman, député  
Phil McNeely, député  
Liz Sandals, députée  
Maria Van Bommel, députée  
Katch Koch, Greffier adjoint  
Susan Viets, agente de recherche

**Québec**

Sylvain Simard, député, président, Commission de l'administration publique  
François Bonnardel, député, vice-président, Commission de l'administration publique  
Yvon Marcoux, député, vice-président, Commission de l'administration publique  
Éric Thomassin, secrétaire  
Pierre Rainville, agent de recherche

**Saskatchewan**

Trent Wotherspoon, député, président, Comité permanent des comptes publics  
Michael Chisholm, député, vice-président, Comité permanent des comptes publics  
Warren Michelson, député  
Laura Ross, députée  
Kathy Burianyk, greffière de comité

**Terre-Neuve-et-Labrador**

Roland Butler, député, président, Comité permanent des comptes publics  
Derrick Dalley, député, vice-président, Comité permanent des comptes publics  
Felix Collins, député  
Terry French, député  
Yvonne Jones, députée  
Kelvin Parsons, député  
Tracey Perry, députée

**Territoires du Nord-Ouest**

Doris McCann, attachée de recherche

**Yukon**

Floyd McCormick, greffier

**Observateurs/Observatrices****Alberta**

Cal Dallas, député  
Wayne Drysdale, député  
Kyle Fawcett, député  
Jeff Johnson, député  
Ty Lund, vice-président, Comité permanent des charges législatives  
Verlyn Olson, député  
Tony Vandermeer, député  
Teresa Woo-Paw, députée

**Canada**

Jocelyne Therrien, directrice principale, liaison parlementaire, Bureau du Vérificateur général du Canada

**CCAF-FCVI Inc.**

Geoff Dubrow, associé principal  
Michael Eastman, directeur exécutif  
Ronald C. Thompson, président, conseil d'administration

**Université La Trobe, Victoria, Australie**

Peter Loney, professeur auxiliaire, directeur exécutif, Public Sector Governance  
and Accountability Research Centre

**Conférenciers**

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Hon. Lloyd Snelgrove, président, Conseil du Trésor, Alberta  
John Williams, ex-président, Comité permanent des comptes publics, Chambre des communes





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VÉRIFICATEURS LÉGISLATIFS  
CONSEIL CANADIEN DES



## Canadian Council of Legislative Auditors

### Participants

#### Alberta

Fred Dunn, Auditor General  
Doug Wylie, Assistant Auditor General

#### Bermuda

Heather Jacobs Matthews, Auditor General

#### British Columbia

Errol Price, Former Acting Auditor General  
Morris Sydor, Assistant Auditor General

#### Canada

Sheila Fraser, Auditor General  
John Wiersema, Deputy Auditor General  
Scott Vaughan, Commissioner of the Environment and Sustainable Development  
Nancy Cheng, Assistant Auditor General

#### Manitoba

Carol Bellringer, Auditor General  
Mala Sachdeva, Deputy Auditor General  
Sandra Cohen, Director, Value-for-Money Audit Services  
Jack Buckwold, Director, Special Audits

#### New Brunswick

Mike Ferguson, Auditor General  
Ken Robinson, Deputy Auditor General

#### Newfoundland and Labrador

John Noseworthy, Auditor General  
Wayne Loveys, Deputy Auditor General  
David Ralph, Audit Manager

#### Nova Scotia

Jacques Lapointe, Auditor General  
Alan Horgan, Deputy Auditor General

#### Ontario

Jim McCarter, Auditor General  
Gary Peall, Deputy Auditor General

#### Prince Edward Island

Colin Younker, Auditor General  
Jane MacAdam, Audit Director

**Quebec**

Renaud Lachance, Auditor General  
Gilles Bédard, Assistant Auditor General  
Marcel Couture, Assistant Auditor General  
Jean Cinq-Mars, Sustainable Development Commissioner  
Louis-Philippe Fiset, Director, Office of the Auditor General

**Saskatchewan**

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Brian Atkinson, Assistant Provincial Auditor

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Andrew Lennox, Assistant Auditor General (Yukon and Northwest Territories)  
Ronnie Campbell, Assistant Auditor General (Nunavut)

**Observers****CCAF-FCVI Inc.**

Geoff Dubrow, Principal Associate  
Michael Eastman, Executive Director  
Ronald C. Thompson, Chair, Board of Governors

**CCOLA/CCVL**

Robert Beaudin, Secretary, Canadian Council of Legislative Auditors

**Quebec**

Louis-Philippe Fiset, Director of Administration, Public Administration Commission,  
organizer of the 2010 CCOLA/CCVL conference





CANADIAN COUNCIL OF  
LEGISLATIVE AUDITORS



VÉRIFICATEURS LÉGISLATIFS  
CONSEIL CANADIEN DES



## Conseil canadien des vérificateurs législatifs

### Liste des participants

#### **Alberta**

Fred Dunn, Vérificateur général  
Doug Wylie, Vérificateur général adjoint

#### **Bermudes**

Heather Jacobs Matthews, Vérificateur général

#### **Canada**

Sheila Fraser, Vérificatrice générale  
John Wiersema, Sous-vérificateur général  
Scott Vaughan, Commissaire à l'environnement et au développement durable  
Nancy Cheng, Vérificatrice générale adjointe

#### **Colombie-Britannique**

Errol Price, ex-Vérificateur général par intérim  
Morris Sydor, Vérificateur général adjoint

#### **Île-du-Prince-Édouard**

Colin Younker, Vérificateur général  
Jane MacAdam, directrice de la vérification

#### **Manitoba**

Carol Bellringer, Vérificatrice générale  
Mala Sachdeva, Vérificatrice générale adjointe  
Sandra Cohen, directrice, service de vérification d'optimisation des ressources  
Jack Buckwold, directeur, vérifications spéciales

#### **Nouveau-Brunswick**

Mike Ferguson, Vérificateur général  
Ken Robinson, Vérificateur général adjoint

#### **Nouvelle-Écosse**

Jacques Lapointe, Vérificateur général  
Alan Horgan, Sous-vérificateur général

#### **Ontario**

Jim McCarter, Vérificateur général  
Gary Peall, Sous-vérificateur général

#### **Québec**

Renaud Lachance, Vérificateur général  
Gilles Bédard, Vérificateur général adjoint  
Marcel Couture, Vérificateur général adjoint  
Jean Cinq-Mars, Commissaire au développement durable

**Saskatchewan**

Fred Wendel, Vérificateur provincial  
Brian Atkinson, Vérificateur provincial adjoint

**Terre-Neuve-et-Labrador**

John Noseworthy, Vérificateur général  
Wayne Loveys, Sous-vérificateur général  
Ralph David, directeur de la vérification

**Territoires**

Guy LeGras, directeur principal (Yukon)  
Ronnie Campbell, Vérificateur général adjoint (Nunavut)  
Andrew Lennox, Vérificateur général adjoint (Yukon et Territoires du Nord-Ouest)

**Observateurs****CCAF-FCVI Inc.**

Geoff Dubrow, associé principal  
Michael Eastman, directeur exécutif  
Ronald C. Thompson, président, Conseil d'administration

**CCOLA/CCVL**

Robert Beaudin, Secrétaire, Conseil canadien des vérificateurs législatifs

**Québec**

Louis-Philippe Fiset, directeur de l'administration, Commission de l'administration publique,  
organisateur de la conférence de 2010 du CCCCP et du CCVL

9:01 a.m.

Monday, September 14, 2009

**Opening Remarks****Discours d'ouverture**

**Speaker Kowalski (Alberta):** Good morning, ladies and gentlemen. Welcome to this 30th anniversary meeting of the Canadian Council of Public Accounts Committees and the Council of Legislative Auditors here in the province of Alberta. My name is Ken Kowalski, and I have the privilege of being the Speaker of the Legislative Assembly of Alberta. This is your 30th anniversary meeting, and I dare say that few of you were here 30 years ago; however, I was as I'm currently celebrating my 30th anniversary as an elected person in the province of Alberta. The last time that Alberta hosted this joint meeting was in 1997, and that was the year that I had the privilege of being elected Speaker of the Alberta Legislative Assembly.

Welcome to Alberta for those of you from outside of Alberta and other provinces of this country. I understand there are delegations from three other countries as well here with us – Vietnam, Bermuda, and Australia – and I would welcome all of these individuals to the country of Canada.

Transparency and accountability are extremely important. All of us who have been involved in public life, whether in an elected capacity or those who will serve their various parliaments or their Legislatures, know the importance of the question of transparency and accountability. So we certainly welcome you here to undertake discussions that are of pronounced importance to all of us who are in the public sector.

This is an interesting time, an interesting week. Normally parliaments in Canada do not sit in the month of September. There are a few little exceptions. I understand that the Canadian House of Commons is reconvening today. I understand as well that Manitoba currently is having a special session. So that may mitigate the number of attendees that will come from those two jurisdictions. Also going on in Canada this week are two other events such as this where elected representatives and others will be discussing very, very similar subjects as you are going to be celebrating. The association parlementaire du Canada is meeting in Halifax, Nova Scotia. Representatives from all of the jurisdictions in Canada will be meeting there. A number of colleagues from this Legislature as well as your Legislatures across the country and including the Canadian House of Commons will also be meeting mid-week in Yellowknife, where there's a regional seminar of the Commonwealth Parliamentary Association.

We all share common concerns and common interests, and we all understand the importance of the taxpayer and the responsibility to the taxpayer that they expect from us with respect to the accounting that we have. You are going to have some very interesting discussions this week. I sincerely hope that they will be professional in every sense of the word. You will share anecdotes from your various jurisdictions, and you will have a lot of questions from one another with respect to it.

In Alberta the role of the Public Accounts Committee is foremost – I'll be introducing the chairman of our Public Accounts Committee momentarily – and we have a series of independently appointed legislative officers, including the Auditor General, who function by way of reporting to the Speaker of the Legislative Assembly, who in turn then conveys their thoughts to the whole Assembly per se.

I want to on the one hand congratulate publicly and also say I'm sorry publicly that Alberta's Auditor General advised me several weeks ago that he would be leaving us prior to the end of his term.

I want to say to Mr. Dunn that I've very much appreciated the very professional relationship that we've had between Auditor General and Speaker over the last number of years. I want to thank him very much for the very professional approach that he's taken to this whole subject here in the province of Alberta. As well, Mr. Dunn, I also want to wish the very, very best to you and your very young and beautiful wife, who will now consume all of your attention. Thank you very much, sir. [applause]

This building that we're in actually opened in the year 1912, so we'll be celebrating the 100th anniversary of the Legislative Assembly of Alberta building in the year 2012. Alberta, like Saskatchewan, became a part of the Canadian Confederation in 1905, so a few years ago we celebrated the 100th anniversary of this particular Assembly. It's interesting to note from the historical perspective that 791 different individuals have been elected to sit in this Chamber. The current 83 seats – 83 members: 82 in front of me and me being the 83rd. We currently have electoral redistribution going on in the province of Alberta, and the numbers of this Assembly will increase from 83 to 87.

You can see the configuration. Actually, the configuration of where parties sit in this Assembly is exactly – we haven't moved a desk. Because the government currently holds 71 seats out of 83, you can see that this is the government side and this is the government side. The Official Opposition sits in that little segment in there with a five, four configuration. There are two other chairs on the other side of the curtain for the third party in the Assembly. We have one independent. We have a by-election in the province of Alberta today, so we'll know tomorrow if the configuration changes or not.

It was the first Legislature anywhere in the world to have television coverage. It occurred in 1971-72, the four portals here. It's technologically up to date in terms that members can and may use computers in the Assembly, so you'll see a computer jack in front of you. In fact, if you have computers – I don't know what the rules of your meeting are going to be, but I certainly allow members to use computers at any time so that they can communicate with their constituents even as they are communicating with their colleagues in the province of Alberta.

Heated is perhaps one word that might be reflective of Public Accounts Committee meetings in the province of Alberta. Boring might also be another word that might be used, but I'll let others describe that. All I know is that they are intense in terms of what the objective is.

Once again, it's my pleasure to welcome you to the Alberta Legislative Assembly, those of you from outside of Alberta and outside of Canada.

It's now my pleasure to introduce to you the chair of the Alberta Legislative Assembly Public Accounts Committee, Mr. Hugh MacDonald. By tradition in this province and by tradition in most of your jurisdictions the chair of the Public Accounts Committee is a member of the Official Opposition. Mr. MacDonald, would you like to come up?

**Mr. MacDonald (Alberta):** Thank you. I'll be just fine here.

**Speaker Kowalski (Alberta):** It's called the throne for some. It has dual meanings for others. Welcome to you all.

**Mr. MacDonald (Alberta):** Good morning, everyone. Bonjour. I'm Hugh MacDonald, MLA for Edmonton-Gold Bar and chair of our Public Accounts Committee in the Alberta Legislative Assembly. It is my honour to welcome everyone to Alberta. I welcome

you on behalf of Mr. David Quest, the vice-chair of our committee. I would also like to note some of my colleagues who are present this morning: Mr. Dallas from Red Deer-South, Mr. Olson from Wetaskiwin-Camrose, and Mr. Drysdale from Grande Prairie-Wapiti. We also have a very distinguished parliamentarian from our Assembly, Mr. Ty Lund, from Rocky Mountain House, who is here with our Legislative Offices Committee. He's had a very long, distinguished career in this Chamber.

We are thrilled at the number of delegates that have come to Alberta this fall, and we think it may be a record number attending this year's conference. I certainly hope you enjoyed yesterday afternoon's events at Fort Edmonton and the Lewis Estates Golf Course and had the opportunity to meet your colleagues during our evening reception at the Citadel Theatre and at the hospitality suite at the Sutton Place Hotel.

#### 9:10

I would like to extend a special welcome to all my Public Accounts colleagues, of course, their clerks and researchers. Alberta has hosted the annual Canadian Public Accounts conference twice before, once in 1989 and again in 1997. Today's sessions, with the exception of the break-out session, will take place here in the Chamber. The break-out session will take place in the Legislature Annex.

I would like to thank our presenters and facilitators for being here today to share their knowledge and experience. I would also like to thank the committee organizing the conference program. They have worked very hard for almost a year to present this for us today.

The presentations promise to be interesting and relevant to current issues, and they will I'm sure result in engaging questions and discussions. Similar to prior conferences the Public Accounts Committee members and legislative auditors will share the business sessions today but have separate sessions tomorrow. The CCPAC group will continue to meet here in the Chamber, and the CCOLA group will meet at the hotel.

Now, there are some brief housekeeping items, if I could have your patience, please. There is absolutely no food allowed in the Chamber, but coffee and other beverages may be brought in. There is no smoking in the Legislative Assembly building. There is a smoking area about 10 metres from the loading dock doors on the east side of the building, and you're going to have to ask for directions because it's the one thing that, fortunately, I don't know where it is.

Now, the men's washroom is located off the Confederation lounge just through this door, east side. You can't miss it. The women's washroom is located off the opposition lounge to the left. Telephones and phone booths are available for use in all three lounges. Refreshments will be made available in all three lounges during the health breaks, and pages will be on duty in each session to assist in distributing handouts, refilling water glasses, et cetera. Please feel free to call on them.

Today's barbecue lunch will be located in the Legislature pedway at the Legislature gift shop. If you show your conference name badge, you can receive a 15 per cent discount on purchases, and there's no sales tax.

Following joint session 1 the pages will lead delegates from the Chamber to the lunch location. After lunch the pages will lead participants of the clerks and researchers break-out session to Committee Room A over in the Legislature Annex and the other delegates back here to the Chamber.

One last item. During conference sessions please provide your

name before speaking or asking a question so that *Hansard* can include it in the record if you don't mind.

Now I would ask if Mr. Dunn would please provide more details about the program and other arrangements for today. Thank you, and thank you for coming.

**Mr. Dunn (Alberta):** Thank you. Good morning. I am Fred Dunn. I'm still the Auditor General of Alberta, and I'm also pleased to welcome you to Edmonton and to our conference today. I believe you'll find today's agenda very full and very topical.

The first joint session is a two-part session titled *Managing in Economic Recessions*. During part 1 Hugh MacDonald, Norm Sterling, and the hon. Shawn Murphy will share their views on how the economic recession will impact the Public Accounts Committee work in their jurisdictions, with particular emphasis on interaction with their legislative auditors. Ample time for questions will follow the presentations.

Following our break we will begin part 2, where you'll hear how the recession is impacting the work of the legislative auditors, including responding to the views expressed during part 1 of the session. Auditors General Carol Bellringer from Manitoba, Mike Ferguson from New Brunswick, and I will share our thoughts and advice for members. Again, there will be time for your questions before lunch at 11:30.

Following lunch the CCPAC researchers and committee clerks will hold a separate meeting in the Legislature Annex. I'm sure that Dr. Philip Massolin will show you how to get over to the Annex just across the way. They will hear presentations on the subject of providing research and other support for PACs.

The main group will return to the Chamber for joint session 2, where Scott Vaughan, who is the federal environmental commissioner, and Jean Cinq-Mars, who was recently appointed Commissioner of Sustainable Development for the province of Quebec, and John Betts, PAC chair for New Brunswick, will discuss the issues, challenges, and the needs of their jurisdictions concerning audits of environmental issues.

Following a short break at 2:30, the Hon. Lloyd Snelgrove, President of the Alberta Treasury Board, will discuss Alberta's unique system of online reporting.

Throughout the day we'll provide simultaneous interpretation, and I encourage you to wear the earphones provided as the presentations will be in either English or French. I've been asked to show you how to use them. Similar to a seatbelt in an airplane, you take this buckle on this, and you insert it this way, and if you push the channel, you'll go between channel 1 and channel 2. Channel 1, as it says on the board there, English; channel 2, en français. Obviously, you put the earphones on.

The day will conclude at 4 o'clock, and there will be a bus to take you back to the hotel.

With one ad lib ado I'd like to introduce the newest Auditor General in the CCOLA community. If you'll stand up. Heather Jacobs Matthews has just been appointed the Auditor General of Bermuda, replacing Larry Dennis. I believe Larry Dennis had the honour of being the longest serving Auditor General in the Commonwealth. Heather has just replaced Larry and is now the newest Auditor General. Welcome to our CCOLA meetings and CCPAC meetings, Heather. Thank you.

We all hope that you will enjoy today's sessions.

Now I'm going to call on our facilitator, Mr. Ron Thompson, chairman of the board of CCAF, to introduce the topic and presenters for our first session. Thank you, Ron.

**Joint Session 1 (The John J. Kelly Forum)**

**Managing in Economic Recessions**

**Facilitator: Ron Thompson, Chair, CCAF-FCVI Inc.**

**Séance conjointe N° 1 (Le Forum John J. Kelly)**

**Thème: La gestion en période de récession économique**

**Animateur: Ron Thompson, président, CCAF-FCVI Inc.**

**Mr. Thompson (CCAF-FCVI Inc.):** Well, good morning, everyone, and welcome to the John J. Kelly Forum for 2009. Bonjour à tous, et bienvenue au forum de John J. Kelly de 2009. I worked for and with John Kelly for many years. We were professional colleagues, but we also became close personal friends. I'm delighted and, frankly, honoured to be here as facilitator for the forum that's named in John's memory.

Les organisateurs de cette conférence ont élaboré un thème qui est de plus pertinent, compte tenu de la situation économique de ces jours-ci et du travail que nous effectuons tous: comment gérer en période de récession économique. Managing in economic recessions. Qui aurait pu croire il y a un peu plus d'un an que cette question occuperait aujourd'hui le premier plan partout dans le monde?

As Fred has mentioned, the forum is split into two parts. Fred mentioned the speakers in each part. Certainly, before the break our PAC chairs will talk about how the recession will impact the work and expectations of their committees, with particular emphasis on interaction with legislative auditors. Now, after the break ces vérificateurs législatifs aborderont les divers aspects qu'aura la récession sur leur travail et aborderont aussi les questions qu'auront soulevé les présidents des Comités des comptes publics juste avant la pause.

Now, my role for my sins is to keep the forum moving and on time and also, and more particularly, to encourage as much interaction and discussion with all of you as possible. So, please, don't be hesitant to ask questions, to interject with comments. We would be delighted to hear from you, and we're looking forward to that. Hopefully, we'll learn a great deal from each other, as Fred has mentioned, and have a little bit of fun this morning doing it.

Without further ado let me call on Hugh MacDonald as our first speaker.

**Mr. MacDonald (Alberta):** Thank you. Good morning again. If we could proceed through the next slide on the topic of managing in economic recessions, the most fundamental relationship between a PAC and the office of the Auditor General, in my view, is that there has to be a very strong working relationship. I don't think the Public Accounts Committee can do their work without advice and guidance and the previous reports that have been provided through the Assembly by the Auditor General.

**9:20**

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. Independence: the Speaker talked about it this morning. The Auditor's office has to be completely independent but report, of course, to the Legislative Assembly.

Last April, in the spring, our Auditor General in a report listed 300 outstanding recommendations that are still being worked on or looked at by various ministries. There is a list; I just picked a few there. We're looking at school board budgeting processes now across our province, the royalty review system, drinking water, food safety, and particularly health authorities' information technology.

I thought we would have a very quick look at our health regions and their information technology expenses. Now, the data that's

before you is from our nine regional health authorities and in 2008-09 from the consolidated regional health authorities under Alberta Health Services. This is out of their audited financial statements, and you can see going back to 2003 that the nine organizations spent over \$100 million on what they considered to be IT. Our Auditor General in that year flagged some issues with the department of health, or the ministry of health, on IT and controls around information technology. That had been a repeat recommendation from two years even before that. Then we can see the growth in the IT budgets through to the fiscal year ending this March, where it was in excess of \$277 million. Now, the Public Accounts Committee, hopefully, can have a look at this and ask some questions on why this has occurred.

Last year our Auditor had a specific look at both the Calgary regional health authority and the Capital health authority, in Edmonton here. They're the two largest. They're the urban health authorities. They had themselves spent well over \$200 million of that allocation. We have to ensure that we're getting value for our money.

Now, the Auditor General does not remove recommendations from the list until they have been able to complete follow-up audits to confirm implementation, and some of these recommendations are older than three years. I said earlier that some had been repeated. A three-year period is used as a performance measure for management to implement any numbered recommendations. In our Public Accounts Committee there are a lot of questions, of course, that we can ask: why are there so many recommendations, why do a few of them go back a long period of time, why is there such a lack of action on some of these recommendations, and what is the cost of delaying the implementation of these recommendations?

We are looking for money, like every other government in this country, as far as I can see. We thought we could have an allocation or an amount of \$230 million through efficiencies through each department through these difficult times. That has gone up more than double to over \$400 million, and in our next fiscal year we are looking at upwards of \$2 billion dollars in savings.

So whenever the Public Accounts Committee through the work of the Auditor General looks at past practices and past expenditures, hopefully there can become very good suggestions out of the process that would help the government find some efficiencies and find some public resources that can be used during these difficult times for necessary programs, key core programs.

Now, the PACs and the Auditors should have the resources, of course, that they need. At this point I would like to single out two of the members of this Assembly who have in the past attended this conference: Mr. George VanderBurg from Whitecourt-Ste. Anne and Mr. Doug Griffiths from Battle River-Wainwright. They were instrumental in some of the very positive changes that occurred in our Assembly with the Public Accounts and the Public Accounts process. We as a result of their work meet more frequently. We have a budget for research; we have researchers available to us. We have a planning committee.

I think we could be more diligent and more active. We do not make recommendations – we just sort of give a report to the Assembly of our activities – and we do not issue reports.

That's sort of a quick overview of what we do in Alberta and what we could do during these difficult times to manage our scarce financial resources in a prudent way to get the maximum value for our taxpayer dollar.

I would like to at this point thank you for your kind attention listening to me. In politics, hopefully, when the speaker is done speaking, people are also done listening, and they haven't quit some time ago. Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** Hugh, thank you very, very much.

The second speaker, I think, will be Shawn Murphy, chair of our federal PAC. We're just going to do a little musical chairs to get organized for this.

**Mr. Murphy (House of Commons):** Thank you very much, Ron. First of all, I want to thank Hugh and his colleagues in the Alberta Legislature for hosting this conference. It's great to be here in Edmonton. I should rephrase that. It's great to be out of Ottawa. That's probably a better way of putting that.

I want to first of all acknowledge my colleague on the federal Public Accounts Committee, Mr. Bev Shiple. Bev is here. Do you want to stand up, Bev? I'm grateful to Bev because I think that if Bev didn't agree to be here, I wouldn't be allowed to be here. So thanks, Bev.

Anyway, ladies and gentlemen, the title of this panel is Managing in Economic Recessions. The broad-brush answer to that from my point of view – and I should point out that these comments are my own comments and should not be attributed to anyone else – is that there are no broad-brush differences. The federal Public Accounts Committee will be looking for the standard principles of efficiency, economy, effectiveness, and we want those principles to be adhered to. We would not want any messaging or acquiescence that rules or checks or balances will be relaxed or waived in any way, shape, or form during an economic downturn. This certainly will be challenging to existing expenditure management systems in a government.

As everyone knows, the federal government has embarked upon what I would consider a fairly significant stimulus package. It's approximately \$40 billion in additional spending or tax rebates to be allocated to major infrastructure projects, housing projects, tax credits to stimulate construction, et cetera, et cetera, over the next 24 months. For anyone that has studied economic policy, this is part of the fiscal policy available to government, and to be successful, the money has to be spent because if it's spent, let's say, in 36 or 48 months' time, it could possibly cause unintended consequences. So to be an effective monetary instrument, it does have to be spent quickly. Because of that, that will certainly be challenging to expenditure management systems. It will be challenging to internal audit. It will be challenging to our own office of the Auditor General.

9:30

In some cases the money is spent directly by the government of Canada, but in many other situations, a majority, I would suggest, of the surplus projects are funded through other levels of government or institutions such as the postsecondary education: universities and community colleges. We did have a suggestion from the minister responsible that it's not the job of the federal government to monitor these funds. That certainly was a concern of mine, but he did later quickly clarify that particular statement. It, indeed, is the obligation and the role and the job of the Public Accounts Committee federally on behalf of the Parliament of Canada, of course on behalf of the Canadian people, that the funds, all funds, whether they be standard programs or stimulus funds, be spent in accordance with all standard Treasury Board rules, regulations, policies, and guidelines.

We did have earlier in the year – and I'll just bring it up. It's past now, but I've never seen it before. It was approved by Parliament in February '09 as part of the main estimates. That's a \$3 billion unallocated vote. It was there to ensure the necessary authority was there to spend these stimulus funds in programs that were also approved in the budget. Again, ladies and gentlemen, that was an unprecedented parliamentary measure. I had not seen it before. It

did expire on June 30 of last year, so it is a dead issue right now. I just bring it up because it was certainly unusual because of the unusual times that we're in and because of the stimulus package that the federal government came forward with.

This additional spending by the government of Canada will require additional oversight from the office of the Auditor General, and Ms Fraser has announced that additional audit work would be ongoing during the summer months on this particular program. Of course, the Public Accounts Committee would normally be expecting some report as to this activity when she does appear before the committee this fall. The Public Accounts Committee will be looking for results achieved. What are the results from the stimulus package? They must be reported on. Again, I believe the Public Accounts Committee will ask that some of the normal lag time in the government reporting cycle be shortened. Because of the whole nature of the stimulus funding that has to be reported on more quickly than usual.

There is a point, because I believe I'm speaking in front of 13 provincial and territorial auditors, that I don't want to miss the opportunity to bring up, and that involves transfers to provinces. Again, it's at conferences like this where you can bring things to the fore that should be brought forward – and I'm going to bring this forward for discussion, especially when the Auditors meet among themselves – and that is that the funds transferred from the federal government to the provinces. I'm not talking about the equalization or the Canada health funding or the standard programs but some of the funds that have been transferred recently, and I'm going to give you an example: the \$1.519 billion clean air and climate change trust fund.

It's the position of the Public Accounts Committee, and it's certainly my position, that there really was very little accountability on that whole transfer. There was no verification that the funds spent in areas as announced by the federal government were in fact spent for those purposes. The federal government, in announcing the fund, said that it was for major, specific projects, and they also identified that a certain tonnage of greenhouse gas emissions would be reduced. They were very specific.

There was no verification that any results were attained. There was no verification that any spending that did occur was incremental or nonincremental spending. There was no consistency in the manner that the funds were handled in each of the 10 provinces and three territories, or there was no consistency in the way it was reported. It's my premise – and I just throw it open here – that the bottom line is that there was no transparency, no consistency, and the statements did not reflect the underlying economic transactions that did occur. I know there are people who disagree with me. It's my position that the public sector accountability board should clarify this issue so it does not happen again.

There will be some discussion here today, ladies and gentlemen, about the deficit. How large is the deficit going to be? Of course, the public discussion will be: at what point in time will the country or, perhaps, at what point in time will the provinces get out of a deficit situation? It's my position as the chair of the federal committee that this really is a macroeconomic policy of the government of Canada, it's a legitimate instrument to spend money in economic recessions, and it's something that I will be steering the committee away from. It's really a policy decision. It does not involve the principles that we should be looking at as the Public Accounts Committee.

Those are just a few comments, Ron. I kept them as brief as possible. But, again, the broad brush is that I don't think there's a fundamental difference in the way the Public Accounts Committee will govern its affairs during the economic recession. There

certainly are challenges to the expenditure management systems, to the audit systems, and the reporting systems, but hopefully we'll work our way through it.

Thank you very much.

**Mr. Thompson (CCAF-FCVI Inc.):** Shawn, thank you so much.

Our third speaker is Norm Sterling, chair of the Public Accounts Committee in Ontario.

Norm.

**Mr. Sterling (Ontario):** Thank you very much, Ron. I'm going to remain standing even though my colleague Ernie Hardeman over here from my same political party might say: I can't tell whether you're standing or sitting, Norm.

Anyway, it's great to be here. I want to thank the Alberta Legislature and Ken Kowalski, the Speaker here, who I understand just recently got re-elected as Speaker, showing his support in the Assembly, for welcoming us all here.

I also want to say thanks to Ron Thompson and the CCAF. You know, we as members of the Public Accounts Committees across Canada are indeed fortunate to have a group like CCAF concerned about how we function and making suggestions to us as chairmen and members of those committees so that we can improve our processes. I don't think any other committee in the Ontario Legislature looks at itself and says: how can we improve what we're doing for the people of our jurisdiction?

I want to also acknowledge that we have a very strong committee in the province of Ontario, exhibited by the fact that we have seven of nine members of the committee here at the conference, and I think last year we had all of those members here. Unfortunately, our parliament is reconvening today for the fall session, and I say to CCAF: I think we should perhaps plan this a little earlier in the calendar so that we can ensure that all members from across Canada or as many as possible can get here.

I wanted to focus today on how the Public Accounts Committee will deal with the unusual circumstances that we have encountered in our economy and the response of governments to that unusual circumstance as we have now witnessed and experienced over the last eight or nine months. Ontario's economic recovery strategy includes a large fiscal stimulus, particularly to infrastructure. As well, there is some spending with regard to summer jobs for youth, skills training, support for agriculture, mining, forest products, et cetera. But I want to today focus more on where the big money is going: \$32 billion over the next two fiscal years, and that is in the infrastructure funding.

I was somewhat saddened to hear from Shawn that the federal government will not be overlooking some of the spending which they are transferring to the province of Ontario. They're transferring \$5 billion to the province of Ontario to add to the \$27.5 billion that we will be spending in the next two years for infrastructure. The question is: with this dramatic increase in spending in infrastructure in the province of Ontario, will the taxpayers get good value for money?

The next slide shows the overall infrastructure spending by all the provinces. You can see that Ontario is going to spend something like \$13 billion in the '09-10 fiscal year, and you can see where the other provinces are as well.

**9:40**

The following slide indicates the three-year span from '08-09 on where the spending on infrastructure has been in our province, which is hitting around \$7 billion or \$8 billion per year, and how dramatically it's going to increase in '09-10 and '10-11. We are going to get, I believe, probably in the year '11-12 or '12-13, at the Public

Accounts Committee some reports back on how this dramatic increase in infrastructure money was spent.

Now, we have some experience with what I call speed spending, as you see on this particular slide. We've had some experience in the province of Ontario because what has happened over the past five or six years prior to this economic downturn is that the province has found itself with a huge budget surplus each year, and in order to get that money out the door, they set to writing cheques, primarily to municipalities, for large amounts of money prior to the year-end on March 31.

Here are the statements which our Auditor General, Jim McCarter, put in his reports of '05, '06, and '07. All of these raise alarm about spending which occurs quickly and perhaps with not the amount of oversight or the priority-setting policies of a cabinet or a government as we would normally experience in normal times. I'm trying to draw a parallel to that kind of spending and the kinds of statements which our Auditor General said to what may happen over these two next years when the stimulus spending is taking place in the province of Ontario.

Incidentally, it doesn't seem like anyone is keeping their eye on the huge increase in long-term debt which our province is incurring in order to provide this spending. There doesn't seem to be any focus in the public or anywhere else. Nobody seems to be saying, you know: let's be careful how we spend money as we go forward because we've got to pay this back. The long-term debt in the province of Ontario has gone from \$140 billion in 2003, when the present government came, and is projected by '10-11 to be \$200 billion, so it's gone up substantially by \$60 billion over that time even though those economic times for six of the seven years have been extremely, extremely good, but nobody seems to be concerned about it.

Now, I wanted to look at three governments which have dealt with their stimulus plans. First, I wanted to look at the U.S. federal government, which has an \$825 billion program they put forward in what they called their Recovery Act. What the Americans did was set forward their goals in what they expected to achieve in spending that money. The very last statement there says that they would be "requiring unprecedented levels of transparency, oversight and accountability." So they set out their goals clearly as to how this money should be spent, therefore allowing politicians and committees to look back and say: did you meet your goals? I think it's very important that these goals be set out.

Then the federal government in the United States set up a special board to co-ordinate the oversight of these funds to prevent fraud, waste, and abuse and had several inspectors involved in it. The part that I like most about what they've done in the United States is that they've set up a very sophisticated website, which includes reports from inspectors general on how the funds were distributed and how they were spent, so as they are being spent, people are seeing, legislators are seeing where it's being spent and whether there's some fairness and equity in how the spending is going. I believe that's good for two reasons. Number one, it's better when you're looking back that you actually see what's happening as it's happening, but I think it also saves the government from embarrassing questions later as to why you did this or why you didn't do that. I've always believed as a legislator that the sooner the news gets out, the less likely you are to be criticized later for withholding that particular news. There's an example there of how their website worked in Florida and how fast the information is getting on their website.

The Canadian government is also, as Shawn pointed out – I had the number at about \$46 billion; he said about \$40 billion, but his was approximate. We're much more accurate in the province of

Ontario, you know. We like to get 'er right down, Shawn. Anyway, they did set out their goals as well, and you can see the goals as you go down the list there, too.

Now, they claimed and their plan called for a special committee of deputy ministers set up to oversee all of the stimulus spending and how it was occurring. But as Shawn said, notwithstanding that they have a good plan, as you can see here, including a website indicating information and providing some transparency, a lot of the funds are going to transfer agents, primarily the provinces, so they're somewhat washing their hands of that responsibility.

You can see on the next slide the goals in the province of Ontario's plan as stated. I'll let you read that because I'm running short of time here.

On the next page you can see the problem that I think the PAC is going to have in Ontario in that the Ministry of Finance is treating the expenditure of this extra money as though it's business as usual. Notwithstanding that they're doubling their infrastructure expenditures over the next two years, I think they're leaving themselves extremely vulnerable to criticism after the fact. In the estimates committee at the end of July I asked the Minister of Finance about a website: are you going to have a website describing when and where these expenditures are occurring? The response I had was: "We have undertaken a website. I don't believe it's up. I'll endeavour to check on that."

Here we are into six or seven months of the spending and the response is very weak from the Minister of Finance, and I say to him, not as we do in our PAC committee – we try to encourage the government to do the right thing because I think it's important notwithstanding that I'm in opposition at this time. The questions for PACs, in my view, after the spending will be done are these kinds of questions. Did we build a bridge to nowhere? Did we spend money on the most needed infrastructure projects? Was the distribution fair by sector – health sector, education sector, you know, municipal sector, transportation sector – and by geography? Did the spending break the rules of normal government spending? Was there any profiteering?

I'm concerned that sound policy and business decisions with respect to stimulus spending are being unduly influenced by the need to get the funds out the door in '09-10. That statement is very, very close to one of the statements that the Auditor General made in his '07 report. I'm predicting that that statement may be made in '11 or '12. What we need to avoid it is more transparency now and reporting on speed spending now to prevent this statement from occurring. There's going to be a great deal of difficulty turning the spending tap off as we go forward. There's going to be a great deal of difficulty as we look back and people say: I didn't get a fair shake for my municipality, my school board, my hospital, my favourite project. The more transparency we have up front, the less those questions will come to the fore.

Thank you very much, and I look forward to your questions.

9:50

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you indeed, Norm.

Now we'll do a little changing in logistics. Perhaps my colleagues the PAC chairs could arrange their chairs up here for us so you can all see them and, if I can put it this way, have at them.

This is the really important part of this session, where we want to hear from you as two communities learning from each other and, of course, working together day in and day out to serve the Canadian people and the people in your particular jurisdictions. We're looking for interaction. We're looking for questions. We're looking for input.

To get things started, from PAC colleagues, are there more issues that you would like your legislative Auditors to consider as your governments manage in these difficult times, more than what you've heard already this morning? To our legislative audit colleagues, is there anything that's been said to date that causes you any particular difficulty, or are there more things that you would like your Public Accounts Committees to take into account as they move forward?

Ladies and gentlemen, over to you. Who will be the first speaker? How about Auditor General Fred Dunn?

**Mr. Dunn (Alberta):** I don't mind speaking first. I have a little bit of difficulty with what Norm was saying in that Alberta has been spending a lot on infrastructure in the last, basically, five years. There have been quite a few comments on Alberta's spending programs in prior years: how much to save, how much to spend on infrastructure, and then, of course, what was also known as debt retirement. We have been looking at it, to all three PAC chairs. Our office has been looking at infrastructure spending intently over the last five years, not just because of the stimulus but because of the fact that there was a need to address what was called the infrastructure deficit, which included deferred maintenance. Our office has reported on this for the last five years, and I really don't see a change other than following up, what Mr. MacDonald was talking about, on those outstanding recommendations around the infrastructure previous spend.

I'd expect that we will continue to audit capital programs, whether they be in transportation, infrastructure, vertical buildings, postsecondary institutions, or health authorities. We'll just continue to do the audits that we always have been doing.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you, Fred.

I think, Sheila, you had an intervention.

**Ms Fraser (Canada):** I had a question on Mr. Sterling's comment that the money should be spent on the most needed infrastructure projects. At the federal level, because of the urgency, I guess, in trying to get the money to stimulate the economy now, the federal government has been quite clear that it has to be what they have called shovel-ready projects, which means that those projects have to qualify within the program design, but there is no assessment as to whether these are the most needed. I would just be curious to hear the views of the chairs. I think we've made a decision, at least to date, a temporary decision in our work, that we would not look for that kind of assessment, that we would only look to see: are the projects actually meeting the criteria set out in the program design? I guess I question how government should be dealing with that. Is there a danger that by doing that, then you would have to wait because some of those projects, while needed, may not be ready to begin? I'd appreciate the views of the various chairs.

**Mr. Sterling (Ontario):** Well, my view is that notwithstanding that you want to get as much money out the door as you can, there still is a responsibility to ensure that the project that you're funding is needed by the community at large. I've heard of projects where people are getting money to build pathways through forests, for instance, which, in my view, come far behind projects that might arrive two or three years later to build a school or build a hospital. I don't think you can abandon all of your principles in terms of priority and in terms of your need based upon, quote, political concerns alone.

In my view, what has happened with our particular infrastructure program in Ontario is that it's totally political. When they're



announcing a project in the area that I represent, which is the west part of Ottawa, I don't even get a call to go to the announcement of a \$65 million project to widen a major arterial in my area. It's the federal Conservative and the provincial Liberal, the nearest Liberal that's there. They've totally politicized the whole spending program, and that's not good, bottom line, in terms of value for money for the people of Canada or Ontario.

**Mr. Thompson (CCAF-FCVI Inc.):** Would Shawn or Hugh care to comment on Sheila's question?

**Mr. Murphy (House of Commons):** Well, I can just make a comment, yeah. This is a dilemma that is facing all provinces and the federal government right now. That is, we're dealing with fiscal funding, and to be effective, the funding has to be, as they call it, shovel ready or immediate. We had that situation in Toronto, where I believe the city of Toronto wanted a rail project, but the federal government turned it down because it wasn't going to be spent over the next 24 months. They really want immediate projects.

Again, I agree with Norm, there is politics in it. You see it with these great big cheques. They're conveying that they're doing this for Canadians out of the goodness of their hearts, but really it's going to be challenging for expenditure management, it's going to be challenging for all parliamentarians, and it's going to be challenging for the Public Accounts Committees and the Auditors General going forward.

**Mr. Thompson (CCAF-FCVI Inc.):** Norm, I think you hit a hot button here.

**Mr. MacDonald (Alberta):** Well, the province of Alberta in their fiscal plan from this spring's budget had plans to spend over a period of time close to \$20 billion to catch up on their infrastructure spending. That's fine if it's planned and the progress for the construction proceeds in a timely fashion, but when you're looking at these vast sums of money, you have to ensure that the office of the Auditor General in each and every respective jurisdiction has the resources to make sure, if you're going to have speed spending or shovel-ready projects, that the taxpayers are getting the maximum benefit from that expenditure.

Mr. Dunn had to defer or cancel 34 per cent of some of the follow-up audits that he wanted to do because of budget constraints. We are now printing two Auditor General's reports a year, not one. We used to traditionally have one in the fall, and I think that's a better system. But I would like to respectfully remind you that we cannot in this difficult fiscal time think that the first place we can cut or reduce or limit spending is in the office of the Auditor General because more now than ever they provide such a necessary, vital service not only to the legislative process but particularly to Public Accounts.

Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Hugh. We have some interest from this side of the House. May I ask you to identify yourselves and your jurisdictions prior to speaking.

**Ms Sandals (Ontario):** Yes. I'm Liz Sandals. I'm a government member on the Ontario PAC, and I wanted to comment on some of Norm's comments around year-end spending. First of all, I would start out by agreeing with Norm that there were some identified problems with year-end spending. I think that partly flows from year-end spending being something that has to be traditionally off the books by the end of the year, and that did lead us into some

difficulties. I wear another hat, which is that I'm a member of Treasury Board, and the concern was shared by the government side as well. The process has actually changed around year-end spending in negotiating with the Auditor General in terms of how we could have year-end spending but delay the spending long enough that we could actually get accountability agreements in place. We've now worked with the Auditor General to have a way of doing the year-end spending which also involves having accountability agreements around how that money is actually flowing and that it is being spent properly.

10:00

I think the Auditor would agree – and he's nicely nodding – that, in fact, the process that we have now is much more effective than the process that we had previously. I would hope that with the infrastructure spending that is going out the door now, that work we got into sort of accidentally because of bad practice prior to the recession spending will also apply to the recession spending and that there will be a lot more accountability work done around the current recession spending.

Thank you.

**Mr. Preyra (Nova Scotia):** Hello. I'm Leonard Preyra. I'm the government member on the PAC in Nova Scotia, and I'm also a political scientist. My question is more of a political science question than from the government side. I have a question about Norm's questions for PACs, particularly question 2 and question 3, and Sheila Fraser's question that related to that and whether the question of, you know, whether the money was spent on the most needed infrastructure projects or whether the distribution was fair is in fact a legitimate question for Public Accounts Committees and not a question that really should be addressed in the Legislature itself.

**Mr. Thompson (CCAF-FCVI Inc.):** Might I invite our PAC chair panellists to comment on that?

**Mr. Sterling (Ontario):** I believe it's exactly what we're there for. Recently our PAC considered mental health expenditures in the province of Ontario, which are about a billion dollars overall, and the concern of the committee in the end was that there weren't proper measurements or identification of services in the various communities across Ontario to provide fairness to people who are suffering from mental illness for access to services to help them. Our job, I believe, in PAC is to see that we're getting value for money, that the government knows how it's spending their money and whether or not they are being fair in the distribution of that money.

**Mr. Thompson (CCAF-FCVI Inc.):** Hugh, comment?

**Mr. MacDonald (Alberta):** Yes. Certainly, when you look at this whole issue of Public Accounts Committees and what they should do, there are always going to be the issues around: is that a policy question, or is that a question of program spending? Again, my previous remarks about resources for the Auditor General and respect for the office of the Auditor General and its independence in the legislative process. We have to be careful in each and every jurisdiction that governments just don't brush off the work of the Auditor's office by simply stating: well, that's a policy matter, and you shouldn't be dealing with it in the first place.

If you have this sort of discussion at a PAC meeting and then it follows through to the fiscal plan, like it did in Alberta here this spring, where there were three recommendations by our Auditor, one

on an environmental issue and, ironically enough, on proceeding with how we would develop and implement an adequate mental health plan in this province, which we dearly need – the government just brushed off the recommendations of the office of the AG by saying: it's a policy matter; it is outside the purview of the Auditor General. We have to be very, very careful whenever any government does that.

Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** Shawn.

**Mr. Murphy (House of Commons):** Yeah. I agree. It's the job of the Public Accounts Committee to determine whether or not these in fact were legitimate expenditures, whether or not there was value for money that was spent, what the results were that were achieved, and whether these results were in line with what the objectives were when the program was started. But again, when you boil it all down, there are two competing planes out there. One is fiscal policy: get the money spent as quickly as possible. The second competing objective is produce and the economic expenditure of public funds.

**Mr. Sterling (Ontario):** I would say that I would challenge the Auditors to challenge the governments of Canada because there are the two competing policy concerns, that they urge the governments to be completely transparent. Who got the job? Are they on budget? How is the money flowing to that particular project? Et cetera, et cetera. Because they will not have – and I understand that they will not have – as much control over this process as they would normal spending. But in order to give the public and to scare the people who are receiving the money or to have them act with good management, have them produce all the information where it might cause problems in terms of the spending.

In the United States process on the website, as I understand it, they say: is there cost overrun? Are they over budget? Are they under budget? Who got the project? Is it a friend of, you know, the Republicans or the Democrats? Or whatever it is. If you produce all of that information, then you get as much competitiveness and as much care about the spending as perhaps you can achieve in doing this, but if we just say nothing and don't require anything, then they can just say: well, we're spending as normal. When you go back to do your value for money, what do you measure it against?

**Mr. Thompson (CCAF-FCVI Inc.):** It's important to define the limits, then, Norm.

On intervention, down here?

**Mr. Derkach (Manitoba):** Thank you very much. It's Len Derkach from Manitoba. I have a question for Norm because I'm a little concerned about the fact that in your presentation it appears that you are treading into the area of policy rather than strictly accountability and transparency. I say that because once you start questioning a government on who got the contract, was it a friend of someone in government or elsewhere – I fail to see how that becomes a PAC responsibility since our job is to look at the contract and see whether or not the money that was allocated to that project was properly spent and whether, in fact, the results were the expected results according to what was set out in the beginning. I have a little difficulty there because our province has come a bit of a way in terms of trying to modernize our Public Accounts process. The problem we had previously was that too much of the discussion centred around the policy issues rather than the accountability issues. I'd just like a comment on that, please.

**Mr. Sterling (Ontario):** Well, I think that the problem we have is that once we move from the traditional form of auditing that was in place 20, 25 years ago to value-for-money auditing, we will continue as PACs to run up against this problem of not entering into policy. Sometimes our committee, notwithstanding that the government side has the majority of the members, does tread slightly into the policy area. I mean, if we see something, as we recently did in terms of overmedication of our seniors in our long-term care homes, we say: we recognize this, so we have to say something about it as responsible legislators here. But our concern mostly is about: can the public see a proper measurement of what's happening? That's why I am very, very much for having published on time at the time all kinds of data so that the public, our media can see whether or not what's being done is fair.

It's impossible for us to do that without the work of the Auditor to find out if it was fair or if they were over budget or there was not enough management care. The Auditor would have to do that into the future. But as I said in the previous example in terms of mental illness, it wasn't that we wanted to say: you need more services in Ottawa or Hamilton or Toronto. We just wanted to make sure that the government had the proper measurement sticks to make those decisions. Then it would be up to the politicians in the House to say that Hamilton was shortchanged in terms of dealing with autistic kids or whatever the program was.

**Mr. Thompson (CCAF-FCVI Inc.):** Shawn.

**Mr. Murphy (House of Commons):** Yeah. Just to follow up on that point, perhaps I didn't quite understand the question, but I agree with the fundamental premise that the Public Accounts Committee has to stay focused on the issues of proper improvement and effective expenditure of public money and stay away from policy. But on the point you made of if a friend of a cabinet minister got a contract, I think that certainly would be a concern of the Public Accounts Committee. The first question I would ask: were the checks, balances, rules, and procedures followed? In most cases of my nine years' experience they weren't, so that would be certainly an issue for the Public Accounts Committee.

10:10

**Mr. Thompson (CCAF-FCVI Inc.):** Fred, is your comment on this point or a new point?

**Mr. Dunn (Alberta):** I believe it's on this point.

**Mr. Thompson (CCAF-FCVI Inc.):** Okay. Go ahead, then, please.

**Mr. Dunn (Alberta):** So back to the three chairs. What I'm hearing is that you would expect that your Auditor General will follow the money. Most of the capital spent is through grants to other parties: regional health authorities, postsecondary institutions, basic education, municipalities. Do you expect your Auditor to follow that money down into the recipient entity and assess how well that entity spent the grant contributed to it?

**Mr. Sterling (Ontario):** Well, I think it depends. I mean, if it was a huge quantum of money, then I would expect them to look at the agreement and whether the agreement that they signed with the transferee was properly followed and the money was properly expended. Our AG, as you know, has authority for hospitals – he can go into hospitals to see if they're spending the money properly – school boards, the university sector, the college sector, and that kind of thing. So we do deal in our PAC with some of that transferee money going down.

There are limits. There are limits. But if you have clear transparency as to even the transferee, how they spend their money, you can put conditions in the agreement, put it on a website, put it on our website. Make the government have a website to follow the money. I mean, I think that would be the beauty. I guess we're going to have a session on that this afternoon, and I'm interested in hearing that.

**Mr. Thompson (CCAF-FCVI Inc.):** Hugh, a quick comment.

**Mr. MacDonald (Alberta):** Yeah. Public Accounts works best when they follow the money through each and every line item in a respective budget.

Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** Our colleague from the federal PAC.

**Mr. Shipley (House of Commons):** Thank you very much. It's interesting. I listened to Norm talk. I can even feel a little bit of a sense of politics in here, so I guess that never really goes away. In saying that – and I'm new on Public Accounts. I really believe that there isn't an individual in here that – during these times there's been, as mentioned, \$46 billion, \$40 billion in stimulus that has gone out. It's an extraordinary amount of money that has been transferred in partnerships across this great country. There isn't anyone here, elected or nonelected, that does not want to see that flow in the best way, in the most transparent and accountable way they can.

I've talked with the Auditor General about my concern as an individual MP about how do we make sure, for the embarrassment of anyone provincially, federally – I don't care what party – that these dollars are going where they should be going and being spent in an orderly fashion and being spent with the accountability in which the application was put in and which those dollars now are going to. I truly believe that out of this – if there are recommendations that should come to the federal government, I'm certainly hoping that they would come and would be considered through the Public Accounts and through the Auditor General. That's what this is about.

I'm wondering in terms of the priorities. I mean, the stimulus is what it says. We need money to go out now, not necessarily in two years or three years from now. So there will be, without a doubt, great projects that will not meet that criterion in terms of what we call shovel ready to start the spending that will end within a period of time. Trails in some of my riding are likely as significant as some of the projects in – because I'm very rural. I don't know that they're political. They may be. It seems that everything in the arena that we're in becomes political at some time. Not to criticize, but I don't want to underestimate the significance in a small community of that community, what it does on its way through a tourism area, what it does to hold a community together, how significant that is, whether it's real or not.

There will be monies. The difference will happen at the end of this. There has to be a cut of money. Large amounts of money, I suspect, that are going out now will stop when the recovery comes. That's where the Auditors General for the provinces are going to say: how is that being spent? If there are ways now, though, that you have to help us as a government or any government, provincial or federal, to make sure that we're as transparent as possible, I request that we get those out of this forum so that they can be taken back for the good of Canadians and for each of you in your province.

That's more of a statement, but that is a question and asking for recommendations. I'll leave it at that. Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much. Excellent intervention and input.

Colleagues?

**Mr. Simard (Quebec):** Oui. Je crois que vous allez pouvoir mettre vos écouteurs.

Dans le même sens que ce qu'a lancé Norm Sterling et que certains collègues viennent d'ajouter, nous sommes dans une période très anormale. Des dizaines de milliards chaque jour sont annoncés à travers le Canada pour différents projets, des projets d'infrastructure qui sont nécessaires dans toutes les provinces. Pour nous au Québec ç'a même commencé quelques années plus tôt puisque nous avons eu un accident majeur. Un viaduc est tombé, tuant un certain nombre de personnes sur une autoroute, ce qui a forcé la mise sur pied d'une commission d'enquête publique, et la commission a proposé un vaste programme d'infrastructure, que le gouvernement a mis en place. Mais tout cela a été accéléré évidemment partout au Canada, dans toutes les provinces et chez nous aussi, face à la récession économique.

Mais pour des gens qui se préoccupent tous les jours, professionnellement ou politiquement, des comptes publics, cela fait peur, de voir autant de milliards si rapidement dépensés. D'abord, ça crée une pression évidente sur les coûts. Je pense aux infrastructures routières au Québec, dans lesquels on a investi massivement en quelques années. Il est évident que le coût de ces infrastructures est beaucoup plus élevé que s'il était étalé sur plusieurs années.

Nous avons mis en place quelques mécanismes pour nous protéger, et l'un de ceux-là implique le Vérificateur général; c'est-à-dire, le suivi de certains grands chantiers. Par exemple, dans le domaine de la santé nous construisons actuellement au Québec des projets d'hôpitaux universitaires pour plusieurs milliards de dollars, et à la demande de l'Assemblée le Vérificateur général a entrepris de suivre ces dossiers-là très attentivement. Évidemment, c'est une position un peu délicate. Normalement le Vérificateur fait un audit à la fin pour voir si tout a été correcte. Là il fait un audit pendant. Il doit toujours garder suffisamment de distance pour pouvoir critiquer une fois que le projet est terminé.

Je pense qu'il va falloir accélérer la mise en place du processus de vérification de la part du Vérificateur général mais aussi des Comités des comptes publics, de la Commission de l'administration publique au Québec et les Comités des comptes publics en général, pour nous assurer que cette période, qu'on ne reverra probablement jamais de notre vivant, où des centaines de milliards dans l'ensemble du Canada sont dépensés actuellement dans les infrastructures, que les objectifs que Norm Sterling a résumé assez bien tout à l'heure, c'est-à-dire, correspondent à des besoins, ont été réalisés en suivant les processus normaux et les plus efficaces possible et où il y a un minimum de transparence qui permet d'en juger. Je pense que c'est un défi considérable que nous avons devant nous cette année et pour les prochaines années.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very, very much. That was an amazing intervention, as was the federal one just a moment ago.

Would your intervention be on the same point, over here, or would it be on a different point?

**Unidentified Speaker:** On another point.

**Mr. Thompson (CCAF-FCVI Inc.):** Before moving on to our colleague over to the right, could we ask a couple of AGs to respond to the federal and the Quebec interventions? This is really on a

hugely important issue to all of us. Who from the AGs' side would like to take a go at that?

**Mr. McCarter (Ontario):** An interesting question. Should the AG assume that it's policy if it's a matter of basically: we're going to make this decision and get the money spent if it's shovel ready? In a sense, what's more important? Is it to build the right bridge or to build the bridge right? I guess I'd argue that it's probably more important to build the right bridge.

10:20

**Mr. Thompson (CCAF-FCVI Inc.):** Would there be another AG who would like to comment on this?

**Ms Fraser (Canada):** I think I agree with Jim, but I guess the question is that if there are several provinces that submit plans to the federal government and all the bridges meet the criteria, how do you decide between the bridge in Sarnia versus the bridge in Waterloo? I don't know how an Auditor could ever make that judgment. You know, I actually kind of worry when we talk about value for money, and we've actually changed our terminology to say performance auditing because, personally, I don't think Auditors do that judgment of value for money, but that's another discussion. I think that as long as the bridge meets the criteria and the federal government isn't assessing one of the projects that could be done that hasn't been submitted – and I don't think that's their role either – I have a real issue around saying: what is the best bridge that the money should go to? I don't know how we'd do it.

**Mr. Sterling (Ontario):** Well, as a former Minister of Transportation, where I faced that question on a daily basis, it's very easy to determine which bridge is deteriorating faster than the other. It should be the bridge that needs the repair the most that gets the money. That's one of the problems. I mean, the Ministry of Transportation in the province of Ontario has a very sophisticated method of funding and striking their projects and not paying too much. They don't want to make the markets noncompetitive, and they don't want to put all of their projects out at any one time of the year or in any one year, so they have a very sophisticated process in order to get the most competitive price for the people of Ontario.

I think that our job in PAC is to look back at these expenditures and say: they built the bridge in Sarnia, and it should have been the bridge in Waterloo that was built. That has to be tempered, as I understand, by the economic circumstances that we do now face, but the best way to do that, as I say, is additional transparency over and above what we normally experience in government today in terms of the reporting functions of government as we have it today.

**Mr. Thompson (CCAF-FCVI Inc.):** Now, Jim has asked for five seconds or so to – it's almost like point-counterpoint, and this is just fine because these two are extremely important issues. I have Carol on this same point, and then we'll go to you, sir.

**Mr. McCarter (Ontario):** The key thing. I think it's fair to go to the department, and you would expect that the department, public works or Transportation, would have a very rigorous process so that they would know even before the announcement what the priorities are with respect to infrastructure. I think it's fair for the Auditors to be asking those questions.

**Ms Bellringer (Manitoba):** I was going to throw this into my five minutes later, but my five minutes will last for about two seconds, so I'll throw it in now. Just two points on that. One, if you do want to put the money towards the most needed projects, then where I do

think we do have a role is to determine whether or not you have that information, and if you don't have the information now, you're certainly not going to have it in time to put the shovel in the ground. Having said that, taking a longer term thinking and putting that into place, if you think there ever might be a day when, if you don't have it now, you might want to have that, you'd better start now to put that information together.

The other part of it. We're often hearing the argument: what's the point of having that detailed, if you will, a prioritization list? We don't have enough money to fix any of it anyway, so what's the point of even having it? I wouldn't mind some counterarguments to that if we're ever faced with that position.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Carol. Now, is your comment on this point or another?

**Ms Sandals (Ontario):** I'm on the bridges. I was at an opening of a bridge in a rural area that used to be part of my municipality.

**Unidentified Speaker:** I wasn't invited, Liz.

**Ms Sandals (Ontario):** No. Actually, Michael Chong was there – he's federal – and it was a joint infrastructure thing.

The reason I bring it up is that this particular rural municipality had, after a great debate in their own rural council, brought in an engineer to go over all their bridges, of which they had many, to rank them and to get good engineering reports so that when federal-provincial infrastructure requests came forward, this little municipality had done the homework to put together a really good proposal and to be able to document their need for these particular bridges.

Now, I suspect that there were other little municipalities elsewhere in the county whose bridges were in equally appalling state who didn't get money because they hadn't invested in getting the background data. So whether you're at the provincial level or the federal level, you're actually at the mercy, to a great degree, of the homework that the municipality or whatever the transfer agency has done in documenting their need.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much.

We have time before our health break at 10:30. We have a session after the health break, of course, and then tomorrow we have a session on how AGs and PACs can work together, so a lot of these issues we'll take another kick at a bit later.

Finally, our colleague over here.

**Mr. Butler (Newfoundland and Labrador):** My name is Roland Butler. I'm chair of the PAC for Newfoundland and Labrador. My question is to Mr. MacDonald. During your presentation on recommendations you went into the outstanding recommendations, how to action them, and so on. Maybe I misunderstood you, but I thought you said: a three-year period to action recommendations. And you were wondering what the cost was. I was wondering: is that a time frame that you use, the three-year period, and what do those other jurisdictions use to see that recommendations are actioned?

**Mr. MacDonald (Alberta):** The Auditor General has a three-year time period where they do a follow-up audit to see if the initial recommendation has been acted on by the respective ministry. I don't know how other jurisdictions do it, but that's how it works in Alberta. In our case over 40 of the recommendations from the list of the outstanding 300 were over that, as I recall, for the three-year period. That's significant.

That's how it's done. There's a follow-up audit. The Auditor and his staff certainly keep their eye on each and every recommendation. Some of them are repeated for whatever reason. Unfortunately, what impact this has on program delivery and the taxpayer: that is the question. But that's how the system here works. There is a three-year period for a follow-up audit.

**Mr. Thompson (CCAF-FCVI Inc.):** Having worked with the federal AG's office for over 31 years – I started when I was three years old; you don't believe that, do you? – I know a little bit about how follow-up work is done by the federal AG's office. I wonder if it would be helpful to have Sheila just before the break speak a bit to that.

**Ms Fraser (Canada):** Sure. Thanks, Ron. I'd be glad to. We changed our approach, actually, a few years ago. We used to do a follow-up after a set number of years, but the Public Accounts Committee has become very effective in asking departments to produce action plans to say how they are going to address the recommendations that we have in our audits, and they're, in fact, quite rigorous. I've even seen the committee turn back action plans that they don't think are specific enough. We use the commitments that the government makes in those action plans because they will say by when they expect to have the issue resolved, and we will use the commitments, the dates that they have committed to, to then do the follow-up to see if they have done what they said they would. I have found that it's certainly a much better process, where government itself is assessing the issue and saying what they're going to do and how long it will take them, rather than us as Auditors trying to put some sort of deadline on them.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Sheila. One last comment just before 10:30.

**Mr. Noseworthy (Newfoundland and Labrador):** With regard to that particular item, the follow-up on recommendations, we follow up after two years. It's a good time here now to tell my Public Accounts Committee that we intend this year for the first time to table this fall a separate report on the follow-up of recommendations. Prior to this year it was always included in another chapter of an annual report, but this year we're going to try to bring more focus to it after two years. We do not cost the impact of not implementing the recommendations. We don't do that, but we will have a status on the recommendations.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, John. It's 10:30. The trains run on time, Hugh explains, in this province. We have a 15-minute health break, and we'll see you back here at a quarter to 11. Thank you very, very much.

[The meeting adjourned from 10:30 a.m. to 10:47 a.m.]

**Mr. Thompson (CCAF-FCVI Inc.):** Just as people are coming back into the room – we're a little bit beyond quarter to 11 – may I invite you to take your chairs as quickly as you can, please, so we can get started. We want to allow as much time as we can for interaction with the panellists and others.

Thank you very much, ladies and gentlemen. As people are filing back in, I think we should get started. We're going to hear from three speakers in this next session, and then we'll terminate the session at 11:30. We want to allow as much time as possible for questions and answers and discussion.

Please remember that we have a session tomorrow on how PACs and AGs can co-operate and work together, and then there's a

second session tomorrow on the draft attributes of effective PACs. The kinds of discussions we're having here are so important to the work we all do. We have two more kicks at the can tomorrow if we don't get the final word in today.

Without further ado let me call on our colleague Michael Ferguson, the AG of New Brunswick, for brief remarks.

**Mr. Ferguson (New Brunswick):** Thank you, Ron. I guess my thesis on this, what I'm going to talk to you about, is a little bit different, I think, than what we've been talking about so far. We've had a lot of focus in the first session on stimulus spending and controlling stimulus spending. My thesis is going to be a little bit more about financial management in general and what governments should be doing in terms of managing their finances in times of recession. I'm going to give you a little bit of the New Brunswick context, and then I'm going to talk to you about three things that I think governments should be focusing on just from a general financial management perspective. The three things that I'm going to talk to you about are, one, that governments should avoid the temptation to wallpaper over structural financial problems; two, that governments need to think long term; and three, that governments need to be open and transparent, without spin, when they're talking about these things.

First, in the New Brunswick context I'm going to look at the net debt in New Brunswick, starting in 1987. This is what has happened in net debt in New Brunswick from 1987 to 2009, which I think is very similar to what has happened in a lot of other jurisdictions. If you look at what's going to happen to the net debt over the next few years, as we heard again this morning, in New Brunswick it's very similar. You can see that based on the information the government has provided in budget speeches and so on, the net debt is going to significantly increase over the next little while.

If I heard Mr. Murphy correctly in the earlier session, I believe you mentioned that managing deficits and net debt was a macroeconomic issue. I'm going to take it from the perspective that I think it's also a financial management issue, and I think there are things that PACs need to be aware of in terms of what governments are doing to manage their financial situation.

With that by way of background, the first thing that I think governments need to be aware of is to make sure that they are not just wallpapering over structural financial issues. These are some common ways that governments tend to just wallpaper over some of these issues: getting into off-balance-sheet transactions; changing their pension assumptions to change pension expense; what I've called yo-yo accruals, which means moving accruals up and down, particularly things like provision for loss accruals; altering the payment schedules for grants; setting up trust funds; one-time write-offs; and one-time expenditure reductions. These are just a number of examples of ways that governments will use to what I've called wallpaper over structural financial problems. What these will do is make an income statement for a particular year look good, but they won't solve structural problems going forward. To solve structural problems going forward, governments need to think long term.

Some of the concern I had with the discussion we had in the first session was that we seemed to be focusing very much on the stimulus spending, that we have to control the stimulus spending, that we have to know what it's being spent on. I think that's very true, but it's also important, especially as more money is going out the door as governments are incurring more debt, that governments start to think long term so that they know how they're going to manage things afterwards. Again, some of the discussion this morning was that maybe we're spending some of the stimulus money on projects that are not necessarily the number one priority

projects because they are ready and can be started right away. Well, those other projects that are priority projects, presumably, will still have to be done. Does that mean we will end up with another round of spending? We will have spent a whole bunch of stimulus money on second-rate projects, and all the first-rate projects will still have to be done, so there will be sort of, you know, another round of spending and debt increases.

These are some of the things that governments should do when they're thinking long term: governments need to understand their growth rates for revenues and expenses, they need to understand the underlying nature of their main expenses, they need to manage their revenues and receivables as well as their expenses, and they need to have multiyear plans with targets and what I've called sensitivity analysis.

10:55

Just by way of a couple of examples on this, in New Brunswick three items – what we spend on hospitals, what we spend on medicare, and what we spend on the prescription drug program – in 2009 took up about 32 per cent of the government's budget. Those three items, at least over the last four years, have been growing at an annual rate of about 8 per cent. In the province's most recent budget they said that in order to get back to surpluses within a four-year time period, all government expenses need to be controlled to a level below 2 per cent growth a year over a three-year period. When 32 per cent of your budget is growing at 8 per cent and you need to restrain your whole budget to 2 per cent or less, that's a pretty daunting task. And I haven't even talked about things like the amortization of tangible capital assets, which, because of stimulus spending, is going to be going up. I haven't talked about service of the public debt, which is a function of interest rates, and as we spend money on stimulus programs, there's going to be more debt. What's going to happen to the service of the public debt?

Then the other one I haven't mentioned is pension expense. Pension expense is very much a function of the returns in the market, so investment returns that the pension trust fund earns, and the accounting rules around pension expense. What's happened in New Brunswick with pension expense is that in 1999 for our two largest plans the pension expense was a negative \$93 million. It was a credit of \$93 million. In other words, on the income statement it was the same thing as having \$93 million worth of revenue. That's what the position was in 1999. In 2010, the year we're in now, which will end March 2010, it's anticipated that the pension expense for those two plans is going to be \$424 million. So in 2010 the pension expense is going to be taking up \$500 million more room than it was in 1999. Our total expense budget is only about \$7.5 billion.

**Mr. Thompson (CCAF-FCVI Inc.):** Mike, we just want to keep on time if we can.

Mike has two excellent examples of good transparency in his slides and one, unfortunately, of bad transparency. Maybe if you could just talk to them briefly, and then we'll move on.

**Mr. Ferguson (New Brunswick):** Yes. The third point that I wanted to bring up was about transparency, and I wanted to raise these two good examples of where the province of New Brunswick has been what I would call transparent. This is the Minister of Finance talking in his budget speech about the Fiscal Responsibility and Balanced Budget Act. You can see that he says, "However, in the current global economic and financial climate, we will not meet the objectives of the Act for the current four-year fiscal period." That's a very clear statement. Everyone can understand what he's saying.

The next one, again, a good example. This is the Minister of Finance again, talking about the impact of pension expense. He's saying, "The government is not prepared to let this extraordinary downturn in the market affect decisions that it makes on the levels of taxation and services to New Brunswickers." Again he's being very clear that even though there's a pension expense problem, they're not going to try to deal with it all in one year.

Then there's one example that isn't quite so good, where he says, "Our four-year plan to return to balanced budgets can also be described as a debt containment plan." Unfortunately, the four-year plan never does show a surplus, and all it has is debt that's increasing over the four years. What this really should say is: our four-year plan to return to balanced budgets, that doesn't, can also be described as a debt containment plan, that doesn't.

Anyways, those were the three things that I wanted to cover: don't wallpaper over the problems; think long term; be open and transparent.

I had a couple of other thoughts that I just wanted to raise very quickly. One is, again, from the discussion that we had earlier this morning. There's a lot of talk about stimulus spending. I think governments have become very Keynesian right now in a recession. I don't think they are as Keynesian when the good times are around, and spending should be reduced.

The other thing is that in terms of things like government reorganizations, I know my experience has always been that a government will reorganize. They will say: we're going to make this change; it's going to result in these savings. As soon as the minister has announced it, he or she thinks it's done. Through the bureaucrats it can take two or three years to actually implement that change, before those savings actually happen.

I'll sit down now and shut my face.

**Mr. Thompson (CCAF-FCVI Inc.):** Mike, thank you very, very much. A round of applause.

I've just got to say, as Carol is getting situated, that I've been in this business a long time, and I've never heard of yo-yo accruals. I think that's a major contribution to the lexicon, Mike.

Carol.

**Ms Bellringer (Manitoba):** Yeah. We had a bit of a competition as to who had more years to account for.

We do have a number of overlapping themes in the outline on the next slide. In five minutes or less I'm going to go through: how do you assess the situation today? How do you know when you've got a problem on your hands or a good situation, something in hand? What are the lessons learned from the past? One of the themes I wanted to leave you with was the learning from history, to not forget those lessons of the past. What can the PACs do? So just throwing a few things out on the table in that context.

Then I will touch on balanced budget legislation and the role that that's played over the last – it's well over 10 years now that we've seen balanced budget legislation across the country. It's probably the biggest challenge for me as an auditor to stay out of policy and stick to the administrative components of that. There are some good examples in there of how that is a discussion that should be taking place, and we can make a contribution to that.

First, in terms of assessing the situation today, I just noted on here a couple of links. Perhaps this is of most interest to the researchers in the group. There are a number of sources of information to look at. In particular, in the private sector the CICA has done quite a lot of work on 20 questions that boards of directors should be asking. Those are good sources of information for you to look at, things like:

how do you ask the right questions and transfer that, the private-sector environment, to a Public Accounts Committee environment?

You can still be asking questions around how to measure risk, how well risk is being managed, and all of the other – there are a number of things on there.

What's the target? Do you know what the targets were and how well those have been compared to the results and how well the variances are understood and, as well, short-term as well as long-term impacts of everything?

Then I wanted to put a plug in for public performance reporting. Again, looking at this from that long-term perspective, are you doing a thorough scrutiny of the annual reports, statements, and financial indicators in particular?

On the lessons learned list, again just emphasizing the long-term view, I'm very much of the opinion that we should never be surprised by anything. One of the examples I often think of is when they're doing the long-term forecasting for an organization such as, in our environment, Manitoba Hydro. You certainly would not assume that there is no expectation of a drought. There will be. It will occur at one time or another during the course of a long period of time, but that long-term forecast takes it into account to determine what the implications of it are. So why would we not be doing the same thing looking at the economic impacts of a recession?

I also wanted to put a plug in for the auditors. Listen to your auditors. I threw three examples, just references that show that this is not a new topic. This is a bit of plus ça change, and we're recalling a number of discussions, certainly, that put a lot of emphasis on measuring such things as interest bite. I remember the time when we didn't even look at that. I mean, it really wasn't well understood, the extent to which a budget was being chewed up with the payment of interest on the various levels of debt across the country. So these are lessons from the past that I would suggest might still be worth a good read today.

In terms of what PACs can do, I just wanted to again repeat some of the things. We've certainly been covering this at all of the annual conferences. It's not a new thought: a constructive partisan perspective; going beyond the Auditor General's report when you get into a topic that is of great interest to the Public Accounts Committee, certainly not just keeping to that information which the Auditor General has prepared but bringing in other witnesses; thoroughly scrutinizing those issues that are raised by the Auditor General. Use your researchers' talents, something Manitoba's only just beginning to be able to benefit from and, I think, something that has really made a big difference this past year for us.

PAC orientation. An understanding of financial statements would certainly be something that I would encourage everyone to do. I'll touch on it briefly in the balanced budget legislation list. I don't think it's well understood, certainly, by the public. When a statement such as the budget balance is quoted, not everybody looks at that and understands the numbers that we're talking about in each jurisdiction, and over time there's often a different interpretation of what that means. So getting to a common language is critical and, of course, meeting frequently and regularly. That was the plug for our PAC, but they're doing a great job now, so we want to keep it up.

11:05

The balanced budget legislation. This is my caution around not getting into policy. I'd throw in: is it a gimmick, or is it good management? If you see it as a gimmick, then it's something I don't want to talk about, and it's getting into policy. If it's good management because – and we've seen examples of this in Manitoba. When

the balanced budget legislation was introduced and certainly today, it gives the Minister of Finance and other ministers a very good hammer in the context of telling people they cannot spend beyond a certain level, and from the management perspective it's been very useful to contain costs, which was their goal, entrenching it in legislation, making sure that it reflects economic policy so that in a year of a recession you're not suddenly surprised that you don't balance.

Does it link to generally accepted accounting principles? Again, this was a challenge in Manitoba for a period of time, where there was a balanced budget based on an operating fund which was only a portion of the total. The exception we took to that was it was like having a savings account, a chequing account, a credit card balance. It's fine to say that I took money out of my savings account so that my chequing account was balanced at the end of the year, but at the same time you should be looking at: what's the credit card debt gone up to? So where's your debt level, and is it where it should be? This is this next point as well.

Finally, as I mentioned before, making sure that everybody understands the terms clearly.

That's it.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Carol. Fred Dunn.

**Mr. Dunn (Alberta):** Thank you, Ron. I'm going to take a slightly different approach although I'll build off some of Carol's. I'm going to build off my years of experience primarily in the private sector. For those of you who don't know, I came from the private sector. I spent 36 years with a very large major public accounting firm. I was a partner for 24 years. I worked in the provinces of British Columbia, Alberta, and Ontario, serving major international organizations, global companies. What I thought I would do is build off what my recollections come from there, those 36 years topped up by my seven-plus years as the Auditor General for the province of Alberta.

I'm going to disagree with the statement made earlier by the gentleman from Quebec. I think we've been here before. I remember, unfortunately, being my age, the concepts from the '70s, the '80s, and the '90s. I remember back to zero-based budgeting. For those of you who remember Texas Instruments, that was code for back to the basics.

I remember, obviously, the elements of downsizing, empowerment. Empowerment was stripping out middle management. Suddenly all lower management were capable with no further training to know exactly what they had to do, and we caused control problems.

I remember that information technology was the silver bullet, was going to solve everything. If we invested heavily in information technology, we would become much more efficient. Mr. MacDonald talked about how much information technology has been costing the public sector of Alberta in the health area.

I remember outsourcing because I was one of them. I remember how private-sector ingenuity was going to solve a lot of issues.

I remember business process re-engineering and shared services.

So what happened in the day? Expensive consultants. Again, I said I was one of those things. We used to call dealing with the public sector, because we always felt that we could negotiate better than the public sector, dripping roast contracts. If you haven't heard the term before, a dripping roast contract, for those of you who make a dripping roast, makes lots of gravy. So the expensive consultants came in.

What we also saw within industry, the industry I'm speaking to,

was a lot of nonpermanent staff reductions. They downsized, and once the pressure was off, they started to build right back up again.

As mentioned by both Mike and Carol, we saw significant control weaknesses from the private sector. We saw the stripping out of internal audit in the '90s. Virtually all large major corporations stripped out internal audit, and what happened was increased frauds, increased frauds from two perspectives: one, just loss of assets, theft, waste, et cetera. But also, more importantly, we saw increased frauds from financial statement misrepresentation. I think Mike referred to this as bad accounting.

Of course, we should all be familiar with what happened in other jurisdictions, primarily in the south, around increased fraudulent financial reporting. All you have to do is start naming off the Enrons, WorldComs, and all the rest of them, and you knew exactly what was happening because of bad accounting, bad accounting made from two situations: poor choices and just terrible bookkeeping.

The other part that happened in the past happens when we cut away the middle management. We lost continuity of knowledge, so corporate amnesia set in. People forgot why they were doing certain things. They just went on repeating it or stopped altogether then suffered the consequences. Then, subsequent to that, when the restraint was over, they had difficulty with succession from management: who was going to take on the new control responsibilities?

And one of my favourite subjects, expensive IT systems to be developed and costly to maintain. Everybody has to remember that IT goes through generations, and when you're into year 3 or 4, you have to renew. You develop it, and you've got to maintain it. Expensive to populate it; expensive also to service it. What happened quite often in many entities is that they lost sight of their objective of what they were trying to solve.

So here's from an old person's perspective what I think we're all going to be facing. You have your own visions as to what you think our country and your jurisdiction will be facing. I think, obviously, what we see today are uncertain and conflicting economic data. Are we in a recession or not in a recession? Are we in a recovery or not in a recovery? You know, is unemployment going to go up and for how long? I think all of you from the finance side realize you're going to have lower revenue streams from both the taxation systems plus other ways, with Canadians tightening up their wallets.

Like it or not, the Canadian currency is going to get stronger primarily because the U.S. is going to sink their currency.

We've got virtually no inflation today, so we're going to have increasing inflation. Increasing inflation will cause an increase in the interest rate. What you may borrow today short-term at very attractive rates, as Carol says, eventually will have to be refinanced, and it will be refinanced at higher interest rates.

There are going to be upward pressures on cost, cost primarily from the labour side, and those upward pressures are going to cause us to have that gap between lower revenue streams and increased costs.

You'll see a need to reduce administrative burden, and this will come from two pressures, one from the private sector, who will say: you've got to stop this red tape; I need less regulatory oversight. The other pressure will come from within the public sector, that'll say: we've got to strip away the administrative costs. Those will cause some problems, especially if you try to accommodate what the private sector is asking for, reduced regulatory oversight.

We only have to look at what happened in the U.S. with the financial restraints they had down there and the banks. A lot of people talk about: where were the regulators? You should also remember that we had the Treadway committee after the S and L crisis of the late '80s. We also had the Day committee in Canada

after the problems in Canada, and it talked about: where were the directors? You've got to watch there at the end of the day that it's not just the regulators or auditors; it's got to be the directors and senior management held to account.

So if I was on an audit committee of a major public organization, this would be a focus of my questioning, and I think there's a strong parallel to you on PACs, that are similar to the private sector's audit committees. I'd ask: what has the entity done to reduce its costs, and have you evaluated after you did the reduction in costs what its consequences are? In the private sector it was a little bit easier for us. In order to stop doing things, you just dispose of some of the divisions. In the public sector it's not so easy to dispose of business. You just can't close down schools and some other things.

I'd also ask, and I think Mike was referring to: are the costs really being eliminated or just deferred, especially in areas like maintenance? We all should recognize that deferred maintenance. We talked about infrastructure. You defer it today at the consequence of tomorrow, and the price ratio is about threefold. What you save today, if you defer it for more than five years, you're going to pay three times the amount to correct it.

Also pensions, as Mike said: if you are trying to save cash today through your cost settlement in order to compensate by way of increased benefits tomorrow, those could cost you a lot of dollars.

11:15

What programs, projects have been eliminated? What are those consequences? I'd be asking about the risks. Are you changing your human resource risk, are you increasing your fraud risk, and how do you know? How is management managing it, especially if they've gone through significant downsizing in their middle management?

I'd also ask, especially around IT and new systems development: have you done your evaluation? Have you achieved what you planned to do? Have you done that evaluation postmortem, and what were the results? How are you going to overcome any deficiencies that the postmortem has identified?

Monitoring and enforcement: stronger or weaker? If you read some of my reports, I do believe in strong enforcement. Coming from the private sector, I realized the push-back was: I don't want you, government, in my business. I believe that one of the deficiencies the public sector goes through is: we'll develop good standards, we will do some monitoring, but there's a reluctance to enforce those standards and cause the change.

The last two are to myself and my colleagues. I'd be expecting that you'd be asking me: do your recommendations really result in more efficient controls, or are you just adding more things to be reconciled? Is there better risk management as a result of us implementing your recommendations? By the way, have you increased any revenue? Have you recovered any revenue that was not being collected by the public sector?

I'd also ask myself, which I do quite often if the audit committees won't ask me: any evidence of bad accounting choices? Is this fair reporting, or is this aggressive reporting? I'd expect that we as Auditors General, any auditor of any corporation, should be able to answer that: "We believe that this is the appropriate accounting choice" or "This is a very, very aggressive accounting choice, and in fact it is unsustainable." In pension accounting, as Mike referred to, you'll see that by way of the rate of discount used on the long-term liabilities. If you use very aggressive discounting, obviously you'll have a lower liability when maybe you should be using a longer term, more prudent discounting rate, where you'll get the proper indicator of what is the true expense, the true liability.

Ron.



**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Fred.

Well, now is the time when we have a chance to interact with our legislative audit colleagues, so without further ado let me simply open the floor for discussion and input and questions.

Ladies and gentlemen, we must have nailed it. There are none.

Let me ask our PAC colleagues: do you think that the legislative auditors who have spoken this morning are going to be doing audit work in this difficult time and looking at management in this difficult time in the way that you would hope they would? Does this all resonate well with you? Do you think your Auditors are being practical, are being focused? To you, is the work that they're planning to do relevant work?

**Mr. MacDonald (Alberta):** Yes, definitely. We have had a significant increase in government spending in this province of Alberta in the last 10 years, and the role that the Auditor General's office has in analyzing that spending as we change with the economic times has to continue. We need to provide, as I said earlier, the resources. Each and every respective jurisdiction has to ensure that the Auditor General's office has the resources necessary to do the job.

**Mr. Thompson (CCAF-FCVI Inc.):** Okay. How about the PAC in Manitoba?

**Mr. Derkach (Manitoba):** Thank you, Mr. Chair. I'm Len Derkach from Manitoba. I think our auditors are doing what is expected of auditors. The problem that I see from my perspective is that our PACs are not equipped well enough to be able to I guess scrutinize the recommendations that come forward from our auditors and then to do the follow-up after the initial review. We are, you know, in the infancy stages of evolving as a PAC in Manitoba, I would have to say, but I think there needs to be perhaps more emphasis done on training for PAC committees and ensuring that membership on PAC committees is permanent rather than revolving.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much. Now, some of that will come up in the session on attributes tomorrow, of course.

Sylvain, what about from the Quebec perspective?

**Mr. Simard (Quebec):** Le défi au Québec est le même que partout ailleurs. Félicitations à tous ceux qui ont fait des interventions ce matin qui me semblent extrêmement pertinentes.

Nous sommes dans une période où le changement n'est pas simplement un changement de rapidité, d'orientation. On change totalement de dimension de problèmes. Nous parlions, il y a 10 ans, de millions; aujourd'hui nous parlons tous les matins de milliards, et la dimension des problèmes augmente sans cesse. Il y a deux mots que Don a prononcé tout à l'heure qui étaient impensables depuis des années: inflation et taux d'intérêt. Ce sont des mots qui nous menacent à court terme, qui vont arriver très bientôt.

La question que nous poserons dans 10 ans, ceux qui auront les fonctions, c'est: ont-ils fait ce qu'il fallait quand cette crise est arrivée? Je pense que c'est une réflexion qui est importante. La première réponse a été donnée par mon ami de l'Alberta tout à l'heure: il faut donner des moyens au Vérificateurs généraux. Il faut donner plus de moyens pour s'assurer qu'ils aient tous les moyens pour contrôler la situation. La situation n'est plus du tout ce qu'elle était. Les dépenses en infrastructure, les dépenses dans tous les secteurs – on risque d'en perdre le contrôle si on ne donne pas aux bureaux des Vérificateurs généraux toute l'expertise et tous les moyens nécessaires pour au moins se rendre compte de la situation.

Mais ça pose aussi un problème aux législateurs. Les Comités des comptes publics – j'imagine que c'est la même chose que chez nous – nous n'avons plus le temps de suivre la réalité. La réalité bouge beaucoup plus vite que le temps dont nous disposons. Nous avons des obligations politiques dans nos circonscriptions; nous avons mille autres choses à faire qui intéressent beaucoup plus la population, d'ailleurs. Personne ne va gagner une élection parce qu'il est très rigoureux sur les dépenses de l'état. Personne n'a jamais gagné une élection là-dessus. Donc, c'est très difficile d'obtenir des leaders des différents partis le temps nécessaire sur le calendrier parlementaire pour faire face à ces nouvelles réalités.

On est dans un changement de paradigme. On est en train comme société de vivre une accélération très rapide, et j'ai peur que nous n'ayons pas actuellement, autant au niveau des Vérificateurs généraux que des Comités des comptes publics, les moyens nécessaires pour faire face à cette accélération.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very, very much.

I have two more colleagues in the back row here, and I believe, Shawn, you have a comment as well.

**Mr. Ouellette (Ontario):** Just a comment or a question regarding Mr. Dunn's presentation. On slide 4 you specifically mention about the increasing inflation, the increase in interest rates. You mentioned about increasing wages. Yet earlier on we talked about projects ready to be going out of the door for infrastructure development. Locally we have multiple levels of government, mostly four in our areas, that are spending on infrastructure development. What we're seeing as a result is an increase of work in specific sectors, which is increasing the wages and the tendering that is coming back in. How much do you think that is adding or will add to the increase in inflation as these projects go out the door?

**Mr. Dunn (Alberta):** I'll respond to that on behalf of Alberta. I thought we went through that for the last three years. I think most of you realize that the wage increases in Alberta are driven primarily by the private sector. The public sector had some contribution through some of its infrastructure, as Hugh has explained, that they've invested in, but the private sector, primarily the oil sands, were driving up the price of labour, which drove up the cost of inflation, which made everything else uncompetitive. Those of you from other jurisdictions probably read where unemployment was exceedingly low in Alberta. There was migration in from other jurisdictions. That's exactly what happened.

I think what we saw here in the 2005 to 2008 period could eventually become issues in some of the other jurisdictions, that you're going to end up with competitiveness where demand outstrips supply. You're going to just inflate your costs, and it's going to become very expensive to sustain.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Fred.

**Mr. Murphy (House of Commons):** Fred, to answer the general question, my answer would be yes. This is a very timely issue that we're discussing at this meeting. It's going to be really challenging for the Auditors, the internal auditors, the controllers, and the PACs going forward. There is some major infrastructure spending going on. They were consulting the Auditor General before they started and during the time that the stimulus funding was going out the door. But, again, with the federal PAC we'll certainly be expecting transparency and a report again.

11:25

There are some very complex issues there. We talked about the

right bridge or the bridge right. That's certainly very complicated. It depends which side of the river you live on, some of those discussions. Again, from a federal point of view, how aggressive is the Auditor in getting into the secondary level of following the money? Then, of course, you go into the third issue, this deficit. The incurring of a deficit by virtue of the stimulus I view as being a policy issue. If it relates to the pensions and other things, you know, it could become a financial management issue, but again that becomes a very complex issue.

**Mr. Thompson (CCAF-FCVI Inc.):** Thanks very much, Shawn.

I'd like to invite our colleague from New Brunswick to offer a comment if he'd be willing.

**Mr. Betts (New Brunswick):** Well, first of all, can everyone hear me okay? Last time I asked that, someone said: yes, I can hear you, but I'd gladly change places with someone who can't.

When Fred was talking about the value for money, I remember that on Moncton city council we brought in a firm from Halifax. They interviewed all the staff, and everyone got a raise except the building inspection department.

You know, Mike, when you were talking about the yo-yo accruals, as politicians I suppose we can only surmise who the yo-yos are in your perception. Under the Bernard Lord government for seven years, it took us those seven years to knock just \$500 million off the deficit. We've accumulated \$740 million in just two and a half years.

One of the difficulties that we have and as chair of the Public Accounts, our regional health authorities were also changed in the last two and a half years from eight elected to two appointed, where each member gets \$500 per diem. The difficulty with that is that they usually appear before Crown Corporations, but where they were disbanded, they couldn't be called, so under the Health department, which I chaired, the deputy minister tried to avoid those questions, saying that those are gone. But I replied: well, 85 per cent of your budget goes to the regional authorities; you should answer those questions. That's one of the problems that perhaps we encountered. I'd be interested to know how you might handle that sort of thing. I know it's a unique situation. In fact, the francophone hospitals are suing the government right now because of loss of language rights, and that's before the courts, so there's more expense. But those are just some of the things that we're going through right now.

**Mr. Thompson (CCAF-FCVI Inc.):** Interesting perspective.

We're just about coming up to 11:30. I wonder if I could invite our colleagues from Nunavut and Yukon to offer a word here.

**Mr. Arvaluk (Nunavut):** By the way, I'm from not just have-not provinces but underdeveloped countries: Nunavut.

A year ago we got into a very bad situation where oil prices went up, and of course all our communities run diesel generators. Everything was affected, including our lines. The federal government buys the fuel for the whole of Nunavut. They got into a very bad situation because the budget is too small. The total budget is under a billion dollars, and that affected the budget very, very badly. My question on this one is: how do you get the government accountable or at least transparent when those kinds of things happen, that you don't wallpaper the truth or transparency as to exactly how bad it was?

Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** A very good point. We'll

certainly keep that on the table and maybe get into that a little bit tomorrow.

The last word to Floyd.

**Mr. McCormick (Yukon):** Well, as the clerk of the Public Accounts Committee rather than a member of the Public Accounts Committee, I'm a little reluctant to say anything.

**Mr. Thompson (CCAF-FCVI Inc.):** You're among friends, Floyd. We'll never say a word.

**Mr. McCormick (Yukon):** Well, there are none of my committee members here, so I guess I can say whatever I want.

I think one of the things that's really resonated with me – and I guess it's a subject that can be taken up in greater detail later – is this whole issue about the resources that are available to a Public Accounts Committee in order to do the job that it's mandated to do. Historically in the Yukon there haven't been a whole lot of resources devoted to the Public Accounts Committee. We don't have a clerk specifically for the Public Accounts Committee. That's my responsibility in addition to being Clerk of the Assembly. We don't have any research staff and consequently are quite dependent on the office of the Auditor General in order to generate reports for the Public Accounts Committee to look at, but we don't really have the resources to in any way scrutinize the work that the Auditor General is doing as well. Not that we have any doubts about the quality or the efficiency of it all, but it does put us in a position where we are largely dependent on the Auditor General in terms of what the Public Accounts Committee is even going to look at.

We're also, because of other commitments that members have, somewhat limited in terms of the amount of time that the Public Accounts Committee can actually devote to any particular issue. That says nothing about the sort of partisanship and personality conflicts that can arise in a small House as well. I mean, the Public Accounts Committee, I think, is facing a number of challenges in the Yukon just on a sort of institutional level, regardless of what the particular issues are that are actually before the committee.

**Mr. Thompson (CCAF-FCVI Inc.):** Floyd, thank you very, very much.

According to my watch it's just about 11:30. I could be a little slow. May I turn things over to Hugh for just a moment. Hugh.

**Mr. MacDonald (Alberta):** Yes. Thank you very much. On behalf of the Legislative Assembly in the province of Alberta we would like to just quickly provide a token of our appreciation to the panellists for your presentations this morning. We'll start with the Auditor from Manitoba, Carol Bellringer.

**Ms Bellringer (Manitoba):** Thank you so much.

**Mr. MacDonald (Alberta):** There you go. Thank you very much.

Perhaps we'll go to Mr. Murphy. There you go. Thank you very much. We appreciate your time.

Mr. Norm Sterling.

**Mr. Sterling (Ontario):** I hope they're golf balls.

**Mr. MacDonald (Alberta):** They're not golf balls.

There you go, Mr. Ferguson. Thank you. I enjoyed your presentation.

Last but not least, for his fine job, Mr. Thompson.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very, very much.

**Mr. MacDonald (Alberta):** I would also like to briefly recognize another of our colleagues in the Legislative Assembly, Mr. Peter Sandhu, from the constituency of Edmonton-Manning. Welcome, Peter.

The pages now will show us how to get to our lunch, correct? Yeah. Thank you.

[The meeting adjourned from 11:33 a.m. to 1:02 p.m.]

## Joint Session 2

### Environmental Auditing

**Facilitator: Sheila Fraser, FCA, Auditor General of Canada**

### Séance conjointe N° 2

#### Thème: Audit environnemental

**Animatrice: Sheila Fraser, FCA, Vérificatrice générale du Canada**

**Mr. MacDonald (Alberta):** Good afternoon, everyone. If I could again have your attention, please, I would be very, very grateful. We would like to bring this afternoon's program in the Legislative Assembly to order and begin. I apologize that we're a couple of minutes late.

We are going to have our joint session 2 this afternoon on environmental auditing, and of course it will be chaired by Sheila Fraser, the Auditor General of Canada. Ms Fraser, please proceed, and thank you.

**Ms Fraser (Canada):** Thank you. Good afternoon, everyone. I'm very pleased to moderate this session on environmental auditing. We have three very interesting speakers bringing diverse perspectives. I'll introduce them briefly in a moment, but I'd like to provide perhaps a little context to the issue.

As some of you may be aware, my office has been involved in environmental auditing for many years, examining the management of different programs related to renewable and nonrenewable resources. Scott Vaughan will mention the amendment to our act in 1995 which established the role of the Commissioner of the Environment and Sustainable Development within the office.

L'établissement de cette fonction est un exemple de la façon dont les bureaux de vérification examinent les questions environnementales. Jean Cinq-Mars, qui vient d'être nommé Commissaire au développement durable du Québec il y a un peu plus qu'une semaine, a un mandat semblable à celui du commissaire au niveau fédéral. Les Vérificateurs généraux effectuent aussi d'autres types de travaux dans le domaine de la gestion de l'environnement. L'Alberta, par exemple, va publier un deuxième rapport sur les changements climatiques au cours des mois à venir, et d'autres provinces ont aussi examiné un inventaire de questions environnementales. Au cours de cette séance nous vous invitons à donner votre point de vue sur les sujets et les méthodes ainsi que sur les secteurs de coopération possibles.

I'd also like to briefly mention what I've seen as a fairly steady or constant interest in environmental management issues since my term as Auditor General began. What may once have been regarded as a peripheral public policy issue is now regarded as an important mainstream operation of government. There are hundreds of billions of dollars spent by different levels of government on the environmental agenda. It includes issues such as water purification, wastewater treatment to newer issues like estimating projected future emissions of greenhouse gases, devising cap-and-trade or carbon offset approaches, and a long list of other programs in between. As you know, these range from forestry management to reducing

tailings from mining to diverse aspects of the fisheries and agricultural sectors. Helping to ensure the management of environmental programs is therefore of direct relevance to our work as auditors as well as to the oversight responsibilities of Public Accounts Committees at the provincial and federal levels, and I particularly look forward to the comments of John Betts of New Brunswick on this latter point.

J'espère que ces commentaires vous aideront à comprendre l'importance de cette table ronde, et j'aimerais maintenant vous présenter nos trois experts. Leurs biographies se trouvent dans les documents d'information qu'on vous a remis.

Scott Vaughan is the Commissioner of the Environment and Sustainable Development in my office and has been with us for a little over a year now. Before joining the office, he worked for the Organization of American States, where he has been the director of the department of sustainable development since 2003. As you are aware, the OAS is an intergovernmental organization comprised of 34 member states, including Canada. His department specializes in transboundary freshwater management, environmental health, biodiversity conservation, and renewable energy programs and policies at the multicountry level. Scott is an economist by profession, and he will be discussing his mandate, recent work as well as some specific environmental issues.

Jean Cinq-Mars, comme j'ai mentionné, vient d'être nommé la semaine dernière Commissaire au développement durable du Québec. Il possède une vingtaine d'années d'expérience au niveau international, notamment à l'OCDE et à la Banque mondiale. Jean a été directeur à Environnement Canada pendant plus de 10 ans. Il était aussi membre de notre groupe de conseillers en environnement de 2006 à 2008.

John Betts is a long-time educator. He was elected to the Legislative Assembly of New Brunswick a decade ago. He is currently chair of the Standing Committee on Public Accounts and is also a member of the Standing Committee on Private Bills. He is opposition critic for areas of interest related to Efficiency New Brunswick and the Department of Environment.

With that, I will turn the floor over to Scott.

**Mr. Vaughan (Canada):** Sheila, thank you very much. Good afternoon, everyone. Let me begin by thanking our colleagues from Alberta for this terrific organization and wonderful venue. We're very grateful and honoured to be here.

I'd also like to say félicitations à mon collègue Jean Cinq-Mars – je pense que c'est une décision et une sélection superbe – et félicitations aux délégués de Québec.

I wanted to provide an overview of our work on environmental auditing and in the context of the work of CCOLA in three particular areas, one in the context of performance audits, and I'll move to it in a moment. Most of our work is in the area of performance audits. We conform to and are aligned with all the work of the performance audit practice in the OAG, and that is aligned, then, to ICCA-CICA standards.

I know the strategic issues group has identified as an ongoing issue the importance of environmental matters and for different reasons. One is because of the public profile. A second is because, as Sheila mentioned, of the amount of money which is being spent on environmental protection. The third area I wanted to mention is that because of, I think, the inherent nature of multijurisdictional dimensions of environmental protection, resource extraction, and resource management, this to me and my colleagues is a very strong candidate for collaborative or concurrent audits with the provinces, and I wanted to give a case study to illustrate this on the issue of water.

Let me go quickly to, as Sheila mentioned, our mandate and what we do. Very, very briefly, the Auditor General Act was amended in 1995. The OAG had done work previously on an ongoing matter, on issues related to both environment and resource management. Parliament in 1995 created the role of the Commissioner of the Environment and Sustainable Development. There are specific mandates related to that. One of them – and I'd be glad to answer any questions on it – is a specific tool which the Parliament of Canada set up whereby individual Canadians can write through the Auditor General to ask questions on specific areas of federal responsibility related to an environmental or other matter, related to natural resources or sustainable development, and the minister or ministers responsible are obliged to respond within 120 days. We provide an annual report to Parliament on the nature of the petitions as well as responses and other matters.

#### 1:10

The second one, which is a new amendment to our requirements on Parliament, is the Kyoto Protocol Implementation Act. Shawn Murphy mentioned one aspect of that this morning, which was that the act requires us to provide Parliament in 2009, 2011, and 2012 with an update of Canada's progress towards implementing the Kyoto protocol targets. This is complicated in a number of ways, but one of probably the most compelling is that the government has stated very clearly that it will not achieve the Kyoto targets, and we are nevertheless obliged under Parliament's requirement to examine the Kyoto period, which is 2008 to 2012. So we're providing information to Parliament on a complicated issue.

We presented our first report in May 2009. One of the related aspects of the programs we examined that Mr. Murphy mentioned this morning was \$1.5 billion that was transferred from Ottawa to the provinces for the clean air and climate change trust fund. What we said from that, because Ottawa set a target on expected reductions on greenhouse gas emissions of 16 million tonnes a year over five years, was that there was no system by which Ottawa could count how the monies which would be sent to the provinces would be counted back to the central budget that Ottawa had set out in their plan. That was a finding that we came forward with. We didn't provide any recommendations on it.

This is something I just wanted to spend a couple of moments on because I find it very interesting. I know I don't have time, but Parliament also in June 2008 set out a new, fairly ambitious, overarching requirement to articulate its vision from the federal government on sustainable development. For those of you who have followed this, the debate around sustainable development has been around for 25 years, particularly around what it means, what the definitional parameters are, how it is interpreted, and then how it is translated into management programs.

Just to precede that, Ron Thompson played a critical role when he was the interim commissioner in working with the standing committee on the environment on setting out some of the parameters from our obligations related to what we had to require Parliament to do. One of the things we have been looking at very carefully is trying to get ready for the draft strategy that the Minister of the Environment will provide before February 2010. I wanted to mention this because it resonates partly with the discussion we had this morning, and that is that in the act it requires the federal government to demonstrate integrated decision-making, meaning: how do you balance social, economic, and environmental priorities into the decisions which move forward?

Clearly with the economic recession a colleague asked me this morning: is the environmental agenda more difficult today because of the recession? The founding debate on the environmental agenda

in the 1970s was jobs versus the environmental protection. How much does it cost? Do you have competitive impacts? Are there some costs, and how do you balance it out? Well, the requirement of the act is for the federal government to demonstrate integrated decision-making.

The two other elements I think are complicated. One is that sustainability by definition has usually much longer time horizons than programs are set up to do, so generally viewed as being intergenerational of future generations. There is a reference to maintaining resources and ecosystems indefinitely in the act. What's also in the act is that there's a requirement for the government to set out measurable targets, so if the definitions on sustainable development are contested, the parameters and the time frames are difficult, the measurability issue, I think, is then very difficult.

I wanted, then, to mention within this morning's conversation that one of the things we're going to be doing is something a little different for our office, and that is a study on sustainable development. One of the issues which we've been focusing a lot on, to echo something that Fred Dunn mentioned this morning around measuring accounting principles, is uncertainty and conflicting data around the accounting profession. Well, in the environmental field among the debates is: what are the major environmental issues that should be tracked? What is the degree of problems or severity? How do you balance looking at climate change versus clean water versus biodiversity protection versus sustainable forestry management? So there's a real, real issue in terms of both uncertainty as well as data gaps, and that's probably no less compelling than the issue of climate change.

The Manitoba Auditor General mentioned what I thought was a very interesting issue, that you can plan for cyclical droughts of 50 years or 40 years and a hundred years, but the climate debate really is: how long will those droughts be, and when does a data anomaly become a trend? What is a reasonable expectation for the government to recognize that risk and then build in programs in order to accommodate or move forward in terms of climate impacts?

The last thing I'd like to say on the dimensions of it is something that Mr. Simard also said this morning, and that is that despite data uncertainty and conflicting data I think there's universal recognition that the dimensions of the environmental problems and environmental issues have widened, and based on continuous improvements in research, there's a general recognition that environmental problems present new challenges that previously had been viewed purely on a peripheral or a sector or a specific-issues basis.

Let me go very, very briefly to some of our future work. One is that we are planning for the fall of 2009 to present a report to Parliament on the Canadian Environmental Assessment Act. It very much echoes some of the presentation I'm looking forward to from John Betts.

There are three issues that I'd just like to mention from this. Our findings are still being finalized. One is just the sheer numbers. Since 1997 the federal government has undergone 80,000 environmental assessments, and one of the issues is the legal dimensions of those requirements. Those go from assessing oil sands projects to looking at whether or not a park bench literally has been painted in a Parks Canada site and whether or not moving or changing or painting a park bench needs an environmental assessment. Under the requirements it does.

The second issue is related to knowing if the mitigation measures that are required in the assessment are followed up. Is there a measurement system to look at whether or not what was required is actually complied with? I think this becomes really quite complicated because of the time horizons. From one of the screens that we looked at from the oil sands there is a 50-year mitigation period in

order to address all the expected environmental impacts related to oil sands development.

That relates to the third one, which is cumulative environmental impacts. I think one of the examples from Mr. Betts and one of the challenges with environmental assessments is that project-specific environmental impact assessments generally tend to delineate particular problems when they're very small scale. How do you look at projects or multiple projects over a long time period, and how do you then begin thinking about the parameters of those from hydroelectric development, oil sands development to other much larger scale projects?

The second one I mentioned is climate impacts and adaptation. I'd just say that because of the inherent uncertainty at the local level on climate impacts, we've been struggling to look at what are appropriate criteria in order to measure the federal government's performance against that. We will produce this in 2010; we're not quite sure when. It will probably be in November 2010. It's really looking at what would be from an auditing perspective translating, essentially, macroindicators of climate-related risk, from increased drought to increased heavy precipitation to increased sea surges and tropical storms in the Maritimes, into looking at: how do you actually look at programs which can deal with those at the specific level?

The last one I want to look at is management of water resources. I wanted to use this in two sections as a case study just to say that the dimensions of water management between the federal government and the provincial government are probably among one of the best examples where shared jurisdiction plays such a critical role. This is an aggregate at the national level in terms of where water resources are used, but there are fairly distinctive, sharp differences on, for example, how much water is used in the prairie provinces or in Prince Edward Island on agricultural production as opposed to the aggregate levels.

**1:20**

One of the findings that I looked at, actually, in preparing for this and for those of you who are interested, the Council of Canadian Academies just produced a report on sustainable management of groundwater in Canada, and these are some of the triggers that they've identified in terms of what's affecting water quality as well as water quantity. Those are all fairly self-apparent, and each one of those is probably the topic of conferences that go on for days, but what I wanted to sort of mention coming out of that report is the reality that while environmental quality is improved, in 2008 there were 1,800 boil advisories issued. Those ranged from E coli to lower bacterial levels as well as what's more difficult to measure, low trace contaminants which are known carcinogens.

There are different aspects of this, but I think one of the reports that P.E.I., for example, issued in 2008 is that one of sort of the real costs, the economic costs of water pollution is affecting fish kills on both the recreational and commercial sides as well as affecting now real estate values on shorelines. So it just underscores that environmental pollution problems cut across and have real economic impacts on a whole range of sectors.

Let me just close, since I don't have any more time, by saying – and we talked this morning about verification and monitoring – that one of the issues we've looked at from the federal side is the capacity of the federal government to provide ongoing monitoring and enforcement given that there are essentially 200 Environment Canada enforcement inspectors to cover the entire country. Is there any barometer? They're different in different countries and different jurisdictions and different circumstances.

There was a report that came out from the United States – and the

Environmental Protection Agency has essentially accepted the findings – and what they've said is that between 2004 and 2009 there have been an estimated 500,000 violations in water contamination which are infractions of the Clean Water Act. The assumption, then, is that 1 in 10 Americans has consumed or is consuming water in excess of federal thresholds and that 20 million Americans become sick, often severely, every year because of acute impacts, but the chronic impacts for things like cancer and others are much more difficult to measure.

With that, I'd just conclude by saying that this is one area, but there are other areas, and we would be very eager to look at possible areas of co-operation with the provinces. I'll leave it at that.

Thank you.

**Ms Fraser (Canada):** Thank you, Scott.

Maintenant j'inviterais Jean à faire sa présentation.

**Mr. Cinq-Mars (Quebec):** Merci, Sheila, et également merci, Scott, pour les mots de bienvenue. I'd like to thank the province of Alberta, particularly Mr. Dunn, for having decided to host this meeting and also for providing us with perfect organization, including perfect weather.

Scott mentioned that there were lots of ways to co-operate in terms of sustainable development audits or reviews. I have five days of experience in my job, so I'm not going to attempt to describe what the government of Quebec is doing. I'll tell you a bit more about one of my past lives, and I think it's a very good example of how we can co-operate between provinces and with the federal government with regard to environmental reviews on sustainable development or just the environment. I was at the OECD for a number of years, and the OECD carries out country performance reviews.

Contrairement à la profession de la comptabilité, les standards dans le domaine des évaluations environnementales sont assez récentes. On a vu depuis environ une vingtaine d'années des standards qui ont été développés sur la gestion pour considérer également les préoccupations environnementales. Alors, vous connaissez certainement les standards ISO et FSC. On a récemment des standards de GRI, global reporting initiatives, qui décrivent comment est-ce qu'on doit rapporter sur les performances environnementales soit au niveau des entreprises gouvernementales ou des entreprises privées. Enfin, on a aussi le Dow Jones sustainability index, qui fait des mesures de l'approche vis-à-vis le développement durable dans les entreprises privées.

The OECD's mission. We know the OECD as a rich countries' club. Most people focus on the word "rich," but the word "club" is more important. It is a club where people share information. They focus on the major issues, and they try to come up with solutions that are common amongst the members. In fact, when I was hearing the shared issues this morning and the discussions around that, it reminded me a lot of the discussions at the OECD. Countries have similar problems, and they team up together to find solutions.

The structure of the OECD. Very quickly, it's got 30 members, and the secretariat is located in Paris. The secretariat is a mirror image of public administration, meaning that the directorates in the OECD are more or less equivalent to the ministries that you would find in a government in all those countries. It has 2,000 staff. It started in 1947. It was extremely important in organizing and implementing the Marshall plan for the reconstruction of Europe, and the name OECD was adopted in 1961.

The objectives of the environment directorate within the OECD are basically to analyze environmental issues that could impact economic development and also to make recommendations to countries to improve their management of environmental issues and

to come up with solutions or approaches for ensuring policy integration. Policy integration is extremely important. For example, we may have some transport policies that encourage the building of highways across cities, but at the same time we have major problems with asthma or all types of respiratory diseases, so we have to make sure that the left hand knows what the right hand is doing.

Les objectifs des évaluations de performance environnementale de l'OCDE c'est d'évaluer les progrès faits par les membres. C'est également de promouvoir le dialogue entre les membres de façon à ce qu'on puisse trouver des solutions et, enfin, de faire des recommandations pour améliorer la performance des pays. Ce n'est pas seulement une vérification de la réalisation des programmes qui ont été adoptés, mais on amène également des experts au niveau international pour faire des suggestions même au niveau assez technique pour améliorer la performance des pays.

The context is different from an audit. It's a peer review. Therefore, the 30 member countries gather together, examine the performance or the challenges that are facing other countries, and they make recommendations. It's done in a nonconfrontational way. With the attitude of confidence members share information, and the purpose, really, is to improve the performance. That's the context in which we develop these reviews.

The principles. First of all, countries have to ensure that they are compliant with domestic legislation and regulations and international commitments as well, the EU, OECD, and UN commitments. We look for consistency amongst national policies. Also, we look at how the countries are implementing the OECD council's recommendations and decisions because these are binding on the OECD members. Finally, we have to respect indicators and benchmarks.

One of the biggest challenges when you start a review is to understand the country's economic, social, and environmental evolution. Just a quick comparison. You can't compare Poland to Canada, the U.K., or France, for example. I mean, they have a different social evolution. You have to understand the country before you attempt to draw conclusions on its management of the environment and the governance. Second, you have to understand the development also, and you have to understand the institution's dynamics, the governance, how they approach these issues. That's the major challenge to start with.

Les revues ont changé; c'est-à-dire que de plus en plus on a inclut dans les revues des considérations de développement durable. Au début les revues étaient surtout concernées par des problèmes de pollution, des problèmes de protection de l'environnement. Les revues qui ont commencé en l'an 2000 à 2009 avaient inclut à ce moment-là des préoccupations de développement durable.

Maintenant nous abordons à l'OCDE la troisième phase; c'est-à-dire que les pays vont être revus pour la troisième fois, et on commence à regarder quelles seraient les meilleures méthodes pour faire l'évaluation. Par exemple, les pays sont évalués environ chaque huit ans. Une revue dure environ un an et demi. Mais maintenant on considère raccourcir les revues, d'avoir une revue qui durerait peut-être un an, tout en gardant les pays à huit ans mais inclure un mid-term review. C'est un peu sur la recommandation que M. Simard disait ce matin: c'est de suivre, finalement, l'implantation et de faire des recommandations aux pays avant la fin de la période des revues. Enfin, on cherche à améliorer les communications plutôt que de simplement faire des communications de papier régulièrement. L'OCDE, qui est quand même une organisation assez traditionnelle, utilise maintenant Facebook, Delicious, Twitter, et tous ces systèmes modernes pour communiquer l'information.

Les recommandations que l'OCDE fait dans ses revues sont de différente nature. Par exemple, les recommandations au niveau de

la gouvernance incluent des recommandations pour la mise en place des recommandations et les décisions de l'OCDE. Ça concerne également les engagements au niveau international et l'harmonisation des règlements et des lois entre les provinces. Il y a un problème particulier dans les pays comme le Canada, l'Australie, l'Allemagne, par exemple, qui sont des pays de nature fédérale. La problématique de la gestion de l'environnement et des ressources dans des pays de nature fédérale est très différente d'un pays unifié comme la Grande-Bretagne ou la France, par exemple, où les provinces n'existent pas et il n'y a pas de pouvoir délégué au niveau provincial. Donc, dans un pays comme le Canada, où la gestion des ressources naturelles finalement est une responsabilité provinciale, ça prend nécessairement une approche différente pour faire les revues.

### 1:30

Les recommandations sont également d'ordre économique. La recommandation principale, the first one, is to decouple environmental pressures from economic growth; that's always a challenge. Eliminate harmful subsidies; we've all heard about agricultural subsidies for more fertilizer and the impact that they can have. Finally, use market instruments or economic instruments; they promote full-cost recovery for resources, maximize resource efficiency, and evaluate the economic efficiency and performance of resources. So that's the type of recommendations that we make in the OECD in order to ensure that the environmental policies recognize the impact that they can have on the environment.

The follow-up. Once the report is done, what happens? First of all, the countries have to implement the recommendations. Because countries know that they're going to be reviewed again, they have an interest in making sure that the recommendations produced in these reviews are implemented. Also, there's an audit at the OECD on a yearly basis on the council's recommendations and decisions. So there's pressure on the countries to follow that as well. Also, there's the aspect of performance evaluation. In the countries the reviews and recommendations are certainly reviewed by the concerned ministries. Media and NGOs are certainly very interested in hearing and learning about the OECD recommendations. Finally, universities and research centres take on these recommendations, and they certainly continue to analyze some of the issues, and they take clues from some of the recommendations by the OECD.

The impact of the reviews by the OECD. There's more exchange of information between countries; there's publication of data on the OECD website, so it's directly accessible, and you can compare Canada with the U.S. or Mexico if you're interested; capacity development from an exchange of best practices; and compliance improvement of international commitments done at the OECD level.

Finally, the methodologies developed by the OECD to review countries have a pretty good reputation because these countries have volunteered to be reviewed by the OECD. For example, Bulgaria in 1996 asked the OECD to send a team of experts to review their environment performance so that they could improve it. Therefore, it's a proven methodology. The methodology and approach have provided opportunities for countries to improve their performance, and that's certainly an interesting model that we could look at in Canada because of the shared responsibilities that provinces have with the federal government. So that's one example that has worked well for about 20 years.

There have been two cycles of reviews, and the third one is starting. More and more we're starting to see sustainable development. It's a model that certainly would benefit from being analyzed in this country.

Thank you, Madam Chair. I'm certainly here to answer your questions.

**Ms Fraser (Canada):** Thank you, Jean, for presenting that international perspective.

Now for the perspective of a chair of a Public Accounts Committee receiving environmental audits, I'll invite Mr. Betts to give his presentation.

**Mr. Betts (New Brunswick):** Thank you very much, Sheila. I know that it's always a challenge to keep our listening skills sharp, especially after such a wonderful meal that we just had. I've been looking around. You're doing well. We routinely have two or three members in our Legislature that fall asleep during the sessions.

Greetings from the New Brunswick Legislature. Bonjour, tout le monde. Je suis content de vous voir.

I was delayed a little bit getting on the plane in Moncton. I used to be the music supervisor in the schools. The lady in front of me was trying to get on with her harp until the pilot came along and said: "No, ma'am. We're not going that far." It's sort of like the comedian who was told: "I caught your show last night. Were you ever funny." He says, "Thank you." He said: "No. It was a question."

I'm honoured to share some of the experiences that we've encountered both at the municipal level and provincial level. I hope you find them quite practical. I want to thank Sheila Fraser and Fred Dunn for this opportunity. I also want to thank the host committee for such a great job. You know, yesterday we were at Fort Edmon-ton, and the tour guide, who was in character as a factor for the Hudson's Bay Company, asked after his spiel to us, you know, if we had any questions. Well, the first question was: who does your auditing? And he answered it. I don't know if he knew the group, but you could tell you were at an auditors' conference.

Anyway, we enjoyed it, and we enjoyed the gifts. I can't wait to try the recipes that we got in our little handout: balanced budget banana bread, nonpartisan Parmesan potatoes, filibuster fudge, spicy ginger snap election cookies. That's great stuff. In fact, we almost had an election in New Brunswick, but the problems went down somewhat. The government went down a bit in the polls, so we're going to go for another year, I guess.

My first workshop in environment was actually with the FCM in Ottawa in 1987. There was just a small group. You know, any of you familiar with that from the municipal know that there are several workshops going on at once, and this was just a small one. Environment was kind of, even though it sounds strange, a novelty at that time, in '87, which is not that long ago. In fact, Jack Layton was there and Gordon Campbell. They had different hair colouring and more of it at that time. I guess we all share that, you know, as we get older and lose some of our mind and our hair and our eyesight, and our hearing grows dim. I'm reminded of when Bernard Lord asked me to chair the caucus, and I hesitated because I do have a hearing problem. So one of the ministers says, "I've got a great hearing aid. It works really well." I said, "What kind is it?" He said, "Oh, about quarter to 3." But it does help.

The last time I addressed a joint federal-provincial group was in Ottawa. We'd had a Liberal-Conservative fundraiser the night before, playing softball. I tore my rotator cuff. So I arrived in Ottawa, couldn't move my arm. In the hospital they put me on Dilaudid, and then I found that the conference was actually at a casino. Well, my topic was politics in the family. I got up and I said: little did I know when I was given this topic, family and politics, that I'd be on drugs and in a casino. I can't remember what I said, but people approached me for the rest of the week, so it was quite interesting in that.

I want to thank Michael Ferguson for actually doing all the heavy work – it's the Auditor General's office that actually did this –

looking at the environmental impact assessment process of the Department of the Environment, and Don Forestell, from the Clerk's office, and also Ken Robinson, who are all here today.

Just looking at some of the issues, I want to start off with some that we encountered actually at the municipal level. By definition if we could use the term environmental auditing as one whereby you take into account the full cost of doing a project. For instance, if you have someone that's doing a gravel pit or whatever, there is a cost to rehabilitate that. Or if you're involved with mining, there is a cost to rehabilitate. We're looking at it in that sense.

Now, under drainage plans, when I was on city council in Moncton, we did not have such a thing. If you had a drainage problem, the city would say, "Well, we bear no responsibility till the water hits the road," basically. So we devised a plan whereby subdivision owners and developers had to submit drainage plans, and then they had to be monitored, and they were responsible for that. That was the cost that they bore.

Same with landfills. When I got on city council in 1986, our landfill was on the Petitcodiac River, if any of you are familiar with Moncton, and they called it a mountain. It kept getting higher and higher right on the river. There were three of us who were new councillors, and we very quickly moved that to a proper site.

*1:40*

When we get to gravel pits, I had a situation whereby we had pit operators who were crushing rock. Of course, we have to balance this. We need gravel pits, and we need to look after the economy and balance that with the environment. But we had an operator who was doing explosives at the pit site. Rocks were falling on houses, shattering their foundations, also landing on the roads.

He opened a new gravel pit. It was a former councillor who I had just defeated. Instead of leaving a buffer of trees, you know – there were five homes right near the university of Moncton, where it's located now. People that lived there woke up in the morning to find all the trees clear-cut, their woods gone, and then a gravel pit. Then the operator, when they complained, was threatening them. One lady came out of her kitchen and yelled at him, and the operator said, "Go back to the kitchen where you belong," and that sort of intimidation. So that's the sort of thing that happened.

Well, I found out that this former councillor who was operating the gravel pit, the mayor was his lawyer, the building inspector was his brother-in-law, there were four people on council who would do anything that he asked, and I found myself, when I complained, chairman of the gravel pit committee. So I cut my vacation short from visiting my in-laws in New York to drive back to Moncton for a gravel pit committee and found that they'd cancelled the committee.

I know many of you have municipal experience. This is what you run into at those levels. That was the first time that we actually required that developer, that gravel pit operator, to rehabilitate that pit. That gentleman later came to me and said: you cost me \$240,000. But, you know, if he'd done it right the first time, at least left a buffer of trees for those poor families, it would have gone better.

There was a time when there was very little regard for the environment. I can think back to the '50s: as kids we used to pick up pop bottles from the sidewalks and the ditches and get 2 cents for them. But when I got on city council in '86 in New Brunswick, there was no returnable bottle or can operation at all, so we brought in some legislation.

Oil spills was another one I ran into when I became an MLA 10 years ago. Traditionally many of the oil spills happen on highways, where oil trucks spill over. The Department of Environment would

hire a cleanup crew, and then the oil company would pay for it. But when it gets to the domestic level, it becomes more expensive. We had a dry cleaning business whose oil tank was stored behind it, and it spilled onto the properties of three homeowners. Well, that took about two years to clean up. The operator denied any responsibility. The insurance company said that it was the fault of the oil company because the tank wasn't set up properly, et cetera, et cetera. It caused a whole lot of worry and problems, so since that time we've enacted some legislation to enhance that.

We also got into a chromium trioxide spill recently, as recent as two years ago, whereby people are still afraid to drink their water. Even though it's proving safe, they're still afraid to drink their water. Nothing seems to scare people more than the prospect of losing their water. In that case it was a human error. The fellow who was supposed to look after the chemical going into the tank goofed off, and it overflowed, left it all weekend, and this all went into the ground. Since that time the Department of Environment has controlled that, where all those companies are required to have shut-off valves, et cetera, to reduce the human error.

A more recent phenomenon, too, was when the government allowed two years ago 19,000 uranium claims around the Moncton area, our most populated area, including our watershed. When I complained as the critic, I was told that I was fearmongering. Since that time they have certainly taken uranium mining and exploration out of our watersheds, which we would think should be the norm. I can't think of anything more critical for a minister of environment to protect than our water, but those are some things that happened, so we have changed legislation in that.

Moving along to more specifically the Auditor General's report, it's all quite self-explanatory. Actually, there is a public assumption that when there's an environmental impact process – I'll use the example of a neighbouring city that expropriated land for deep water wells. These people received their expropriation notices and were afraid that if deep wells were dug, they would lose their water. Well, a host of meetings were held for over a year. I remember going to them even on my wife's birthday. You've all gone through this. There was very little expertise at these meetings. It was just a lot of people who were afraid of losing their water, and they assumed that at the end of the environmental impact process would come, the experts, officials, to say "yes" or "no, this is safe to do." But that didn't actually happen.

What happened is that the yes or no was published in the *Royal Gazette*, which most of them don't look at anyway. In fact, I asked the Minister of Environment if it had been approved, and he said he didn't know. He checked it out and reported that, yes, it had been approved two weeks earlier. So that is some of the reality.

The phases of environmental impact assessment are the determination review and then the more comprehensive review, in technical terms a little one and a big one. The determination review is the small review. It used to be done in about 200 days, and now it's done in about 108 days. In that they assemble a technical review committee to get all the expertise. The proponent has to show that the project is safe. At the end of that period the minister can deny or accept the determination review – we just did that recently with a new cranberry bog – or he can order that it go forward to the comprehensive review, which takes more time, and it's a much larger operation. Of course, number 4 is the definition.

We'll move ahead from that, and we'll see that during this process the Auditor General's department reviewed 20 sections of the environmental impact assessment process. Of the 20 there were actually recommendations for only five, and two of them were quite similar, so we'll say four. Here are the recommendations in a nutshell.

That there be a formal monitoring process. That was accepted by the Department of Environment. As a matter of fact, maintaining that formal process is a bit of a challenge, but in one instance, for instance when we had the proponent for Canaport, they were actually required to pay the Department of Environment to hire a compliance officer. In other words, now we're requiring some of the proponents to actually take charge, take responsibility for the extra cost to the environment for the projects by which they're essentially making money or providing a service.

The second one has to do with the staff being present at meetings. The department basically agrees with that in principle. It says that the public does perceive the department sometimes as being in favour of a project, but actually the Department of Environment is supposed to be the neutral observer, and the onus is on the proponent of the project to prove that it is safe and reasonable. I'll give you another example of that. When I was in government, there was a company that wanted to rehabilitate radioactive material in a gravel pit. Well, we knew the gravel pit had problems. Even with the clay liners it was still seeping through. We went to the Minister of Environment at that time, explained the situation. We had public meetings, and she in turn went to the company and said that she wouldn't approve it unless they had a full, comprehensive review. The company knew it would cost them big bucks. They weren't doing this just as a service; they were doing it to make money. They walked away from the project. So because people responded, that was the response.

Also, the public concerns. Back in 2004 we actually required that public concerns be posted on the website.

Fourthly, public meetings take place. Now there are very few exceptions to this.

Those conclusions in a nutshell are in the report here.

The next few slides just basically show all of the projects that require an environmental impact assessment. There are 24 listed, and you can go through those. Again, the Auditor General's recommendations were on the monitoring process, that representatives be present, that there be some expertise, that website information be there so the public knows what's going on.

Right now we have a challenge with water. In my neighbourhood, even though we've had very dry weather, we've had two hurricanes in the last three weeks. A week and a half ago 160 homes in my neighbourhood were flooded. Never been flooded before. Even though it's sort of an engineering, municipal problem, you know, as provincial or federal you still get the calls. I went to visit with them. Many of them lost half of everything they own because many of them were just two floors. They were ranch-style bungalows. All their basements were flooded, and the stories were very, very sorrowful. They said: can the province provide food for our meeting? I said: well, I'm actually in opposition, but I'll see what I can do.

1:50

So I went to a restaurant, had my riding association pay for food for this meeting. There were about 300 people present. Well, they walked in, and they thought the city was responsible. Well, really, it is. It's a city responsibility. And that brings up another challenge because when you have old infrastructure and you keep adding subdivision after subdivision after subdivision after subdivision and try to run all that water through it, there's your problem, and that's probably what happened in this case. So they're blaming the city. Well, they walked into the meeting, saw all this food. Next thing I heard they're not eating it because they think the city is trying to bribe them. I had to get up in the meeting and explain: "No, this is from Jean's Restaurant. We paid for it, and we're here because many of the folks said: look, even if someone had come by with a



sandwich when we were going through this, we would appreciate it.” Those are some of the situations you get into.

The Department of Environment is actually doing quite well, and I thank the Auditor General for his report and just thought I would share some of these articles with you.

Thank you very much for your time.

**Ms Fraser (Canada):** Thank you.

Well, my thanks to all three panellists, and now I’ll open it up for questions, comments. I think we’d be interested to hear experiences of other Public Accounts Committees with reports on environmental auditing.

**Mr. McCarter (Ontario):** I’m interested in Scott’s comments about doing the freshwater management audit, sustainability in 2010. Scott, you mentioned that you might be interested in having some provincial co-operation. Would that be something – I guess I look to Sheila, too – that maybe as Auditors General we should be considering, doing a collaborative audit? I guess my question to John and any other Public Accounts Committee members: would that be of interest to you, having a collaborative audit that would basically include, you know, what’s happening across the different jurisdictions with respect to freshwater management?

**Mr. Vaughan (Canada):** Well, let me try the first part of that, I mean, just to say that in February or March, counting November, assuming it’s going forward, we’re going to do four tablings this year of reports to different committees, so I’m sort of confused on which one it was and which date, but we did a report in the spring on federal responsibility related to safety in drinking water. It’s really absolutely striking, the delineation between a very, very narrow mandate of what the federal government is responsible for and then sitting in front of committee and repeatedly saying that this is not within the jurisdiction of Environment Canada or Health Canada; it falls within the provinces’, and therefore we don’t have the mandate to examine that. It would be the provincial AGs.

I can’t speak for a PAC member and also all the preparatory time I know that goes into doing collaborative audits, looking at the health records. But just from my limited perspective in the last year, both parliamentarians as well as the public want to get some sense of: well, if you’re not doing it, who is doing it? And if you’re just passing it between the two, the benefits of having some kind of a joint report would answer some of the sort of jurisdictional issues which can’t be addressed, at least in our context.

**Ms Fraser (Canada):** John, do you want to comment on this?

**Mr. Betts (New Brunswick):** Yes. We’ve been working with this. Health Canada requirements, I believe, for recreational purposes for some bodies of water is around 200 E coli or fecal coliforms. So we’ve had a problem, in fact, with our river, Petitcodiac River. Part of it was formed through a causeway which created a freshwater lake. That section of the water actually meets these emissions. Some of the challenges that we’ve had are that there is an attempt now to restore the river, which would dump the outfall from our only primary sewage treatment into that lake and actually destroy the freshwater ecosystem. Some people say it’s worth it. There’s great debate on that.

One of the other challenges is the fact that we know what the limits are, but in the Moncton area more specifically and in New Brunswick as a whole there are no requirements right now which require companies, for instance in the mining industry, to test for water before they drill – that’s test drills – or test after. There’s an

organic firm outside the city of Moncton where they lost their water because a mining company tested. They went into the aquifer, and that water is no good. The company is saying: well, it wasn’t good before we did our testing. There are no requirements for that. There are no provincial regulations for water testing on private minihome parks, which is another thing that we have to get into. So we’d like some pre and post tests because we want water protected, and we’re going through that process right now.

**Ms Fraser (Canada):** Can I perhaps ask your chair what he thinks about collaborative audits?

**Mr. Sterling (Ontario):** I think there is room for collaborative audits. I’d encourage them. I think we can all learn from each other in terms of doing that kind of work. I know that for my constituents and as a former Minister of Environment it’s extremely frustrating, particularly with fresh water, the mixed jurisdiction over fisheries. In the area that I represent, I have part of it right on the Ottawa River. That’s controlled by the federal government whereas all the tributaries to that river are controlled by the province, so it’s extremely difficult to do it and find logical solutions under the present jurisdictional structure we have.

**Ms Fraser (Canada):** Anybody else?

**Mr. Dunn (Alberta):** Well, maybe I’ll just take a slightly different approach and challenge that. What is the value of a collaborative audit? What would be the value to an Albertan to know that New Brunswick has a certain challenge in its water?

We’ve looked at water, and we are still engaged in looking at some of the water. We looked at it from two aspects. First and foremost, quality: can you trust the tap when you turn it on? Quality. Now we’re engaged in quantity. Do you know where it is and how much is being consumed? On the quality side we had a difficulty because we were trying to cover all of Alberta, but there were three elements that we could not cover. First of all, federal lands in the province, so Banff, Jasper, that type. We could not cover the federal lands. The biggest and most disappointing or sad case is First Nations. We’re not able to be on First Nations. Thirdly, which we did scope out deliberately but it was also practical because the Department of Environment said they don’t do anything about that – that’s single, rural wells, self-consumption, that type of thing.

We did this at the time of the Alberta boom. What we determined was that it was very difficult to get your water inspectors, the skill set necessary, the access to the training, et cetera. So we issued a series of recommendations, and I know Mr. MacDonald has received them. We have just subsequently done the follow-up on that to find that most of those recommendations have been implemented satisfactorily. They’ve developed a training program in one of the postsecondary institutions. The opportunity to have large urban train small rurals’ waterworks, anything like that, quality of the staff. It was very well received. The disappointment, though, Sheila, was we lost three catchment areas, especially the First Nations one.

I’m not sure what we’re going to do if we do a collaborative audit. What will my PAC do with the results from whether it be Ontario or New Brunswick? What would you want them to do? Maybe, Hugh, over to you. What would you do if we joined such a project?

**Mr. MacDonald (Alberta):** Well, it certainly would be interesting. We’re all in this together as far as climate change goes. Some of you live closer to sea level than we in Alberta, and I think your proximity to sea level is a barometer of the political action that is at least discussed to solve this problem or at least reduce CO<sub>2</sub> emis-

sions with greenhouse gases. But I'm still confused, and maybe Mr. Betts could help me here. I'm disappointed in Alberta. We took a very good recommendation from the Auditor and gave it the political brush-off by saying it was a policy matter, and it had nothing to do with the business, if I can say that, of the Auditor General. I was disappointed in that. That was outlined in our fiscal plan in the budget. We briefly touched on this this morning. I'm wondering if that is a problem for you, as well, in New Brunswick or also at the federal level or in the province of Quebec?

2:00

**Mr. Betts (New Brunswick):** Well, the first example I can think of as a co-operative or collaborative audit took place on the Petitcodiac River, where the federal government and the provincial government did an environmental impact, and it was sponsored by Supply and Services. It was based on fish passage, so they looked at that whole thing. It was supposed to be shared between the federal government and the provincial government. Now, this took place during the Bernard Lord years, and we ended up actually paying for the whole thing at that time. But that is not to say that it can't happen and happen right. There were federal officials involved, provincial officials involved, and most of the issues that we're dealing with provincially now when it comes to environmental auditing are to make the proponent of any project accountable for the cost to the environment that they're doing. So that's where we're focusing.

**Ms Fraser (Canada):** Scott, do you want to add anything?

**Mr. Vaughan (Canada):** Yes. Just briefly on the CEAA, the Canadian Environmental Assessment Act, that we're planning to table in November, one of the areas we struggled with mightily was some of the design or structural issues which directly flow from the act. We were very conscious of not commenting on those design issues because the act is an expression of the will of Parliament. Nevertheless, I think we were trying to get the right balance at least to identify on the implementation side some obvious things, like there are a hundred federal agencies and departments that are each able to do their own thing on scoping environmental assessments, and there then are potentially some problems related either to the duplication or unco-ordination or gaps. But to then go to the policy side and say that there therefore may be some issues that Parliament may want to look at in terms of the structure of the act was something that we were very mindful of because it got into the policy issue that I think you've raised.

**Mr. MacDonald (Alberta):** If I could just add this. On Wednesday when you go to Fort McMurray, for those who are going to Fort McMurray – the federal government certainly has a role, a very valid role and important role, in the flow and the testing of the water in the Athabasca River because of its flow through to another province or territory. That would be an example of where we could work closely together to resolve some significant issues around sustainability because in the middle of the winter, whenever the snowpack is essentially frozen in the Rockies, the flow rate in the Athabasca gets so low that it jeopardizes the fish habitat. Also, the oil sands developers have to set aside water so that they're not withdrawing from the river at low flow in February and March. That would be an example of where various levels of government could and should work together to manage our water resources. So if that's co-operation or collaboration, then I think we need more of that, not less, in our province.

**Mr. Cinq-Mars (Quebec):** Maybe another example to build on what you just said is if you look at the St. Lawrence River and the

Great Lakes, where there are issues of navigation. You have to have the proper level for navigation. There's also the issue of hydroelectricity production. I mean, the dams have to be kept at a certain level for the electricity production to be efficient. There's always that discussion between the federal government, which manages the seaway, and the hydro power producers, for example. So there is that model that you could probably look at and perhaps learn, especially on rivers that are transboundary.

**Ms Sandals (Ontario):** It would just seem that if you're looking at water, it would be worthwhile to look at water on a watershed basis. I mean, the river running outside the door right here obviously passes through all sorts of different jurisdictions. So if you were looking at things on a watershed basis, then there would be some sense in involving all of the jurisdictions in the watershed. In Ontario it would be looking at the rivers which come out into the Great Lakes, and you get the cross-jurisdiction between the province and the feds that way.

**Ms Fraser (Canada):** What's interesting, actually, at an international level is in the international audit community there have been several audits that have been done taking watersheds and Auditors of several countries who have actually worked together to do collaborative audit work. Particularly in Europe there have been a number of those. So that model, obviously, if it can be applied between countries, should certainly be able to be applied within a country and the different levels of government.

**Mr. Cinq-Mars (Quebec):** I think that's a very good point. I did some work some years ago on landscape level planning, or I guess it's another name for watershed management. We had a case study here in northern Alberta, Al-Pac, and also a case study done in Australia in the New South Wales area. In that area – we have a representative here from Australia – they've been suffering for 12 years from drought down there. The management, the allocation of each drop of water is extremely critical because there are coal mines, there are farmers, there are wine producers, et cetera, tourism in the same area, plus the cities on the coast. Sometimes it's prudent to implement watershed management before the problem hits you. Then you can prevent rather than correct. We all know that we're pretty poor at correcting. Preventing sometimes is a lot cheaper. So in situations where we can foresee the impact of climate change, for example, or reduced water flow, such an approach is very prudent.

**Mr. Butler (Newfoundland and Labrador):** A couple of questions in relation to Mr. Vaughan's presentation. Coming from a province where we're surrounded by water, I guess the environmental audits are going to be a way of the future for all of us. I know you mentioned in your current and future E and SD work the one on pollution at sea for the fall of 2010, and I was wondering if you could elaborate a little on that.

I think the other one you mentioned was approximately 1,800 boil orders ongoing in Canada today. I can stand to be corrected by my colleagues, but I think we're very close to 200 boil orders in our province. I was wondering if you had any information on – I'll use the 1,600 – what causes those other provinces to have boil order problems in their jurisdictions.

**Mr. Vaughan (Canada):** Okay. Well, thank you. First, on the pollution at sea we're just starting the scoping on this now. I think it would be primarily responding to either sudden – you know, preparedness or ability to respond to catastrophic accidents like oil spills as well as, then, other issues like ballast clearing and then

those related to invasive species, which is the main driver of that and others. We're just beginning the scoping work on this. If there is something of interest as we move forward, we'd be very pleased to share as much as possible. I think what we were looking at is from the federal entities, the Coast Guard and DFO, but I think there'll be other federal departments involved in this.

Then on the 1,800 boil advisories this comes from – it was right at the beginning – the Council of Canadian Academies. I think that in their breakdown the largest number was Ontario, then followed by B.C. They broke it down, and I think – these are their numbers; we haven't audited them – it was around 500 in Ontario and then around 400 from B.C., and then after that the numbers dropped down by province.

I mention that for those – one, the chair of that report is Jim Bruce, who's a world-renowned environmental expert, and their work, I think, is outstanding. It examines some of the sort of multiple pressures facing water management. Human health issues are clearly, as Mr. Betts has said, I mean, on everybody's alarm bells. Among the main drivers were bacteria and E coli. I think the report said that within wells on private lands the only two provinces that have mandatory testing for new or redrilled wells are Quebec and Ontario. They've cited research saying that on field tests in those private well sites bacterial levels were up to 35 per cent higher than guidelines for bacterial contaminants within well water. Then there are also chlorinated solvents in well water, and there's a range of other risks.

2:10

**Mr. Ouellette (Ontario):** In referring to the collaborative audits, I think that in the province of Ontario they kept rather extensive records showing that the water levels were very consistent throughout the province. However, they changed in northern Ontario to southern Ontario. So in the past number of years there was a decline in the upper Great Lakes with the water levels, but there was a reciprocal incline in the southern Great Lakes. I think collaborative audits may be able to help predict long-term patterning Canada-wide to ensure that we're seeing weather pattern changes throughout Canada, not just the immediate jurisdictions around. However, where there's an increase in Ontario, there could be a reciprocal decrease in Manitoba, and we would be better able to predict what may be coming in the future as we get farther along with climate change, mostly in precipitation and in water levels.

**Ms Fraser (Canada):** Does anyone want to respond?

**Mr. Vaughan (Canada):** Yeah. Just a couple of things. I found it a little hard to hear, but two things. One, the federal government released a report in 2007 by Natural Resources Canada on projected climate change impacts by region, and just to underscore your point, among the main drivers the main observed impacts of climate change are related to water. It's the biggest single conduit. Essentially, in a nutshell, dry places become dryer, and wetter places will become wetter. That's sort of the big two drivers that will be observed climate change impacts.

The question, then, is: what do you do from sort of very broad to actually look at local levels? I know Halifax Harbour has done a vulnerability assessment looking at some GIS modelling and then saying a projected sea level rise over X number of years. That took a lot of time in a very, very small area. So just sort of extrapolate that out and say: well, how do you measure the most vulnerable areas, and then what are reasonable responses in terms of building up resilience? Some of it may be on things like not building in flood plains, like Mr. Betts has said, but there may be others where you

may actually have to shift entire communities because there may literally be no water. I know that in Bolivia they're projecting that the capital city will have literally no water within the decade. You can count those cases, you know, world-wide.

These are going to pose, I think, sort of unprecedented challenges in terms of better science, better information, and getting at the local level. The only thing just to mention is that the Canadian council of environmental ministers have identified climate change and water as being an area of critical importance for them in terms of looking at some of these issues on the relationship between climate change and water.

**Ms Fraser (Canada):** I guess I'm curious how many Public Accounts Committees actually deal with environmental audits. I guess we can use the example federally where the commissioner's reports go to the environment committee even though we are trying to interest our PAC members in them. I'd just be curious in other jurisdictions if that's the case or not.

**Ms Whalen (Nova Scotia):** I'm Diana Whalen from Nova Scotia, chair of the Public Accounts Committee. We don't have any environmental audits coming to our PAC at all. We don't have any legislation related to it, as far as I know. It's certainly something that, you know, we're really interested in.

**Ms Fraser (Canada):** Shawn.

**Mr. Murphy (House of Commons):** I can speak to that, yes. In Ottawa we do get the reports from the office of the Auditor General, the performance reports, of which there are 15 a year or something. We also receive the reports of the Commissioner of the Environment and Sustainable Development. We have had one or two with Scott but not a lot. It's just a matter of timing. We focus more on the performance audits, of course, the intention being that the environmental committee takes the reports coming from Scott's office. Sometimes they do, and sometimes they don't. I guess that depends on what they have on their plate.

**Mr. Price (British Columbia):** As you probably noticed, there are no members, unfortunately, from our Public Accounts Committee attending this week. The House is in session at the moment, so, unfortunately, nobody was able to come. But I can just tell you that the audit office in B.C. has carried out environmental audits for many years. We don't have a commissioner set up in the same way as the federal office or Quebec does, but we have been carrying out the audits. Recently we've increased the focus, and my colleague here, Morris Sydor, is heading up a separate environmental audit unit within our office.

In terms of the Public Accounts Committee, it does receive our reports on environmental issues, as it does all our other reports, and therefore it deals with the environmental issues in the same way as it would any of our other audits. It doesn't have a separate focus, but it is certainly part of the coverage of the committee.

**Ms Fraser (Canada):** I don't know, Mike, if you would want to give any comments. Obviously, you have one report that's been discussed.

**Mr. Ferguson (New Brunswick):** I don't think I really have much more to add. When we do an environmental audit, it's just like any other performance audit. It goes to the Public Accounts Committee for them to deal with. We don't have any special environmental

audit group; we're a small shop. So it's just like any other performance audit; it goes to the Public Accounts Committee.

**Ms Fraser (Canada):** Au Québec, évidemment, il y a un commissaire qui est en poste depuis – quoi? – deux, trois ans maintenant. Je pense que même avant ça le bureau faisait des vérifications environnementales.

**Mr. Simard (Quebec):** À la Commission de l'Assemblée nationale nous avons eu un rapport cette année sur l'exploitation minière, qui est un très, très bon rapport. Nous avons des auditions prévues à la fin du mois; donc c'est un domaine qui nous intéresse.

Pour ce qui est de l'offre sur l'eau, we are less interested because we had this review seven years ago. As part of our expertise we are ready to co-operate, but we won't start it over again. It's done. We had this Politique nationale de l'eau, which is very satisfactory.

**Mr. Wotherspoon (Saskatchewan):** Just to report that we do conduct environmental audits as well, not, I guess, in a comprehensive manner but sort of picking away at it to some extent. Certainly, the performance audits – whether it relates to water, air, some regulations around landfills, or forestry management – have been looked at. It may be an area that could be expanded into the future as well.

**Ms Fraser (Canada):** Good.

Any other questions or discussion?

**Mr. Sterling (Ontario):** Just in the last five or six years the Auditor General has done four or five environmental audits, and just about on every occasion the Public Accounts Committee has chosen that section of his report to investigate and look at and make their own recommendations. So every time he does one, it attracts usually the attention of the opposition parties, who have the right to make choices under our PAC process. We've done one on water, hazardous waste, the Clean Water Agency.

**Mr. McCarter (Ontario):** We've done sustainability four or five years ago. Air pollution: that was probably seven years ago, maybe.

**Mr. Sterling (Ontario):** Every time our Auditor General does one, the PAC committee is pretty well assured that we will pick that as one area that we're going to pursue.

**Mr. McNeely (Ontario):** I'd just like our AG maybe to respond somewhat to that. I see that we are getting into space utilization to cut emissions and energy retrofits, and we're getting into more of those areas within the standard review. I would like to see more of that, and I'm just wondering what his impression is of where we could go with that in Ontario.

**Mr. McCarter (Ontario):** I think I'd probably say, similar to Mike's answer, that we kind of look at the whole spectrum of government spending. Typically, over a three-year period we'd probably do two environmental audits. It's often: what are the dollars, and what could be the impact to public health? Again, this is a hot topic. This whole area of, you know, green energy and everything could be something that could hit our radar screen. But if Public Accounts came to me and said, you know, "We'd like you to do a bit more environmental auditing and a bit less here," that's certainly something that we would take into consideration.

2:20

**Mr. Arvaluk (Nunavut):** I'm not sure if Nunavut is the only one that has been assessed federally on an environmental assessment review for the development of mining and oil exploration, et cetera. I'd like to ask – well, maybe I should explain a bit more that it's the Department of Environment of the government of Nunavut that monitors the environmental impact performance by the mining companies. How do we make them accountable on this issue when, in fact, they are not the one who approved the assessment in the first place but become responsible as a watchdog, you know, in the performance review by our audit committee?

**Ms Fraser (Canada):** Do you want a second?

**Mr. Vaughan (Canada):** Yeah. First of all, it was a great question. I think it sort of touched on a similar issue that Mr. Betts raised, which is that if the contract proponent is also from an entity from a federal department, if that's the project proponent, they are then responsible for doing an assessment and then making sure that they do whatever mitigation measures they're required to do.

We did something on fish habitat, and we came up with some sort of disturbing figures in terms of: is anybody watching the proponents or the developers? We've said in committee that this was an example of self-policing. And is there some third party somewhere which is checking to see that the project advocates are doing what they've said they're doing? We said no, and that was a gap that we've identified in that and that there was a need, actually, to do some follow-up on it.

**Mr. Arvaluk (Nunavut):** Okay.

**Ms Fraser (Canada):** I'd just add, too, that I look to Mr. Campbell, who's responsible for our audit work in Nunavut and say that maybe that would be an interesting project to put on the books. Especially given some of the very large mining projects that are being contemplated on Baffin Island, that could be very significant.

**Mr. Betts (New Brunswick):** Just if I might add to that. I know the fear is that if the proponent, the company doing the work, hires the person to check on it, to inspect – that's why I gave the example that we've had cases now where some of our large installations, for instance the Canaport, had to pay, actually, for the Department of Environment to hire someone. So they're paying for it, but they're not the employer in the sense that it was the Department of Environment that selected the person to do it to try to have some independent review of that instead of the proponent policing itself.

**Ms Fraser (Canada):** Any more questions or comments?

If not, I thank the panellists for their excellent presentations on a very important subject and hope that we have maybe stimulated a little more interest in an area that I think is going to be increasingly of public concern going forward.

I'll turn it over, I guess, now to Hugh, who will tell us some of the administrative arrangements. We have – what? – 15 minutes.

**Mr. MacDonald (Alberta):** Yes. We will resume at 2:45. The Hon. Lloyd Snelgrove will be here to talk about Alberta's online accountability. He will join us at 2:45. We have a health break in the Confederation Room.

Before we adjourn, I would just like to express my gratitude on behalf of all the Alberta delegation for your participation this

afternoon in this very interesting discussion, and I would on behalf of our House like to present you with a small token of our appreciation, Ms Fraser.

**Ms Fraser (Canada):** Thank you.

**Mr. MacDonald (Alberta):** And Mr. Betts. He not only chairs what seems to be a very able Public Accounts Committee, but he does very well on the piano. He gave us a little demonstration last night at the Citadel, and he did very, very well. Thank you.

We'll see you at 2:45. Teresa Woo-Paw, who is one of the Members of the Alberta Legislative Assembly – she's from Calgary – has joined us as well. She's a member of our Public Accounts Committee, and before she was elected to this Assembly, she was the chairperson of the Calgary public school board.

Thank you, and we'll see you at 2:45.

[The meeting adjourned from 2:26 p.m. to 2:55 p.m.]

### Joint Session 3

#### Online Reporting and Accountability

**Facilitator: Dave Quest, MLA, Deputy Chair,  
Alberta Standing Committee on Public Accounts**

#### Séance conjointe N° 3

**Thème: Rapports en direct et Responsabilité  
Animateur: Dave Quest, député, vice-président,  
Comité permanent des comptes publics, Alberta**

**Mr. Quest (Alberta):** Ladies and gentlemen, if we could get everybody to their seats, please, so we can get started, that would be great. Thank you.

A lot of us met yesterday, but for those that I haven't met yet, my name is Dave Quest. I'm the deputy chair of the Public Accounts Committee here in Alberta, MLA for Strathcona, which is just to the east of the city here, kind of a mix of urban and rural about half an hour east of Edmonton.

It is my privilege to be able to introduce the Hon. Lloyd Snelgrove, who serves as President of Treasury Board. Mr. Snelgrove is a three-term Member of the Legislative Assembly of Alberta, representing the constituency of Vermilion-Lloydminster. On March 12, 2008, he was reappointed President of Treasury Board, having been initially named to cabinet in December 2006 as President of Treasury Board and Minister of Service Alberta with responsibility for corporate human resources.

During his second term Mr. Snelgrove held the position of agriculture and municipal affairs standing policy committee chair, and in January 2006 he was actually elected by state legislators to the U.S.-based State Agriculture and Rural Leaders Inc. board to help further the work done by the annual U.S. state Legislative Agriculture Chairs Summit held every January.

Before his entry into provincial politics Mr. Snelgrove served two terms on Vermilion's town council. He's always been an active member of his community and served a number of organizations, including participating on the board of the Vermilion-Minburn health unit and the Lakeland College board of governors. Lloyd and his wife, Beverly, and their four sons live in the town of Vermilion, which is about two hours east of Edmonton.

Lloyd, I know, very much believes in our Premier's commitment to transparency in government. He's also one of the most entertaining members of our caucus and one of the nicest guys you'll ever meet.

**Mr. Snelgrove (Alberta):** Entertaining. Hughie, that's not what

you've called me when we were in here. It might have started with a letter close in the alphabet, but I'm not sure it was "entertaining."

Well, this is a real treat. Before I start, you know, we do all come from different lives, and it's such a treat for me to see an old friend of mine from Vermilion. The introduction that Dave gave you is what they wrote. If you really want to know the true story of hard work, Fred Schell worked beside our construction company for years and years and years, and I can probably assure you he'll be as surprised that I'm standing here as I am that he's sitting there. There is a mutual self-destruction that can happen if we tell all the stories, Fred, but nevertheless it just shows you that we all come from different backgrounds.

It may not be unique but is certainly what I consider lucky. We all serve on a lot of committees when we first get elected, and the one that I missed – and I guess there was a reason – was Public Accounts. Everyone used to say, "Well, you'll get her next time," and I kept wondering, "What was this Public Accounts?" I managed to dodge it. As long as I watched my Ps and Qs, I might get it another year. I don't mind answering to it, but I guess sitting on it is a lot of work, and it's certainly a job that's important to all of us.

Welcome to Alberta. Openness and transparency is often used – it's a catchphrase in government and business alike – but despite it being used all the time now, it's still a critical component of any good government or good business. It helps establish credibility with the people we serve, and it makes us accountable to them. From what we hear and read in the news, accountability is something that is lacking far too often in society, in business, in government. It is unfortunate that probably more information comes off Google and the Internet than real sources like you would be dealing with. It is amazing, really, how much people will consider as absolutely true because they got it off the Internet. They should know it's not true; I put it there.

I know that for many of you this has been a career. Spending your lives trying to make things better for the people we serve and that you live with is truly honourable, and you deserve our thanks. As the President of Treasury Board I'm primarily concerned with the financial accountability and the financial spending of our government. Mr. Dunn may dispute, but I do believe in the need for accountability in our nonfinancial performance.

I have certainly learned a lot from Fred as our Auditor General, and I do want to take this time to publicly wish him well. He's announced he's going to retire, and while we certainly have some interesting arguments, his commitment has never been questioned, nor his ethics. Thank you from all of us, Fred, for the work you've given us.

I would like to take a few minutes and discuss what the Alberta government has implemented and is working on to make government reporting, both financial and nonfinancial, more accessible using the technology and more accountable through better reporting. Alberta's use of the World Wide Web to publish reports and accountability information took off in 1996. I guess that would be right after Al Gore invented it. Alberta's news releases went online September 5, 1995, and within a matter of weeks they started to announce the release of the public accounts and annual reports. By 1996 the ministry websites were in place, and by 1997 the budget update and annual report news releases directed people to the Alberta Treasury website to learn more.

Since then, government websites have changed along with technology. We've also increased our understanding of the value of online tools, and we're still learning more ways to use them effectively. Alberta has a Cross-government Internet Committee that helps ensure quality, continuity, and consistency on ministerial websites. This committee develops and helps implement standards

aimed at helping users find the information they need as quickly as possible, including accessibility standards for those with special needs. The main Alberta government website and all ministry websites have a search box built right into their pages. This allows people to find resources, including the contents of government plans and reports using the online tools they are familiar with.

Business plans and other financial publications are posted on the Finance and Enterprise website. Treasury Board posts annual reports, the blue book, the response to the Auditor General's reports, and other accountability documents on its site. However, the location of plans and reports is not as important as the ability of individuals to search and quickly find these documents and the related information.

I mentioned that government websites have changed along with technology, and now I would like to share with you some of the examples of accountability documents that we have set up for online access over the past few years. Doing so has provided a convenient way to respond to those looking for specific information, with the added benefit of creating a higher level of awareness and ability for government to monitor its own performance and ensure accountability.

There's no question that openness and accountability, technology, and trying to provide instant access come with a cost. One of the things we do struggle with is making sure, when you're going to that degree to get the information to the people, to whoever it might be, that it's usable, it's understandable, yet the government can afford to have such an elaborate database online and current. But there isn't an option of not doing it, so we need to be smart with our technology, and we need to be practical with our information.

First, I'd like to talk about the blue book. It's actually called General Revenue Fund: Details of Grants, Supplies, Services, Tangible Capital Assets and Other Payments by Payee. The blue book got its name because the original document was thousands of pages of paper contained in between two blue Duo-Tang covers. The blue book has three major sections. The first is an introductory section that describes the types of payments and reasons for the inclusions in the report. It provides payment totals by department. The second set lists grants over \$5,000 to individuals, municipalities, schools, universities, colleges, regional health authorities, funds, and agencies. The third section lists payments over \$10,000 for supplies, services, tangible capital assets, and other payments to various businesses. The items are listed by payee, then by the department or office that made the payment in alphabetical order.

3:05

Once the blue book pages are generated by the database and reviewed, it is converted to a PDF document and uploaded to its own web page on the Treasury Board site. Then, for example, you could go to the grant section, scan through the organizations, see how much grant funding they received and which ministry they received it from, or you can open the file for supplies and services, capital assets, or other and see which companies have done business with the government and the correlating dollar amount.

One advantage with the online version is that you can do a keyword search rather than having to flip through a hard copy or scroll through hundreds of pages. For example, if you clicked on the blue book for year ending March 31, 2008, and searched IBM, you'd find that approximately \$100 million went to IBM Canada for supplies or services to 20 government entities, or if you scan through the pages, you could find that between 17 ministries \$2 million was spent at Office Depot. The blue book does not include details on how many stacks of printed paper or ink cartridges were purchased. That's not within its intended scope, which is to report supplement-

tary financial information on the Alberta Government Accountability Act.

Unlike the massive printed version we used to release, the size of the blue book's files are small enough that even people without broadband access should be able to view them through the free Acrobat Reader. However, we do include a warning about printing the document due to the large number of pages. Trying to save trees. The blue book is also included in a comprehensive list of Alberta government publications offered by the Service Alberta ministry on its citizen-centred program and services website.

The blue book web page consistently receives the highest number of views of the Treasury Board website, second only to our home page. This doesn't mean hundreds of thousands of Albertans are scanning the blue books each month, but it is there for those who take an interest. So whereas this type of financial information may be viewed between 200 and 300 times per month, it is a more practical audience than the average Albertan looking for information on a popular web page like the one about drivers' licences, which would be visited close to 1,000 times a day.

Another area that we report online is the flight manifests for the government of Alberta airplanes. Copies of the air transportation service flight manifests are posted in the first week of the month after the flights are recorded. For example, January flight manifests are posted within the first week of February, and the manifest would include when the flights took place, which government aircraft was used, where the flights began and ended, the purpose of the trip, and who was aboard. I'll be frank. This information doesn't get nearly as much attention online as even the blue book, but for those who are interested, it's there. Posting passenger manifests lets government show that its resources are being used responsibly to support its work. The point is that the flight manifests are accessible and anyone can view them, and we believe that air transportation service allows a highly secure, consistent, safe, and flexible service that allows us to travel throughout the province.

My next example is also on the topic of travel, and that is the posting of international travel expenses on ministerial websites. On May 5, 2004, the Alberta government adopted a policy on the mandatory publication of international travel expenses for ministers, MLAs, ministers' office staff. Under this policy report for international travel is posted on the website of the relevant department within two months following the date of return to Alberta. The expenditure report includes expenses for travel, accommodation, meals, reception and hosting, and incidental and miscellaneous expense.

As we are in a period of fiscal restraint, Premier Stelmach has taken it upon himself to review all international travel, but we have made it very clear that part of the government plans for economic recovery means continuing to travel throughout the world to promote Alberta. The example of the first ministerial travel cancelled would be that I am still here today rather than in Houston meeting with the Mexican delegation on trade, so it works. I was, though, last month at a conference, at the Midwestern Legislative Conference in Kansas, as a member of the SARL board, and the expenses for that and all incidental expenses will be published on our website.

There's no question that a website and some of the information is critically important to get information out, but I think you would agree that we still need to have some face-to-face interaction, like your Public Accounts Committees. I think by your attendance here that you all support the need for the individual relationships and the strength that brings to it. All ministries' home pages provide a link to their international travel expenses web page, which provides information on international travel, general mission expenditures by the government, by their staff, and by their MLAs, who often represent on our behalf.

But we don't just stop at reporting information about travel. On March 1, 2007, Premier Stelmach announced that a minister's office expenses would be posted online beginning with April 2007 expenses. The expenses include those of ministers, their executive assistants, and their administrative support staff. This means that hypothetically if a cabinet minister goes to a meeting to discuss business infrastructure needs with representatives of the chamber of commerce or the mayor and council for members of the regional municipality of Wood Buffalo, for example, they would submit their expenses for accommodation, travel, or any costs associated with hosting or conducting working sessions. You can also go online to see the expenses associated with what my wonderful office assistants have ordered from Office Depot or other places to keep our office functioning, to keep it warm and fuzzy for visitors to feel relaxed. It was warmer and fuzzier last year, wasn't it? Each month's expenses are posted by the end of the following month.

Finally, I'd like to move on specifically to one of the accountability documents that Treasury Board has been focusing on: public performance reporting, *Measuring Up*. The Alberta government's commitment to public performance reporting and accountability is as strong now as it was in 1995 when we introduced the Government Accountability Act in our business planning, performance measurement, and annual reporting process. There is no doubt that the performance measures in our annual reports achieve the highest standards of reliability, understandability, comparability, and completeness. Alberta's annual reports and performance measures have received praise by other jurisdictions in Canada and around the world. This success was achieved through the joint work of government and the Auditor General's office of Alberta. Audit reports and recommendations have been a major catalyst for continuous improvement of the system.

In the spirit of the continuous improvement in 2007, we felt it was time to review and renew our public reporting systems by talking directly to users of the report. We partnered with the CCAF in a public consultation with users of the annual reports in Alberta. It was one of the first direct consultations of user groups of its kind in Canada. The project objectives during the consultations were in the areas of enhancing credibility; increasing the relevance, clarity, and accessibility of public reports; and engaging the users. While the annual reports filed in the Legislature are excellent accountability documents, we found that usability and relevance to the reader was lacking in many cases. Performance reports contain a wealth of information and data. Unfortunately, the audience is frequently overwhelmed by the amount of information it presents. We need to improve the usability of our public performance reports.

As a result of the consultation recommendations to improve public reports, we are now including forward-looking information which closes the loop between results and future actions, including all government of Alberta key strategies and initiatives. Alberta's performance report, called *Measuring Up*, now includes this information alongside the summary of performance measurements results by goals. *Measuring Up* is released with our annual financial statements for the government response to questions like: what did we achieve with the dollar spent? Did we do what we said we were going to do? Are we moving towards achieving our goals? It reports on the 10 government goals outlined in the province's strategic business plan released with our budget documents. Our reports now better link financial with nonfinancial information. They include actual, estimated, and targeted spending for all goals. Our reports are also more comprehensive. All strategies, analyses of performance measures, results compared to our targets, five-year trend information are now all included in the *Measuring Up* documents.

3:15

One of the key recommendations addressing this was the move to online web-based reporting. In March of this year we worked with the CCAF again to develop a set of best practices for online reporting. We were aware that innovative organizations were already using electronic technologies and outreach mechanisms to improve their reporting and to engage users in the performance measurement and reporting process. Technology is opening up new opportunities to collect, manage, report, and use performance information.

I guess the key is to know what you're trying to accomplish, what you need to know, and then using that information correctly. That doesn't just apply to financial reporting. That's why the two documents are so essential to work together. Many people would look at a budget and simply have to go to the bottom line to measure whether it was successful or not. We think the same as in your household. You need to have a comparable document that at least isn't necessarily based all on money that says: "We said we were going to do this. It's what we wanted to do. How did we do?"

The use of technologies can allow governments to better understand and influence the factors affecting its performance and better account to the public for its performance. One of the greater features of new technologies is the opportunity for public engagement through the two-way communication methods such as blogging and discussion boards. It's very interesting to know what the public finds interesting. I think two years ago or three years ago we went online to ask people what they thought about the budget, and we had 1,700 replies with their suggestions. A little while after that we went online to ask Albertans what they thought about their licence plates. We had 30,000 responses.

We are interested in these tools, and although social media is starting to be used in various ways by government ministries, we have not yet applied them specifically to the public performance reporting. As we further explore these opportunities, we recognize some challenges to implementation. Report producers are understandably nervous about whether users will respond constructively if given a larger role in the performance management process. They worry that partisanship among interest groups could lead to the use of performance information for reasons other than performance improvement. We continue to work towards online reporting with more of our reports and look forward to insights and examples that we can learn from other organizations and jurisdictions.

To conclude, we are constantly thinking about ways to better serve and engage Albertans with the tools that are available. Just this past week the Alberta government announced that its legislation that prohibits anyone from providing paid advice to government at the same time and on the same issue as they are paid to lobby government is coming into force on September 28. To ensure independence from government, the office of the Ethics Commissioner is responsible for establishing and operating a lobbyist registry. The online registry will be fully accessible and searchable on the Internet and will identify the subject matter of the lobbying so everyone can see who is lobbying government and on what topic.

At some point I would also hope to see advances in the FOIP process that would reduce the administrative burden. That is something that's on the radar. We're not there yet, but I would hope that one day we would be able to have pre-FOIP documents that would eliminate the very expensive recall, search, determine what is releasable and what is not so that when the documents are put into storage or into their electronic memories, you can retrieve them and move on. It's become an incredibly difficult and expensive and complex process. Once again, I think across the country our staying on the side of the freedom of the information as opposed to the

protection – but it’s something that can be streamlined. I think when you talk with some of the major designers of documents, there has to be a way to preapprove some of the documents.

Once again, I would like to re-emphasize our commitment as a government to do all we can do better to serve Albertans by making information available that will allow them to know they are being well served by the provincial government, a government that is responsible and responsive and gains the trust of its citizens and will be able to engage them more fully in the issues that affect them, to work with the government to take on challenges and find solutions.

I’d like to thank you again, and I appreciate the time to deliver my completely nonpartisan discussion. Once again, I want to thank you for your attendance. I believe we have some time for questions if there are any that you’d like to ask. I would point out that in this hallowed hall here in question period we don’t necessarily answer questions, but we will take up the full 30 seconds in denying any responsibility.

**Mr. Quest (Alberta):** All right. Thank you very much.

We do have time for questions, so if anybody would like to find out more about the blue book or anything else that Lloyd just talked about, now’s the time.

**Mr. Sterling (Ontario):** In terms of the information you’re putting up, I’m interested in the fact that you are putting information on the web on a timely basis. Is there any opportunity for any committee of the Legislature or the opposition to say: we want certain kinds of information provided on a timely basis and in a particular format so that the public can measure the outcomes with regard to the programs that you provide?

**Mr. Snelgrove (Alberta):** I guess there is certainly an opportunity for the opposition to ask for it. As to a format I think we’re trying to work with the Auditor and the principals around developing which format is the best to get the information that’s there. I guess it’s difficult. You know, obviously we present information in what we think is an unbiased manner, and if the format is consistent across the provinces, then really I think that’s the goal that we would like to have. Obviously, there’s not one government across; we all have different stripes. But if you’re consistently reporting, then I think you can take the information and put it in whatever format you use and work it however you’d like to use that information. I mean, we’re certainly open to suggestions if we can make it easier for people to understand.

Oh, no. Don’t.

**Mr. Quest (Alberta):** I don’t think I can stop him.

**Mr. Borotsik (Manitoba):** Thank you for the opportunity. My name is Rick Borotsik. I’m from the province of Manitoba and the beautiful city of Brandon. I must first of all congratulate Lloyd. That’s the most lucid I’ve ever heard him at any public forum in the past.

Lloyd, I congratulate you on the transparency and the openness and obviously making as much information public as possible, but there should be a balance, I suspect. You mentioned a couple of issues, one with the air manifests. Is there a security issue that you talk about at some point in time as to how much information you want to impart with respect to that type of information? The other one is privacy. There has to be a balance with the privacy act, obviously, in the amount of information that you’re disseminating on a regular basis with respect to MLAs and staff particularly. Can you

explain a little bit about that balance to privacy and the security issues that you had to deal with?

**Mr. Snelgrove (Alberta):** I think the security issue is one that we need to have a discussion about, not necessarily within Alberta. Before any minister or MLA leaves, we publish when they’re going, where they’re going, and how long they’re going to be gone. Just for example – and I don’t think she would mind – our finance minister lives in Sherwood Park by herself. I think it’s widely known in Alberta that she’s a single lady. I’m not sure that putting that in the paper to let anyone know that that house possibly will be empty for the next five days or 10 days is good. Once again, it’s the balance of saying: okay, people need to know that we’re travelling.

I’m probably luckier because I live in a small town an hour and a half from here, but for people that live in the major centres, I think there should be the question about dates, times. Unfortunately, in many ways it seems like we have to wait until something happens to react to it. That’s an issue that, personally, I think needs to be talked about. I don’t have any problem giving it out before for travel here. The privacy is, once again, that balance of practical information that we try to get out there.

I guess it will evolve. Twenty years ago it wasn’t there, and sometimes we have the pendulum where we go so far, and then we bring it so far back. I just think the balance between the cost and the effectiveness of how we’re doing it – if I had any of the answers to that, I’d be happier – will have to be worked out by legislators over time. The best we can do is just, you know, deal with what we’re dealt now.

3:25

**Mr. Derkach (Manitoba):** Two issues. One, I understand the issue of security. We don’t have the system that you have in place here in Alberta, but I would also caution this approach because of security of family. I don’t live in the city of Winnipeg, but that’s where I work. It was known that I was going to be attending a conference and away from home, and my home was visited by a gentleman with a crowbar when I was away because he knew I was away. This kind of information posted on a timely basis is going to mean that more and more crazies are going to be looking at your schedule and where you are, and it certainly does pose some security issues for family.

Now, I also wanted to ask: what is the cost of providing this information to the public online?

**Mr. Snelgrove (Alberta):** Len, I can’t give you that number. I don’t know, but it’s relatively small compared to the overall government reporting because we have the information anyway. We’re not just developing this information for that purpose, so the extra step to put it online isn’t a great expense. But I do agree. When I was first elected, I had a wife and four kids at home, and I, too, didn’t like it. You know, you go through all of the things in your private life to try and make sure that people think there’s someone there, and then you announce that you’re going to be gone for a week. But we’ll have that discussion. I’d say it hasn’t been an issue, and unfortunately it will probably take an issue for us to revisit it and to not go there.

I don’t know. We have some staff here, and they may be able to get information back down to your group as quickly as possible as to the cost. Because we assemble all the information anyhow, going the further step to put it online isn’t a great deal.

**Ms Whalen (Nova Scotia):** I’m just wondering if you could give us a little more information on the public consultation you did around what the users of the public accounts were looking for and maybe some of the changes that might have come from that.



**Mr. Snelgrove (Alberta):** It wasn't necessarily the public accounts but the Measuring Up document. We needed to go and ask people, you know: is this information in this format useful to you? I'm not sure that we went out to the public or we just followed up with people that were trying to access and then asked them or if we solicited some groups to come in and look at it and say: is the information in this way valuable to you, or how could we make it better? We got information from our Auditor and from MLAs in committees about: is that information that you would use?

Fred, do you have a comment?

**Mr. Dunn (Alberta):** Maybe I'll just help Mr. Snelgrove there. Indeed, just to remind everybody, not only is there the province of Alberta as a whole – he's talking about Measuring Up – but each ministry produces an annual report with its minister's performance report. In there are all the ministers individually plus the province as a whole.

The consultation was held through focus groups with the media, selected ministers and selected MLAs, opposition and government members, and also with a limited number of the public at large, so the three focus groups. CCAF did conduct those focus groups, and there is a public document that has been produced showing who was involved, what the findings were, and what their comments are. That was one that was produced by CCAF and is available, I believe, online.

**Ms Whalen (Nova Scotia):** Very good. That's helpful.

**Mr. Snelgrove (Alberta):** See, Hughie? All the good questions are from this side.

**Mr. Quest (Alberta):** Anyone from this side?

**Ms Whalen (Nova Scotia):** I have one more, then.

**Mr. Quest (Alberta):** Absolutely.

**Ms Whalen (Nova Scotia):** Thank you very much. I'd like to know about the forward-looking information that you've provided because, again, coming from a Public Accounts perspective, we're always looking back at information after it's finished. But you indicated that online you're doing some forward-looking financial information, or where we're going. Could you just elaborate a little bit on that?

**Mr. Snelgrove (Alberta):** I think people are wanting to connect not just the dollar amount you might have put into Solicitor General, for example; they want to know: is that dollar having an effect on the issue that you identified? Publicly we come out and talk about gang violence, so we've committed money to a database around gang members. I think we would want to know and I think the public would want to know: was that allocation of dollars effective on that particular issue? Actually, I think they're probably more interested in some specific issues like that to their community than the broader sense of overall crime statistics.

We do have an opportunity in Alberta. We started a crime and safe communities initiative with a global pot of money and demands that the departments come in, and then we want to make sure that we're kind of achieving this on a go-forward basis. I think something like that is where people would want to know: did the hundred police officers have an effect on what you said you were going to do? It would get pretty specific to the response to the item that we have committed to.

There could be many others, whether it's seniors' accommodations. Did what we said we were going to do actually have an effect there in a smaller sense than just a global? That's where I hope we can get right down to: "No. This is what that was identified for, and those dollars were committed, and the result was this." I think as an elected person you would want to know before you reallocated more money.

**Ms Whalen (Nova Scotia):** That sounds useful.

**Mr. Sterling (Ontario):** Who's going to be involved in designing what the outcome measurements are? If it's the government, then you're going to be viewed with suspicion with regard to how you structure.

**Mr. Snelgrove (Alberta):** Get out of here.

**Mr. Sterling (Ontario):** You're talking to a guy who was a minister nine times in nine different portfolios. When my deputy would walk in and say, "Here's the business plan for next year," my first question to him was, "Can we strike the targets?" He or she'd say every year: sure we can, easily. I mean, there's no stretch to what you're trying to achieve.

Our Public Accounts Committee tries to put some parameters out to measure outcomes as we go forward. We had a report from our Auditor General that he did on autism services. He found that one way of handing out money was much more efficient than the other. The government continues to do that because there are no outcome measurements going forward as to how they are functioning now with regard to handling that whole bundle of money. But if they had followed his advice, they probably could serve more kids than we are presently serving.

You need outcome measurements that are decided in the public realm so that other people can see how you're doing. If you just strike them, they will be always struck in a form that you will win. They don't necessarily measure outcomes; often they measure outputs, and that's not the same at all.

**Mr. Snelgrove (Alberta):** You're absolutely correct. When they come into our department with targets that they have made so that we can meet, you have a duty as a minister to challenge that. I don't think there is any way that you could take out completely the need for the departments to work to targets. If you have someone else determining what the target is or what the success is that's not aligned with your department, you're going to create a little bit of a – I'm just not sure how that's much more useful. That could be taking exactly the opposite way as you're saying that government would be. If they weren't government and they were going to create the outcomes, if it's the opposition, why would they ever say you made it good?

3:35

**Mr. Sterling (Ontario):** I'm talking about having outcome measurements over discussion in public. Experts could talk about it, politicians could talk about it, and then you say: okay here's how you're going to report it, but you have to report it in a timely fashion, monthly or whatever. Then the public servants, the people who are providing the services, would strive to provide more service for the taxpayer dollar. If we continue to allow it to go and just publish outputs, you're not going to get the public servants to have the right motivation.

**Mr. Snelgrove (Alberta):** But I think to a certain degree it's what we talked about a minute ago with developing a format where we

have the CCAF come in and say: these are appropriate measures; these are appropriate guidelines. You will have this discussion in government. I'm sure you have it with your auditors. I hope you do, so I'm not the only one in the country. There is a very difficult time sometimes deciding what's a policy and what's the public purse. If you're going to measure outcomes on money that's – if we said we're going to spend a hundred million dollars on trees, and we've got a hundred million dollars' worth of trees, that goal is achieved. If the trees are of no use to anybody, that's a poor policy decision.

That's always going to be, I think, one of the most difficult discussions in politics and with the auditors: what's public policy and what's public accountability? Ultimately, the public policy purse gets measured about every four years, and it better be in a way that people can understand because they're the ultimate adjudicator of sound public policy.

So, yes, your point is correct. If you want to skew the numbers and pretend to yourself that you're achieving something, you can and you will and you'll fool yourself for awhile, but at the end of the day I don't think the public will buy that.

**Mr. Sterling (Ontario):** Here's the point I'm trying to make. I'm sorry; I don't want to belabour it. If you spend a million dollars to plant trees and you have – in Ontario 75 per cent of our money goes to transferees, transfer agents. If you have five transfer agents planting trees, what I want to know is: which one was the best, and which one was the poorest? So you drive all over and plant more trees for the money that they're being paid. That's what outcomes is about, and that's what I think you should strive to do.

**Mr. Snelgrove (Alberta):** Agreed.

**Mr. Quest (Alberta):** All right. Any other questions?  
Well, in that case, thank you very much, Lloyd.

**Mr. Snelgrove (Alberta):** This is the longest everyone has stayed awake in this Chamber now.

**Mr. Quest (Alberta):** It's a pretty active bunch.

**Mr. Snelgrove (Alberta):** Thank you.

**Mr. Quest (Alberta):** All right. Well, thank you so much, Lloyd. We really appreciate your coming out and talking to us about transparency and reporting in Alberta.

Thanks again for attending today's sessions. I hope you found them useful and informative. The buses will be taking you from the east exit of the Legislature building and back to the hotel at 4 o'clock. I look forward to seeing everybody tonight at the country reception up at Lily Lake. Just remember that the atmosphere is casual and the dress code is casual, so there's a \$20 fine for any man that shows up wearing a tie this evening. We will see you all a little bit later on.

Thank you again.

[The meeting adjourned at 3:39 p.m.]

8:45 a.m.

Tuesday, September 15, 2009

**CCPAC Session 1  
CCPAC Update**

**Presenter: Dr. Josie Schofield, Committee Research Analyst,  
Legislative Assembly of British Columbia**

**Séance N° 1 du CCCC**

**Thème: Mise à jour du CCCC**

**Conférencière: D<sup>r</sup> Josie Schofield, analyste de recherche,  
Assemblée législative de la Colombie-Britannique**

**Mr. MacDonald (Alberta):** Good morning, everyone. Before we get started in a few minutes, if people who are interested would like to take their seats, we would appreciate it. My name is Hugh MacDonald, the MLA for Edmonton-Gold Bar here in Alberta, and I would like to welcome you to day 2 of the 2009 CCPAC/CCOLA conference.

Today's CCPAC agenda will start with an update, followed by session 2, whose theme is how AGs, Auditors General, and PACs, Public Accounts Committees, can work together. Starting at 11 o'clock, we have CCPAC session 3 on the attributes of effective Public Accounts Committees. CCPAC session 4 at noon is our keynote address, given by Mr. John Williams, a former MP for Edmonton-St. Albert here in Alberta, and he was the federal Public Accounts chair for quite a few years, I think nine in total. The subject of his address will be accountability in the modern world.

I hope that you enjoy today's sessions. Remember that this evening there is a joint session for CCPAC and CCOLA delegates, at which Mr. Don Thompson, a senior management executive from Syncrude or the Alberta oil sands, will give us a speech.

Before we get started today, I have again a few reminders. Please, no food is allowed in the Chamber, but coffee and other beverages may be brought in. There is no smoking in the building, of course. We all know, if we need to, where the designated smoking area is, on the east side of the building. Lastly, I would like to remind you again to please provide your name before speaking or asking questions so that *Hansard*, upstairs here, can include it in the official record. Again, on behalf of the province of Alberta I hope you have enjoyed your conference to date and enjoy today's discussions and deliberations as well. Merci beaucoup.

I should also address and introduce to you a very distinguished person, Dr. Josie Schofield. She's a researcher from Victoria, British Columbia. I have been attending Public Accounts conferences for three years, and she is always available. She's a delightful person. She is going to bring us a message from the executive director of the Canadian Council of Public Accounts Committees, who for many reasons could not be in attendance here this morning.

Josie, please proceed. Thank you.

**Dr. Schofield (British Columbia):** Thank you. Bonjour and good morning, everyone. Before I give you Craig's update, I'd just like to personally thank our host, Alberta, for the most generous hospitality and also for planning a very informative conference. A lot of work goes into these events, which, being behind the scenes sometimes myself, I appreciate. I really think you've done a very, very good job, and I'd like to thank you.

Now, my boss, Craig James, has been the executive director of the Canadian Council of Public Accounts Committees on an unpaid basis since 1985, I think. It predated his move to Victoria. He came to Victoria in '87, and he has been the clerk of the B.C. PAC since 1987. He did ask me just to give delegates an update on his activities during the past year. I think that to be fair to Craig, I'd just

like to read into the record his message to everybody, but I won't be using the word "I." I hope you all have a copy of the message as I won't be doing it completely verbatim.

First of all, Craig does send his regrets, but our House only came back after an election at the end of August, and they still have to go through the estimates process. Furthermore, our committees have not yet been struck, so our PAC isn't active. For those two reasons both Craig and the potential chair and deputy chair designate haven't been able to attend.

Some of you might be interested to learn that Rob Fleming, who was the PAC chair for the previous parliament, has taken on the role of Environment critic for the opposition caucus, and he will no longer continue as the chair.

Now, as part of Craig's responsibilities as executive director of CCPAC he is often asked to go and speak to jurisdictions in other parts of the world about how to form an equivalent council. Over the past year he went down to the Caribbean and also to Africa because both those regions of the world are thinking of setting up a similar organization to CCPAC. Some of you may not know that CCPAC is actually the oldest organization of its type in the world. I think the Australasian region, which Peter Loney represents, was the second. It's very interesting to me as a researcher how much interest other countries are showing in CCPAC, which is basically this conference. In between the conferences the so-called secretariat, you know, just maintains the website, but this is really what CCPAC was designed to be, an annual conference.

Craig also is a member within Canada of the CCAF-FCVI PAC advisory group, which has been working on the document that we'll be discussing this morning. Craig did appreciate that this document is the culmination of a lot of work by the CCAF in particular, and he asks that I ask the delegates to consider it carefully.

Furthermore, Craig in his capacity as executive director is also the editor of this newsletter called *Scrutiny*, which he describes rather well as an infrequent newsletter. Unfortunately, because of everything else that happens in our House, we aren't always able to publish this on a regular basis, but the idea is still there that this next year we will produce another issue, which will be distributed electronically to everybody in Canada who's connected with CCPAC.

8:55

I hope most of you do know that CCPAC does have its own website, which is updated, usually actually by me, every June. If you do have changes in your staff – clerks, researchers, or members – it would be really helpful for us to receive that information because we can update on a more frequent basis if we have that information. The address is given in the message.

Now, at last year's CCPAC conference Craig did announce through a similar message that we would create what he calls the list server, which has not been well used in its first year. What this is, simply, is a group distribution list for e-mail where all the clerks and all the research staff are listed, so if we do want to communicate with one another during the year by e-mail, we have the resource of that, too.

Finally, Craig wishes everybody the best for the conference and refers again to Alberta's wonderful hospitality and encourages anybody to contact him during the year if there are issues or topics that you would like to see CCPAC look into.

I think that's about it. Thank you, Hugh.

**Mr. MacDonald (Alberta):** Thank you very much for that, Josie.

## CCPAC Session 2

### How AGs and PACs Can Work Together

Facilitator: Ron Thompson, Chair, CCAF-FCVI Inc.

#### Séance N° 2 du CCCCP

**Thème: Comment les vérificateurs généraux et les membres des comités des comptes publics peuvent conjuguer leurs efforts**

**Animateur: Ron Thompson, président, CCAF-FCVI Inc.**

**Mr. MacDonald:** Now we will proceed to session 2 this morning at 9 o'clock. I would ask Mr. Thompson, please, to come and provide his expertise as a facilitator, and we will get started with the theme of How Auditors General and Public Accounts Committees Can Work Together.

Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** I'm getting settled in here. You'd think I was giving the Speech from the Throne. Technically I'm not terribly competent, so I've got to be sure all this stuff is working.

I wonder if I might invite our speakers to come up to the table, please, and just sit down at the front with us. It would maybe make things go a little bit quicker.

Good morning, everyone, and welcome to session 2. Bonjour à tous, et bienvenue à cette deuxième séance. Le thème de cette séance: Comment les Vérificateurs généraux et les Comités des comptes publics peuvent-ils travailler ensemble? Ce thème soulève une question fondamentale et une que j'ai dû accommoder pendant mes plus de 31 ans de carrière au bureau du Vérificateur général du Canada.

Now, I'm acutely aware of how important it is for PACs to take an interest in the work and findings of their legislative auditors and for legislative auditors to carry out work that is relevant to PAC needs. La question de collaboration entre les Comités des comptes publics et le Vérificateur général a été un des sujets discutés lors du forum John J. Kelly de 2007, tenu à Victoria. PAC-AG co-operation also underlies a number of the draft attributes of PAC effectiveness, which will be discussed in a separate CCPAC session just after our health break.

Now, this morning we have four highly qualified and experienced speakers. Each will address the importance to public-sector accountability of PACs and AGs working together and expectations that each may have with respect to a particular hearing and over the life of a parliament.

Our two chairs will speak first. Ils sont Sylvain Simard, président de la Commission de l'administration publique du Québec, et Shawn Murphy, président du Comité des comptes publics fédéral. They'll be followed by two Auditors General: Sheila Fraser, the Auditor General of Canada, et Renaud Lachance, Vérificateur général du Québec.

Now, as with yesterday's John J. Kelly Forum my role as facilitator is simply to keep the session moving and on time and, very importantly, to try and encourage as much interaction with participants as possible.

Sans plus tarder, j'invite donc Sylvain Simard à prendre la parole.

**Mr. Simard (Quebec):** Merci beaucoup, M. le Président. Je veux d'abord remercier les organisateurs de cette rencontre, nos amis de la Législature de l'Alberta, qui ont fait un travail magnifique, je pense, depuis quelques jours. Nous sommes des hôtes choyés, et le programme est dense et intéressant. C'est une belle organisation. Alors, merci à tous.

On nous a demandé ce matin de vous parler des attentes et des

points à améliorer, mais je vais essentiellement vous parler – ce n'est pas par vantardise – des succès, des avancées de la Commission de l'administration publique de l'Assemblée nationale du Québec. Nous avons beaucoup progressé ces dernières années. Nous nous sommes mis en accord avec les principales recommandations de la Fondation canadienne pour la vérification intégrée. Nous avons atteint un point d'équilibre extrêmement intéressant, et je pense qu'il est important de vous faire valoir notre philosophie, qui peut être légèrement différente de ce qui se passe, par exemple, au Canada, au fédéral, qui se passe dans vos provinces ou aux territoires, mais je peux vous dire que nous sommes particulièrement fiers des résultats que nous obtenons depuis quelques années par la modernisation de nos pratiques.

D'abord les sujets dont je vais traiter. Je vais traiter de la relation entre les parlementaires et le Vérificateur général concernant le choix des vérifications, le choix des sujets d'auditions et des interactions entre les auditions, la tenue des auditions elles-mêmes puisque c'est une partie importante de notre travail, et je vais élaborer mais pas longuement, je peux vous rassurer, quelques perspectives d'avenir.

Le premier point important à noter et qui peut différer d'un endroit à l'autre: le respect total, je dirais, de l'autonomie du Vérificateur général et de la Commission de l'administration publique, ce qui n'exclut pas, évidemment, l'existence de liens très étroits d'une collaboration quotidienne, d'un travail remarquablement bien synchronisé et fait en accord, mais une autonomie réelle, et ça se manifeste à plusieurs points de vue. Nous ne sommes pas – et je sais que dans certaines autres Législatures il existe d'autres pratiques – les porte-voix du Vérificateur général. Il a son identité, nous avons la nôtre, et nous travaillons ensemble.

D'abord les sujets d'auditions. Les sujets d'auditions, évidemment, sont ceux qui nous sont donnés en grande partie par le Vérificateur général, par ses études, ces travaux, ces rapports. Mais ce n'est pas tout. En fait, 40 pour cent de nos travaux nous proviennent du Vérificateur général, mais nous avons aussi 30 pour cent qui concerne la vérification de tous les engagements financiers du gouvernement et environ 30 pour cent qui concerne des mandats d'imputabilité. Ça ce sont les présidents de sociétés d'état, des sous-ministres, qui, selon la Loi sur l'administration publique du Québec, doivent rendre compte des progrès de leurs plans d'amélioration, de leur efficacité. Alors, la commission choisit, évidemment, parmi les résultats des travaux publiés les sujets qui vont être débattus en séance publique et en présence de personnes responsables et du Vérificateur général.

Maintenant le choix des sujets de vérification. Le Vérificateur, évidemment, choisit librement ses propres sujets, ses mandats, et il en publie les résultats dans ses rapports qu'il adresse et dépose à l'Assemblée nationale. Mais il doit tenir compte aussi des demandes – et c'est de plus en plus fréquent – du Conseil du trésor du gouvernement. Vous le savez: éclate une affaire, éclate un scandale médiatique – c'est pas aux gens qui sont autour de cette table que je vais le rappeler – et à ce moment-là sous la pression de l'opposition le gouvernement demande au Vérificateur général de faire enquête. C'est un processus que vous connaissez bien. Au cours des quatre dernières années le VG a réalisé une dizaine de vérifications particulières de ce type. Donc, ça l'occupe passablement.

9:05

D'ailleurs, un des sujets dont on va devoir traiter c'est le partage de temps: quel temps consacrer à chacun des ces aspects, qui sont tous aussi importants les uns que les autres. Bien sûr, la commission s'assure que le VG dispose de toute l'autonomie nécessaire. Hier lors de la discussion sur la crise actuelle, la récession actuelle, j'ai beaucoup insisté sur la très grande importance à ce moment-ci de

donner le plus de moyens possibles aux équipes de Vérificateurs généraux parce que les quantités, les montants, les volumes qui sont mis en cause sont en train d'exploser, et les moyens mis à la disposition des Vérificateurs généraux en général ne suivent pas cette explosion, et nous pourrions nous retrouver à nous demander ce que M. Sterling demandait hier à la cantonade: est-ce que le pont mène quelque part? Il faut absolument qu'il y ait les moyens de faire cette vérification. Si non, on va trouver quelques ponts qui mènent nulle part.

De l'autre côté, la commission a déjà formulé une recommandation au Vérificateur général sur un sujet de portée gouvernementale; c'est-à-dire, de reprendre le VG des grands travaux d'immobilisation. Je ne sais pas si ça se fait ailleurs au Canada. C'est complexe. Ça pose des problèmes en termes de vérification puisque le Vérificateur doit toujours garder la possibilité d'une distance critique et de ne jamais se faire dire: oui, mais vous nous aviez dit de faire cette chose-là. Mais il en demeure pas moins que des projets de 3 milliards, 4 milliards, 5 milliards de dollars, comme le centre hospitalier universitaire de Montréal.

Où il s'agit de la modernisation de tout notre système informatique gouvernemental, qui implique des milliards et des milliards sur plusieurs années, il est important qu'il y ait une équipe au sein du bureau du Vérificateur général qui nous tienne informé à la fois des progrès mais aussi des questionnements qui peuvent surgir en cours de route sur la bonne conduite de ces travaux et, évidemment, sur lesquels le gouvernement peut encore intervenir avant qu'il ne soit trop tard et que les milliards quelques fois soient partis en fumée. Des rapports ont été d'ailleurs publiés régulièrement.

Maintenant, les interactions entre les auditions. Je vous ai dit tout à l'heure que nous étions très autonomes mais que nous travaillons ensemble. Les parlementaires et le personnel du Vérificateur général ont des échanges. Lors du dépôt de ses rapports à l'Assemblée nationale le Vérificateur général présente toujours en huis clos sommairement les grandes lignes de son rapport aux membres de la commission de façon à ce qu'ils soient un petit peu avant tous les autres membres – et évidemment il n'est pas question que cela soit vraiment à huis clos, mais cela prépare la commission aux travaux et aux priorités qu'elle choisira dans les rapports.

Lors du dépôt des comptes publics à l'Assemblée il expose brièvement aux membres de la commission ainsi qu'aux membres de la Commission des finances publiques les résultats de la vérification des états financiers consolidés du gouvernement, et par ailleurs le secrétaire de la commission et le responsable du cabinet des communications du Vérificateur général font le lien quotidien entre les deux organisations.

Maintenant, un moment très, très fort dans notre existence c'est évidemment la tenue des auditions, la préparation de l'audition. Lors des auditions publiques concernant des rapports faits par le Vérificateur, ce dernier énonce ses principales constatations et nous propose des commentaires et des pistes de réflexion dans une séance de travail. Donc, on commence par une séance de travail avec le Vérificateur général avant les auditions pour que, avec nos propres recherchistes, avec les orientations que nous indique et nous suggère le Vérificateur, nous puissions mieux faire notre travail de parlementaire lorsque nous rencontrons l'organisme qui est le sujet à une audition, qui doit venir, évidemment, répondre aux questions, présenter son plan de correction, présenter ses propres réactions et ses évaluations des commentaires du Vérificateur général. Donc, il est important que nous soyons sensibilisés à des aspects du rapport qui parfois ne sont pas dans le rapport. Les mots du rapport sont tous choisis de façon à ne pas susciter des débats inutiles, mais il y a un contexte à une vérification, et il est très important que la

commission, elle, connaisse ce contexte de la vérification.

La tenue de l'audition. Le Vérificateur général assiste aux auditions, mais c'est très important de noter – je sais que ce n'est pas la même chose partout – qu'il est placé à côté des témoins. Il n'est pas avec le président. Le président lui accorde la parole à sa demande. Ça ne fait pas de problème, évidemment. Chaque fois qu'il le souhaite, il suffit alors, en général, d'un clin d'oeil pour que les choses se fassent correctement. Mais nous tenons à garder cette distance face à l'organisation que nous auditionnons.

Ils sont devant la commission. Ils ont déjà eu le rapport du Vérificateur général. Le Vérificateur général peut intervenir pour donner des précisions, mais il faut bien qu'il sente qu'il y a un degré nouveau d'interrogations, de débats publics, et je crois que ça a un effet qui est positif. On le sait tous que dans certaines organisations le rapport du Vérificateur général est parfois mal accepté, et on peut comprendre pourquoi. Là ils ont le sentiment, et qui est justifié, que la commission par rapport à ce rapport peut avoir des distances, peut comprendre ce qu'ils nous disent. Évidemment, nous some informés par le Vérificateur général, mais il y a une sorte de capacité d'appel, en tout cas, à la compréhension de la commission, ce qui ajoute évidemment à l'autorité des propositions et des recommandations que nous faisons à la fin.

Après l'audition, donc, nous avons une séance de travail. Nous préparons des recommandations, et ces recommandations sont présentées à l'Assemblée sous forme – depuis avril '97 il y a eu 22 rapports à l'Assemblée, qui contenaient 343 recommandations. C'est donc de dire que nous assurons un suivi vers la Chambre. C'est un moyen de rendre public auprès du média, auprès de la population les recommandations.

Évidemment, ça ne s'arrête pas là. Nous avons de plus en plus le sentiment que si le cycle se termine à l'audition, il y a des organisations particulièrement défectueuses qui, au bout de quelque temps, reviennent à l'intérieur d'habitudes, de pratiques qui ne sont pas acceptables. Donc, dans certains cas, de commun accord le Vérificateur général fait un suivi de son côté, mais nous lui demandons aussi des suivis de notre côté de façon à faire revenir éventuellement des organisations. Ça a été le cas d'une organisation de contrôle quasi-judiciaire il y a quelques mois, et nous savons que nous les ferons revenir prochainement parce que leur plan de redressement était tellement exigeant que si nous voulons être pris au sérieux, il faut vérifier régulièrement.

Alors, je saute tout de suite aux perspectives d'avenir, puisque j'ai pris mon temps. En matière de suivi des recommandations je pense que les travaux de la commission ont une influence sur le Vérificateur général presque autant que les travaux du Vérificateur général ont une influence sur nos propres travaux. Ainsi, lorsque la commission choisit d'examiner certains chapitres du rapport du Vérificateur général, c'est donc un choix de suivi. C'est une décision à la fois politique et de gestion d'établir qu'un sujet est plus important qu'un autre. À l'inverse, un des objectifs du plan stratégique de 2009-2012 du Vérificateur général c'est d'effectuer le suivi de l'application des recommandations formulées par la commission. Donc, nous avons le Vérificateur qui fait ses suivis. Nous avons, nous-mêmes, notre volonté de suivi. Nous avons maintenant l'engagement du Vérificateur dans son plan stratégique de se doter d'un plan de suivi qui tient compte, évidemment, des recommandations de la commission.

#### 9:15

Deux petites notes en terminant, deux événements récents qui sont susceptibles d'influencer les pratiques en vigueur à la Commission de l'administration publique et dans les autres commissions parlementaires et au Vérificateur général. Le premier, c'est la

réforme parlementaire qui vient d'être adoptée. C'est aujourd'hui la rentrée parlementaire. Nous avons l'extrême malheur de ne pas y être, chers collègues, mais ils vont sans doute survivre sans nous. C'est un nouveau calendrier parlementaire, qui offre des possibilités nouvelles puisque, un peu comme celui d'Ottawa, il est beaucoup plus étendu dans le temps et moins concentré: moins de soirées, moins de nuits de travail. Mais de septembre à juin, à la fin de mai, nous avons une présence continue, à mon avis, qui devrait petit à petit favoriser notre travail, notre présence régulière parce que le travail d'une commission des comptes publics est un travail de régularité. Il faut en convaincre sans cesse nos leaders de nous laisser le temps de travailler. C'est un travail de moine, de fourmi parfois, mais il faut le faire, et toutes les excuses politiques sont bonnes pour nous tasser parce que toutes les priorités, toutes les hautes priorités sont meilleures au plans politiques que nos propres travaux.

Alors, c'est toujours une tension, je dirait, créatrice. C'est à la fois, d'ailleurs, intéressant puisque le président de la Commission de l'administration publique est toujours de l'Opposition officielle. Nous avons maintenant deux vice-présidents: évidemment Yvon Marcoux, qui est avec nous, qui est le Député de Vaudreuil et qui est, lui, du gouvernement; également, du troisième groupe de l'opposition, un autre vice-président, qui va nous assurer d'un Comité directeur bien représentatif, François Bonnardel, que je n'aperçois pas mais qui était à nos travaux jusqu'à maintenant. La soirée d'hier a peut-être été trop intéressante. Non. Je sais qu'il est en course au leadership dans son parti et que ça pose quelques problèmes.

Le plan stratégique du Vérificateur général – il va sans doute nous en parler – pose évidemment un nouveau contexte, des nouvelles exigences à nos travaux. Dans son plan stratégique le Vérificateur montre sa volonté d'accentuer ces démarches auprès des autres commissions parlementaires afin de mieux faire connaître ses travaux. Donc, il y aura non pas une partition, mais je trouve que c'est normal que les autres commissions parlementaires spécialisées soient assez régulièrement associées à des travaux de vérification. On ne peut pas avoir une commission qui reçoit tous les aspects un peu difficiles et scandaleux et complexes et laisser les sujets beaucoup plus sexy aux autres commissions. Il faut qu'ils fassent leur part, et je pense qu'ils y sont intéressés. Ils ont envie de savoir comment ça se passe la gestion des ministères qu'ils ont à surveiller. Alors, nous allons ouvrir d'avantage de ce côté-là, je crois.

En conclusion, je vais vous le dire simplement: bien qu'il existe une parfaite symbiose entre le Vérificateur général, ses équipes, et la Commission de l'administration publique de l'Assemblée nationale, nous sommes convaincus qu'il est efficace de maintenir l'autonomie des deux entités. Il s'agit de garder le même esprit, poursuivre le même but, et je suis sûr que nous allons constamment améliorer notre titre de travail.

Merci beaucoup.

**Mr. Ron Thompson (CCAF-FCVI Inc.):** Merci bien, Sylvain.

Now we'll hear from Shawn Murphy.

**Mr. Murphy (House of Commons):** Thank you very much, Ron. Before I start, I just want to echo some of the remarks that were made by Sylvain. I just want to thank Hugh MacDonald and all the Alberta delegation for the tremendous organization and hospitality we've been shown at this conference. It's been terrific.

Ladies and gentlemen, the first broad-brush statement, of course – and there's going to be some duplication in what I'm saying and in what Sylvain has already stated – speaks to the reason that the

relationship between the office of the Auditor General and the Public Accounts Committee must be a very close and mutually supportable relationship, acknowledging the independence of each institution.

We all come to this event with our own challenges, our own backgrounds, and we come here to learn the best practices that are going on in other jurisdictions. You can see that there are differences. There is certainly no right answer; there's no wrong answer. You'll see that Ontario, Quebec, and the government of Canada all handle this relationship in a somewhat different manner but with the general broad principles being the same. So there are differences, and there's no right or wrong answer, but I'm just going to approach it from a federal perspective, acknowledging that there are certainly differences because of culture, capacity, and needs, and that of course – don't forget – we're in a minority government.

As I view it, the Public Accounts Committee is there to support and provide a parliamentary forum to the office of the Auditor General, who, of course, is an independent officer of Parliament. We act as the interface to that office. We hear and we amplify those recommendations, those reports, and we also have an extensive mechanism of following up to ensure that those recommendations which – this is important – have been agreed upon are actually carried out by government. Of course, the Public Accounts Committee must ensure that the office of the Auditor General is and remains at all times independent and that the office has sufficient resources to do the mandate that they are required to do.

Just to talk about the federal Public Accounts Committee briefly, the way we handle it, we do meet twice a week. Each meeting takes two hours. We're supported by one committee clerk and two analysts. We hold public meetings, of course. We have one public meeting every year, a very important meeting on the public accounts. Those are the public accounts of the government of Canada, which are usually tabled in Parliament in October of each year. Then as soon after that as possible we will have a meeting with the Auditor General and the Comptroller General as to the public accounts of Canada.

We do not have time to deal with all the performance reports that are tabled by the office of the Auditor General. It depends on the year and different items, but I would suggest that we probably cover about 50 to 60 per cent of the performance audit reports. One recent development which we implemented was that even for those performance reports that we don't deal with, we ask the department or the agency to provide the Public Accounts Committee with an action plan dealing, again, with the recommendations that they've agreed to from the Auditor General.

Of course, we also deal with the Auditor General's estimates and her departmental performance report and the report on the plans and priorities. The way we handle it: unlike other jurisdictions there are no formal briefings by the office of the Auditor General. Every member of the committee receives a briefing from the analysts with suggested questions, and that's circulated probably a day or two days before each and every hearing.

In all but rare cases the witnesses that normally would appear before our committee are comprised of the Auditor General herself or, if she is not available, the Assistant Auditor General or someone very senior in that office. In most cases it's the Auditor General, and we generally insist that the other witness is the deputy minister, the accounting officer of the department or agency. In earlier years we did get some push-back, the deputy ministers not wanting to come, too busy to go to a parliamentary committee. But we insist on it, and we're very pushy to get that, and they've accepted that now. So we generally have the accounting officer, as we call the person, and the Auditor General, and of course the deputy minister generally would

have at least one or two other individuals there to assist him or her to perhaps deal with issues that are more technical.

After each hearing the Public Accounts Committee will prepare a report with recommendations, and those reports are tabled in the House of Commons, and then the government must respond to the Public Accounts Committee within 120 days. We also have a follow-up process established. We follow up on our recommendations, and of course we ask for and we receive an action plan as to the recommendations that they've agreed to do. Again, we all have to bear in mind that the Public Accounts Committee does not have any right to instruct, reward, or punish government. All we can do is make recommendations. We are a body of accountability; we're not part of the executive government.

9:25

One issue that I just want to talk very briefly on is, I believe, tremendously important – it's been a fundamental change, in my view, to the culture in Ottawa – and that is the accounting officer concept, which was included in the Federal Accountability Act, which was passed about three years ago. In that act it's very, very specific that each deputy minister or agency head – it could be the president of Via Rail, the president of some of the smaller organizations. In every organization the person in charge, whether they be the deputy minister or the president or the chief executive officer, is designated as the accounting officer.

As a result of this designation, that person is personally – and I underline that and I highlight it – accountable to Parliament for ensuring that all funds or resources are spent or used in compliance with all government policies and procedures and that proper accounts are maintained and prepared. In this case the accounting officer must sign off the accounts, and you're getting a personal undertaking there that the accounts of the department or agency properly reflect the transactions that occurred during the year and are prepared following generally accepted public-sector accounting guidelines and that a proper system of internal audit is maintained. This is very specific. The Public Accounts Committee, in furtherance of that, has developed a protocol for the appearance of the accounting officers before the Public Accounts Committee, and that has been adopted by the House of Commons. It's part of the parliamentary law of Canada, and that was done in May 2007.

So, ladies and gentlemen, I point that out. I think that that has greatly assisted the committee and the senior public servants in delineating the responsibility and the answerability for any issues that are out there. We had this long discussion yesterday: what's policy and what's administration? There's always that grey area, but you can see from the provisions of the accounting officer concept that the administration, the proper expenditure of those funds, and the keeping of accounts: that lies squarely on the shoulders of the accounting officer. Of course, the elected executive is responsible for the policy decisions.

Dealing with the planning process that we follow, we operate with a steering committee of representatives of each of the four political parties. We meet for one hour weekly. That basically determines the future agenda of the Public Accounts Committee. The steering committee doesn't have any decision-making authority. The recommendations of the steering committee go to the Public Accounts Committee for ratification, but they're generally done by consensus and ratified by the Public Accounts Committee with very little discussion.

Approximately, I would suggest, 90 to 95 per cent of our committee time is devoted to studying reports from the office of the Auditor General. Although we do have the power to go into situations on our own, we have done that on occasion with different results. Sometimes it doesn't work out that well and sometimes it does, but

we do have that power. Usually a hearing will take one meeting, and then we'll write a report. However, we have in the past been drawn into larger issues involving multiple hearings such as the sponsorship issue back in '03-04 and the RCMP issue back in, I believe, '06-07, maybe '08, which took multiple hearings. In some cases we do go over to a second and third hearing, but generally speaking, on a performance report it would be one two-hour meeting.

There is an independence here. The office of the Auditor General is generally not involved in the Public Accounts agenda planning process; likewise, we're not extensively involved in the work agenda of the office of the Auditor General. We can make recommendations, and that office can accept them or not, depending on the workload and their own risk formula, of course.

One issue that we do have one meeting on every year – and this is important – is the office of the Auditor General's budget. Fifty million, is it, Sheila?

**Ms Fraser (Canada):** Eighty million.

**Mr. Murphy (House of Commons):** It's \$80 million to \$90 million, and these funds, of course, come from the general revenue fund. Her office is accountable to Parliament, the same as every other accounting officer, for the proper expenditure of these funds. She is accountable to Parliament and, through Parliament, to the Canadian people. So one of her meetings is devoted to that. We hear the estimates, the upcoming estimates, as to the future expenditure allocation of that particular office, and we receive the departmental performance reports and also the reports on the future year's planning and priorities. They're also received. We do write a report – and that report is tabled in the House of Commons – on that particular meeting, and I view that as an extremely important meeting.

One issue that certainly has to be front of mind of the Public Accounts Committee at all times is the independence and resources of the office of the Auditor General. It's my view and it's my premise that the Public Accounts Committee must be the guardian of that independence. There are always issues cropping up, and I'm sure there are issues cropping up in each provincial and territorial jurisdiction related to – well, we had one issue with labour negotiations, with access to information, access to documents, and I'm sure those are issues that each of you in your own jurisdictions deal with. But we have to be totally vigilant in dealing with those particular issues. Also, we have an obligation to ensure that that office has the resources to fulfill the mandate that they're asked to do by the people of Canada or the people of the province or territory that they represent.

I'm just going to briefly skip over – we talked about it yesterday – the reports of the office of the commissioner of environment and sustainability. Those reports stand referred to the Public Accounts Committee. We generally don't get into them too much. We have done one or two in the past, but we would like to do more because I believe that we handle them more on an audit basis. Sometimes they get into a real drag 'em out policy discussion because in the House of Commons we do have some fierce environmentalists that are very knowledgeable, but it becomes a very heated policy debate rather than an accountability issue based upon the well-prepared reports that we do receive. So it would be good for the Public Accounts Committee to do more of that, but we just don't seem to have a lot time on our hands.

Just some of the challenges that we face, and I believe Norm Sterling brought this up yesterday. One challenge that I see out there that's a concern of mine is the declining media interest, and it's as

a result of the declining media. In Ottawa I don't know the exact numbers, but there are a lot less reporters and journalists reporting on Parliament and parliamentary committees than there were, let's say, six or seven years ago. It's a substantial reduction. We used to have members of the press at our Public Accounts Committee on a regular basis. We don't see them anymore. There's one lady, Kathryn May from the *Ottawa Citizen*. She'll show up some, but even she doesn't show up near as much as she used to, and that is a problem. We need the media. We need that public amplification to get the message out there.

Some of these hearings I know the public may think are boring, but I think as a Member of Parliament that they're extremely important. I think it's good to have an article even if it's a good report. We've had great reports from different agencies. I think it's good to have that. That is a challenge, and it kind of relates to the whole communications plan of our individual committees. How do we communicate with the public? We issue a press release after every time we file a report. We issue a press release, but they're fairly sterile, and they're generally not taken up by the media. You know, you're in a challenge there to try and get your message out there when you're competing with scandals and, you know, all kinds of name-calling. It's a very difficult process.

The other challenge that I noticed over the years, again, is the role of Parliament, and I've always found that the vast majority of Members of Parliament have a limited understanding of this oversight role, and this is a fundamental role of a Member of Parliament, to hold the executive to account. It doesn't align with the motivations, the resources, and the abilities of most Members of Parliament. One of the main reasons is that you don't get a lot of political credit for serving on the Public Accounts Committee or being the chair of the Public Accounts Committee. There are probably 10 people in my riding who know that I chair the Public Accounts Committee. It's not a big political hit, but it is so important, and that is one of the challenges that every Public Accounts Committee faces because it is a very important committee in the proper functioning of our democracy.

9:35

Related to that – and this has actually improved in the federal committee, but a couple of years ago it was pretty bad – is the revolving members of the Public Accounts Committee. I find as chair – and I watch these things fairly carefully – that it generally takes a year or a year and a half before a member really appreciates that this committee is fundamentally different than any of the other policy committees. We're not supposed to deal with policy. We're there to deal with accountability issues. Then, if they're coming from the environment committee or the defence committee, there's a lot of political drag 'em out there which shouldn't be taking place in the Public Accounts committees. It's so helpful when you have someone that's been there for two, three, four years, and they understand the uniqueness and the difference of the Public Accounts Committee. Now, I should say that in the last couple of years it's been quite a bit better than it was. Let's go back two years ago, where I'd come to a meeting, and you could almost expect that every meeting there would be some new member appointed, and it was difficult.

Those are some of the comments, Ron, about the relationship. Again, we all come from different jurisdictions. We all have our own challenges, and I think we come here with the expectation just to learn from each other, and I've found it very enjoyable and educational so far.

Thank you very much.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very, very much. Thank you so much, Shawn.

May I turn it over now to Sheila Fraser.

**Ms Fraser (Canada):** Thank you very much, Ron. I very much enjoy these sessions. I think that we can see that most of us have very good relationships between our Public Accounts Committee and Auditors General, but we can learn from the best practices and share with each other improvements that are being made. Not surprisingly, I will cover many of the same issues that have been discussed this morning. In particular, there are four that I would like to go through: the public hearings, the PAC's focus on accountability, the whole question of action plans, and the role, of course, of the researchers and the chairs.

To us the Public Accounts Committee is absolutely crucial in making our work effective. I really, truly believe that we would not get the kinds of results from our audits if we did not have the hearings, where departmental officials are called in and have to respond to commitments that they make to improve things and know that there is an oversight committee that is going to hold them to account. The hearings provide, I think, an excellent forum for discussing the audit reports, the findings, the recommendations that are being made, and getting that departmental commitment. And when I come to the action plans, we'll talk more about that, but I think it's very often very easy for governments to say, "Yes, yes, we agree with the recommendation," but nothing ever actually changes. So to have the focus of a parliamentary committee, I think, really does bring results.

I think one of the most important hearings we have is the Public Accounts hearing. Every year, as Shawn mentioned, the Public Accounts Committee holds a hearing on that key accountability report. Typically, we are, of course, witnesses as well as the Comptroller General and usually the Department of Finance. I think it's really important to have this discussion about the financial health of government, and I would think that in current times it will be even more critical, especially as the results in these financial statements are by all accounts going to change quite significantly. There could be some pretty significant transactions that parliamentarians should be aware of the financial consequences and the how these events have been recorded. The committee issues every year a report on that hearing, and I think that that is a really important part of the accountability process.

Shawn mentioned that the committee can compel witnesses, that there may have been times in the past when witnesses were reluctant to appear. I can tell you that when the word "subpoena" was whispered around Ottawa, people's calendars kind of got opened up really quickly for the Public Accounts Committee hearing. So I think the word is certainly out in Ottawa that it is expected that the senior officials do show up and are prepared to respond to questions.

Next slide. Je dirais aussi que le rôle du Comité des comptes publics, qui est très différent des autres comités, est très important pour nous. Le rôle du comité consiste à surveiller le gouvernement; alors, on s'attend à ce qu'il soit moins partisan que d'autres comités. Nous avons plusieurs audiences avec d'autres comités.

We actually do the promotion, if you will, of our audits with other parliamentary committees. After every tabling we will write letters to the other committee chairs to inform them of audits and findings that may be of interest to them, and we will do as many hearings, sometimes more hearings, with other committees than we do with the Public Accounts. For example, this past year from the beginning of February till about the end of May we did over 30 parliamentary hearings, roughly about half with the Public Accounts Committee. Our record to date is about, I think, 65 hearings in a 120-day session.



So you can imagine that there are some weeks – I think our record in one week is eight hearings. We're on the Hill a lot before various committees, but we really do privilege our relationship with the Public Accounts Committee because they are the only ones that issue a report to Parliament on our work and have that accountability focus. The other committees tend to be, I would say, more partisan in their approach to our work.

One of the things, I think, too, that really helps the Public Accounts Committee remain less partisan is the fact that they do call the senior officials to appear. It has been very rare that we would have ministers appear, and I can tell you from experience that once a minister appears, the hearing is a very different one than if it's a deputy minister.

Departmental action plans. This has come up a couple of times and, I think, has been a really good improvement to the way we work and the Public Accounts Committee works. It is now expected that departments will produce and table with the committee a detailed action plan laying out how they will implement their responses to the recommendations. They are expected to give specifics: timelines, who will be doing this. That helps to focus as well, when it is well done, the discussion at the hearing about the improvements going forward and what action will be taken to correct the issues that are raised, rather than the kind of shame-and-blame approach, which I think we can all agree is less helpful.

Those action plans are also used by us to do our follow-up work. We have a specific report devoted to follow-up, and we assess in there whether progress is satisfactory or not given the complexity of the issues and the time that has elapsed. We introduced the status report in 2002, and I think it has become actually quite well known and appreciated by the committee. I am pleased to see that the majority of our reports indicate that there is satisfactory progress. I think it's also important for the public impression of government to know that things do change, that improvements are made. We can see as well the result of our audits, that we are helping to improve management in government.

I'll just briefly talk on the role of the researchers and the chairs. I believe their role is absolutely critical in successful hearings. The researchers meet with my staff before a hearing in preparing their briefing notes for committee members to ensure that they understand well the audit, the findings, and the recommendations. Then they provide briefing material to the committee, which we do not see. We appear as witnesses, so we can be asked questions, and often the researchers will suggest questions to members that should be put to us as well. Their work is, I think, really important to ensuring that members are well briefed, and of course the chair's role is very important in ensuring that people stay on topic and don't become too partisan in the process and that the conversation stays, I think, constructive.

9:45

One last point that I would raise that I think is important is that in all of this it's really about a relationship between the Auditor General and the people on the Public Accounts Committee, and we have done several things, actually, to get to know each other better on a more informal basis. Whenever there's a new member on a committee, I will go and meet that member to try to see what their interests are, where they're from. We hold at least one dinner every year informally with the committee, and I find that these events are very good because people can perhaps ask questions that they might be a little reluctant to ask in a public hearing about what our role is, how we do our work, what our work plan is, different issues, and even just to get to know the people who are going to appear before them. As I mentioned, we spend a lot of time together, so I think it's

important to develop that perhaps more personal relationship in a more informal setting.

I would be pleased to answer any questions or any comments that you might have on our process. Thank you.

**Mr. Thompson (CCAF-FCVI Inc.):** Thanks very much, Sheila.

Before getting into the discussion and interaction, perhaps I could improve on Renaud Lachance to offer his views.

**Mr. Lachance (Quebec):** Oui. Bonjour, mesdames et messieurs. Étant le quatrième intervenant sur le même sujet, je vais essayer d'ajouter quelques éléments nouveaux à ce que vous avez déjà entendu.

D'abord, j'aimerais dire dès le départ que je suis tout à fait d'accord avec le point de vue de M. Simard au niveau de l'autonomie de la Commission de l'administration publique avec le Vérificateur général parce qu'il faut bien comprendre que le Vérificateur général est un instrument de contrôle des parlementaires sur la gestion publique et non pas l'inverse. Donc, il est nécessaire que la commission ait son autonomie vis-à-vis le Vérificateur général parce qu'en même temps c'est aussi un gage de l'indépendance du Vérificateur général vis-à-vis la commission, quand vient le temps, par exemple, du choix du sujet.

Au niveau des auditions publiques sont les rapports du Vérificateur général. D'abord, j'aimerais dire qu'il est important que la Commission de l'administration publique tienne une audition publique sur nos rapports parce qu'avant l'audition publique je reçois régulièrement des appels des sous-ministres et des dirigeants concernés qui essaient de régler les problèmes avant l'audition publique. Donc, ça met de la pression sur la gestion publique, sur les gestionnaires publics pour régler les problèmes avant ou bien de s'entendre avec moi sur un plan d'action efficace pour le suivi de nos recommandations. Une semaine ou deux, comme je disais, je reçois des appels, et les gens sont nerveux mais très contents de rendre les comptes à l'Assemblée nationale et aux parlementaires.

Les pratiques au Québec sont que nous avons une séance de travail avec les parlementaires à huis clos avant l'audition publique. En séance de travail le défi du Vérificateur général c'est de présenter clairement les résultats de sa vérification, ses recommandations, et de présenter également aux parlementaires les plans d'action des entités. Ce que l'on fait nous au Québec c'est qu'on suggère – c'est vraiment une suggestion – des pistes de réflexion aux parlementaires pour l'audition publique.

Lorsque l'audition publique commence, j'essaie, moi personnellement, d'intervenir le moins possible parce que j'estime que c'est un temps pour les parlementaires de poser des questions aux dirigeants des entités du secteur public et non un temps pour le Vérificateur général de prendre le temps de l'audition. Donc, j'interviens le moins souvent possible. J'interviens seulement lorsque je m'aperçois que le sous-ministre tente de contourner les questions des parlementaires, de faire un peu de patinage artistique. Lorsque je constate ce patinage – le sous-ministre est assis à ma droite – parfois je lui glisse à l'oreille; je l'invite à répondre clairement à la question. Ça c'est une première démarche. Lorsque je m'aperçois qu'il ne fonctionne pas, je demande la parole au président, et poliment je l'invite publiquement à rétablir certains faits reliés aux questions des parlementaires.

Au niveau des suivis des recommandations de la commission nous avons commencé l'année dernière à faire un certain suivi de certaines recommandations de la commission. C'était une nouveauté au Québec de notre côté, et les entités du secteur public, les dirigeants, étaient un peu surpris de notre initiative. Ils ne connaissent pas – c'est pas la totalité des recommandations de la commis-

sion. On les a amené à réfléchir aux actions qu'il devaient poser pour répondre aux recommandations de la commission.

Cela nous a amené à se donner une cible stratégique dans notre plan d'action stratégique, en accord avec la commission, de tenter de suivre environ 50 pour cent des recommandations de la commission. Pourquoi 50 pour cent et non pas 100 pour cent? Tout simplement, parce qu'il est très important, en respect de l'autonomie de la commission, que la commission se sente libre de faire quelconque recommandation, de quelle nature que ce soit, aux entités du secteur public. Par exemple, la commission peut vouloir faire des recommandations plus associées à la politique publique qu'associées à l'administration dans un dossier précis. Donc, nous commençons en première année à suivre les recommandations de la commission, et nous allons travailler avec les recherchistes de la commission, avec les parlementaires pour bien gérer cette nouvelle initiative de collaboration entre nos deux entités.

Autre importance que nous donnons aux travaux de l'Assemblée nationale par rapport à l'utilisation de nos vérifications. Nous avons dans notre planification stratégique une cible où on vérifie combien de nos rapports de vérification ont été mentionnés ou évoqués ou utilisés dans les travaux de l'Assemblée nationale, dans toutes les autres commissions parlementaires, et à la période des questions. Et on a un bon résultat, où les travaux réalisés au cours des cinq dernières années ont été utilisés dans une proportion de plus de 60 pour cent par les parlementaires. Donc, nous sommes bien contents que ces travaux-là puissent servir à l'Assemblée nationale, à la commission mais également ailleurs à l'Assemblée nationale.

La commission fait également des recommandations au Vérificateur général. Bien sûr, je prends très au sérieux les recommandations de la commission – j'essaie d'y répondre rapidement – et je rencontre des travaux, des gestes que je pose pour répondre aux recommandations de la commission.

Comme le disait M. Simard, au cours des prochaines années, des prochaines semaines même, nous allons faire des démarches avec d'autres commissions parlementaires, je dirais, pour expliquer, mieux présenter nos travaux aux autres commissions parlementaires parce qu'on croit que ces travaux peuvent aider aux autres commissions parlementaires. Par exemple, nous avons fait des travaux sur la violence dans les écoles; on croit que ça peut servir à la Commission de l'éducation. Nous avons fait des travaux sur le fonctionnement du portrait collégial au Québec. Donc, encore une fois on croit que ça peut servir à la Commission de l'éducation. Notamment, certainement, les travaux du Commissaire au développement durable peuvent servir à la Commission des transports et de l'environnement.

D'autres types d'intervention du Vérificateur général avec d'autres commissions parlementaires sont plutôt inhabituels. Par exemple, il m'arrive parfois d'être convoqué par d'autres commissions parlementaires pour que j'exprime mon point de vue sur des projets de loi. C'est toujours un moment un peu délicat, important mais délicat, quand j'essaie, bien sûr, d'éviter les diverses dimensions politiques qui parfois peuvent être associées à l'analyse d'un projet de loi. Par exemple, on m'a convoqué pour donner mes commentaires sur la loi sur l'équilibre budgétaire, la loi sur le développement durable, et puis la loi sur les infrastructures.

Je termine en disant que le Vérificateur général du Québec a pris l'initiative de faire d'autres types de travaux qui ne sont pas ce qu'on peut appeler des vérifications typiques mais, plutôt, des études. Il y a deux ans nous avons pris l'initiative de faire une étude sur l'endettement du Québec. Dans cette étude nous présentons toutes les définitions possibles de l'endettement. Ce n'est pas un sujet facile, les diverses notions d'endettement. Donc, nous présentons comment on peut définir les différentes façons d'endettement, et

nous avons même eu l'initiative de calculer notre propre mesure de l'endettement, où on a déterminé qu'elle était l'endettement supportée par le gouvernement du Québec. Ça nous a donné l'occasion de chaleureux échanges avec le Ministère des finances, qui n'était pas très heureux de notre initiative. Mais, par ailleurs, le Ministère des finances a changé ses documents budgétaires, a amélioré, je dirais, son calcul de la dette.

Ce qui est encore plus important pour le Vérificateur général c'est que dans les débats parlementaires j'ai vu les parlementaires utiliser nos différentes notions d'endettement, et je crois avoir aidé, dans les mesures du possible, aux travaux parlementaires parce que – et je termine là-dessus – il s'agissait, essentiellement, de l'objectif premier du Vérificateur général: c'est-à-dire, être un support aux travaux fait à l'Assemblée nationale dans les mesures d'objectivité et de notre expertise.

Merci beaucoup.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Renaud.

Now is the time to open up the floor and hear from all of you. A couple of initial comments on that. If you have perspectives that you really wish you'd had a chance to share with us yesterday morning but didn't have a chance to, now is the time to do it. Also, don't worry about the 10:30 end point for this discussion because if the discussion is in mid-sentence, we can carry forward your comments to the next session, on attributes of effective PACs.

9:55

A couple of leading questions, perhaps. One is: are we evolving a good shared understanding of expectations, expectations of the Public Accounts Committee for legislative auditors and expectations of legislative auditors for their Public Accounts Committees? Secondly, has there been anything said here this morning that just doesn't ring true with you that you want to take exception to for whatever reason? And thirdly, are there any perspectives from your jurisdiction that are quite unique to your jurisdiction that you'd like to put on the table for us to acknowledge and understand?

I wonder if I could impose on John Betts to perhaps lead off.

**Mr. Betts (New Brunswick):** Thank you very much. I was interested in Shawn Murphy's explanation about the fact that it's difficult to attract media attention. You know, you would think that a group that's putting government accountable and departments accountable for how they spend taxpayers' money would be of great interest to the public. It kind of reminds me, though, of the man that was asked how long he had been wearing an earring, and he replied: ever since my wife found it in the car in the front seat. So sometimes we adapt to situations instead of reaching out.

I remember from '99 to 2006 during the Bernard Lord years there were media. Perhaps we're unique in New Brunswick. The media sits right on the floor of the Legislature. They're all across. So every day they're there. There are eight, nine, 10 of them sitting right there, and it caused a few problems for government because we had a few people that liked to heckle, and they would pick all that up. Since 2006 they've disappeared. They don't come anymore. There may be one or two freelancers that might show up, but they stay in the building next door. The only time that it seems they have an interest in Public Accounts is which person or which MLA had the highest spending in their travel accounts or whatever. And, of course, if you have responsibilities in committees, there's always going to be a highest, yet you're penalized for maybe working a lot or travelling on behalf of the province.

So perhaps we should be more like the pastor who asked a member of his congregation for more money for the church, and the

man replied: “Well, I have three children in university. I’ve got a sister who’s sick. I’ve got a brother who needs a car. If I can say no to them, I can say no to you.” And that used to be – I remember our former Premier. Whenever we wanted something in government or a special-interest group, his first reply was: what part of government do you want to take out, or what budget do you want to take out in order to put your priority in? I think perhaps we need more of that, that we should perhaps be looking at more efficiencies than extra spending.

Perhaps one thing we can do is do some of the work for the media, perhaps more press releases. Many times they don’t have the research that they used to. It used to be sometimes they would really dig into things and not take them at face value, so perhaps one answer to that might be to prepare some of the work for them and send out press releases. It’s very difficult, but it seems that they’re looking at more outstanding things like who spends the most money rather than how the government money is spent.

We’ve had situations in New Brunswick where contracts worth \$110 million were given out without tender under the clause of emergency, yet the projects were delayed for two and a half years ahead of time. It’s hard to pick up, so our Auditor General is going to look into that one. So I was interested in Shawn’s remarks about the lack of media attention because, really, this is where the rubber hits the road. We’re the people that check on how government spends our tax money.

Another situation that’s been unique, particularly in my city of Moncton and perhaps a few others, is that the assessments have increased by 10 per cent or so on average for the last four years. People are paying now up to 40 to 45 per cent more in taxes, yet that saving is not carried back to the taxpayer. Municipalities keep it instead of reverting it back. I think in B.C. if your assessments go up, the municipal tax rates come down. But that’s a real big issue, and it seems that instead of passing savings on to taxpayers, many times we put it in our departments and keep making them bigger and bigger and bigger instead of looking at somehow trying to save money for taxpayers.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very, very much, John.

Last evening late I had a very skilful partner at shuffleboard. I wonder if I might invite you to offer comments.

**Mr. Michelson (Saskatchewan):** Thank you. My name is Warren Michelson. I’m from Saskatchewan. My comments would be that you do an excellent job of commentating, running the thing rather than shuffleboard.

My former life was in the media, and I will go along with your comments that the more you can do – I know that they have downsized, and I know they have tried to save every kind of nickel they can as far as personnel and not training them efficiently. I think: the more we can do. I also think there has got to be more that we can do – and I don’t know how to do it without spending money – to actually promote the ideas that we have as far as trying to get the public involved. If they don’t know what’s going on, they won’t ask questions, and the whole idea that we have to bring forward is somehow taking the issues to them and explaining that this is what the committee is doing for them as far as the issues that come up at Public Accounts.

It’s a very important committee, and it’s very important work that we do, but the buy-in from the public just doesn’t happen. I think there are ways that we can promote the issues that come up and bring them to the forefront. One of the ways would be doing a lot more of the news releases, press releases and having it prepared for them.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very, very much. I have a colleague beside you and then Norm Sterling.

**Mr. Wotherspoon (Saskatchewan):** I’m interested from the federal perspective, to Mr. Murphy or Ms Fraser, as far as the action plans and sort of the mechanics of this or the procedure. When would it be expected that the ministry or the department would have that action plan completed? I would assume that the action plans would be based off of recommendations made out of Public Accounts, not off the Auditor General’s report itself. Maybe I’m wrong on that. I’m just wondering, then, what kind of a timeliness as far as process and expectation, how that comes back to the committee.

**Mr. Thompson (CCAF-FCVI Inc.):** Sheila? Shawn?

**Mr. Murphy (House of Commons):** Yeah. It’s generally off the recommendations from the office of the Auditor General. The important point is that it’s recommendations that the department or agency have accepted because the Auditor will make recommendations, and they don’t have to be accepted. In a lot of cases they do accept them, but once they accept them, that sets in motion a plan. We want to see: what is your plan? You’ve got the recommendation. You’ve said you’re going to do it. Let’s see your plan to do it.

First of all, the point I’m making is that the recommendations do have to be accepted. Once they’re accepted, we want to see an action plan. Those action plans are on our website. The Public Accounts Committee publishes them on the website. We’re insistent on getting them, and then we can follow up in, let’s say, two years or a year’s time or 18 months’ time if they’re back before the committee. We follow up, in any event. While the recommendations may be accepted and you provide an action plan, now have you done it? That’s where the rubber hits the road.

Perhaps Sheila would like to elaborate.

**Ms Fraser (Canada):** Yes. In our process of audit, of course, we have a lot of discussion with the department about the issues that we’re finding and what recommendations we should be making, so they know these recommendations many months in advance of the report actually ever being tabled and provide a response in our report as to whether they agree or not and can give a very short answer about what they might do, but it’s never as extensive as an action plan would be.

10:05

I mean, we will sort of warn departments if they’re not preparing an action plan if we know the hearing is coming. The really smart ones will table it in advance of a hearing and show that they’re being proactive with the committee. What we’re finding now is that, in fact, the departments are coming to us to ask us to review the action plan because very often in the committee hearing the committee members will ask us if we think the action plan is appropriate and addresses the issues that we’ve raised.

So we’re now actually getting more and more requests to review the action plans, and we will follow up formally in a follow-up audit. The committee often asks as well for updates in, say, six months or in a few months, depending on the issue. So the departments are under an obligation to provide progress reports on how they’re proceeding.

**Mr. Simard (Quebec):** J’ai à-peu-près la même approche lorsqu’un rapport est publié par le Vérificateur général, lors de l’audition publique, mais entre-temps il y a eu tout ce que Sheila Fraser vient de dire, le back-and-forth avec les dirigeants d’organismes. Aux auditions publiques il y a un plan d’action qui est déposé, et le

dirigeant d'organisme répond aux parlementaires sur la faisabilité, la réalité de ce plan d'action. Par la suite, évidemment – cela faisait partie de ce que nous disions tout à l'heure – maintenant nous avons un processus de suivi de réalisation du plan d'action. Alors, avec ça, je pense qu'on couvre à-peu-près tout le champ. S'il n'y a pas d'audition mais il y a eu un rapport, dans les six mois qui suivent ils sont obligés de présenter un plan d'action.

**Mr. Lachance (Quebec):** J'ajouterais que nous, le Vérificateur général du Québec, faisons le suivi de 100 pour cent des plans d'action déposés par les entités à chaque année. Donc, lorsque l'entité a déposé son plan d'action, un an plus tard – d'abord on donne notre opinion sur le plan d'action. Il arrive parfois que les plans d'action sont trop évasifs. Donc, on revient avec l'entité, et on exige un plan d'action plus précis. Une fois que nous avons un plan d'action, nous suivons le plan d'action à chaque année et faisons un suivi formel de nos recommandations après trois ans.

L'idée des plans d'action – et ça c'est tout à l'honneur de la commission – vient de la commission elle-même, qui, il y a trois ans, a pris l'initiative d'exiger des plans d'action des entités. On était très heureux de cette initiative. On a coordonné nos travaux ensemble. La commission les reçoit, mais nous les analysons pour la commission, et comme je vous disais, on en fait un suivi régulier.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much, Renaud.

I have Norm Sterling next.

**Mr. Sterling (Ontario):** Yeah. Thank you very much. First of all, a comment to Shawn. I'm surprised to hear that 10 people in P.E.I. knew that you were the chair of the Public Accounts Committee. I didn't know your family was that large.

I think one of the common themes of all the members from Quebec, the federal government, and, I think, Ontario as well is that we all see the very large need for the work that the PAC does to enhance the work that the auditors do to increase accountability. I think it's extremely important as governments become more complex, with more agencies and now in Ontario more jurisdictions, for our Auditor General to do school boards, hospitals, universities, colleges, et cetera, and at the federal level the environmental role that the Auditor undertakes.

I wonder whether or not, rather than reaching out to other committees, we should be considering splitting the work of the Public Accounts Committee into two or three or whatever is necessary or some kind of division of the work. I don't believe that you can ask Members of Provincial Parliaments or Legislatures or the federal Parliament to devote more than one day of the week to the committee work that they're engaged in. In fact, if there's more work than can be handled by one, then we should perhaps consider splitting that work and having two PACs, divided in some way with regard to the jurisdiction that the Auditor General is engaged in.

The other possibility, too, is that we always have this debate about whether you're getting into policy or not. I've had the experience over time, of course – I've had 32 years in our Parliament – that once you engage a group of politicians in an issue, you can't lose that opportunity to not make comment because you may never get another group of politicians in your jurisdiction to be engaged again for decades. So we may want to consider a recommendation feature of PAC to set an agenda for another committee to consider policy questions if the PAC committees are not going to do that.

**Mr. Thompson (CCAF-FCVI Inc.):** Can I invite our panellists to comment on Norm's input?

**Ms Fraser (Canada):** Can I perhaps just explain the context of some of the hearings that we do with other committees? One committee that we do a lot of hearings with is National Defence. When they are looking at various issues – I mean, they had a whole study, for example, of mental health of soldiers and veterans, and we had done an audit on the whole health system that's provided by National Defence. So that information, I personally think, was very useful to them in the study that they were conducting, and we, of course, did not get into policy issues.

Another area where we do work is not in a performance audit, but for all the Crown corporations of the federal government we have to go through a very extensive review of all their systems and practices and actually give an opinion as to whether they're being managed efficiently and effectively. It's now once every 10 years. When the Heritage Committee, for example, was looking at the role of CBC in a policy sense, they used our work on the management of CBC to identify certain issues that they wanted to look at.

Another recent example for those special examinations was our work on Atomic Energy when that whole issue evolved about the isotopes. They, again, looked at the work that we had done over a number of years, I think, to inform themselves of work. Obviously, in some of those committees we will get asked questions that are essentially policy, and I'm very clear that we're not getting into policy or if it is a policy issue.

I certainly think that because of the work that we have done with a number of committees, we will continue to be called to committees even if there was a separate accountability mechanism because they find our work useful to them in the ongoing work that they're doing, and it's quite a different role from Public Accounts. It's not an accountability role – they don't issue the same kinds of reports, don't have the same kinds of hearings – but it's sort of to inform them.

**Mr. Thompson (CCAF-FCVI Inc.):** Other panellists? Sylvain.

**Mr. Simard (Quebec):** Yes. A few comments. Yesterday I entered my 16th year as a Member of Parliament, and one thing that is coming every year is the fact that the burden for the Member of Parliament in the committees is tougher and harder every year. We have more work and less time to do things all the time.

The second point is that nobody cares. It's tough. According to public opinion I was on vacation the last year from mid-October to – we only work at question period for most people.

Having said that, we have to find new ways to do the job. Breaking the committee in two, I don't think, at least, will not solve the problem. I think that we must find more modern ways to look at problems.

For instance, we check the spending of all the ministries. Of course, we don't do that ourselves; we ask our staff to look at that. We always find about the same questions or the same problems. Computers have been invented also for Public Accounts Committee, so instead of looking at one specific contract which puzzles us on information technology, for instance, we now ask our staff to look at all the contracts in the last two to three years and see if there are trends concerning the way of giving those contracts, the increase in prices, the costs of supplying maintenance on those contracts, all those questions that are a lot more important for public spending and transparency. That, in this particular case, the brother-in-law of the minister was involved in this company: it has its importance, but nobody is interested anymore in such a small scandal today. Sheila puts the criteria for a good scandal so high that we now have to find other paths.

10:15

**Mr. Thompson (CCAF-FCVI Inc.):** After that I'm not sure I want to ask if there's other input.

Is this on the same point?

**Ms Sandals (Ontario):** Yes, it is. I'm a government member on the Ontario PAC. I was just going to say that, in fact, Ontario doesn't have quite the same frequency of calling the AG before other committees, but just recently – there is a Select Committee on Mental Health and Addictions in Ontario. Jim had done some work on community mental health, so Jim was called before the select committee, again, as you say, not so much in an audit role but in an information role to give a viewpoint about his findings about the fragmentation of community mental health services. I think the committee – Maria is on it as well. Actually, there just happens to be some overlap between the two committees, and I think that was quite valuable.

In Ontario the AG is present when we're doing report writing, which means that from a workload point of view, because we sit potentially both mornings and afternoons on Wednesday, for the AG Wednesday is Public Accounts day pretty much. It would seem to me to begin to be problematic just for the workload of the AG to get two days tied up in committee every week because we actually want the AG to be out there finding out what isn't working or what is.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much.

Yes?

**Mr. Derkach (Manitoba):** Thank you very much. My intervention is more on how to implement some of the processes that we've been looking at, and the presentations have been excellent. Thank you very much.

On the federal side are the questions that are being put to departments basically put by members of the committee, or are they put by critics in different roles? Now, we talked about the permanence of a Public Accounts Committee, but are members other than members of the committee allowed to attend, and are they allowed to ask questions of the department or the Auditor?

**Mr. Murphy (House of Commons):** Well, we do allow substitutions. Sometimes you'll see a critic come in, but that would be the exception. In the last couple of years I can say that in 98 per cent of the meetings it has been the normal members.

The way we do it is we have a time allocation, and we start with the Official Opposition. They would get one round of eight minutes – Liberal, NDP, Bloc Québécois, Conservative – then we go around for a second round of four or five minutes each. Every member, all 11 members, would have a chance for at least four minutes, if not eight minutes, to ask whatever questions they would want to ask. The researchers would circulate a day or two before the hearing a briefing on the issue, and they'd also present maybe 10 questions which can be asked, but that's, again, entirely up to the membership.

But no, we don't see too many critics show up and come into the Public Accounts. It's very rare.

**Mr. Simard (Quebec):** We do that on a common basis. The critics come and substitute for other members, but we make sure that they get the spirit of the committee and don't ask too partisan questions. It works well.

**Mr. Derkach (Manitoba):** I have one more question for Ms Fraser, and it has to do with departmental action plans. In your slide and in

your presentation you indicated that departments must provide a detailed action plan to PAC members outlining how they will implement the recommendations, et cetera. Who imposes that on the department? Is that by agreement of the committee, is that something that comes out of the Auditor General's office, or is that, in fact, something that Parliament has agreed with?

**Ms Fraser (Canada):** That is the committee that requests the action plans. It's sort of evolved over the years. We used to go in and would sort of suggest to the committee that they might want to ask the departments how they were going to implement certain things, so it would be a discussion in committee, but over the years it's actually evolved into the committee requesting it. It is a formal motion now, which was – what? – about a year ago, I guess. There's a formal motion of the committee that the departments have to produce these action plans. Occasionally departments will come in not having done it. I think they only do that once, quite frankly, because they have a very unpleasant time in committee when they don't have their action plan.

**Mr. Thompson (CCAF-FCVI Inc.):** Thank you very much.

**Mr. Butler (Newfoundland and Labrador):** Thank you very much. I'm Roland Butler, the chair of the PAC for Newfoundland and Labrador. First of all, I want to, I guess, like other members from other jurisdictions, thank the host committee for a wonderful time we're having here and also all the other jurisdictions for a learning experience for us because I guess many of you attended the meetings in Whitehorse last year when Chief Justice Green let everybody know how the PACs had worked in our province for a short period of time. I'm very pleased to have our full committee here with us this weekend and also our Auditor General and two officials from his department and to say that I think we're off on the right foot and we have a good working relationship.

Since that time we have learned from other jurisdictions. We've gone back, and now we're going to have an additional research person. We're still learning from what we're hearing here today. I have one question at the end with regard to the excellent presentation from Mr. Simard.

You know, with regard to the media, we haven't had much dealings with the media to this point in time, but hopefully it won't be an issue like we're hearing here today.

Someone made the comment about, you know, who knows that you're involved. Does your constituency? It's not a very rewarding position. I'll give you an example. Prior to one of our meetings I had a call from a constituent. I said: "I'm sorry; I can't help you tomorrow. I have to attend a PAC meeting." She said, "I don't know what the P stands for in the PAC, but you'd better be here tomorrow to participate with me in my complaint." I guess that's the response that we get sometimes.

But one of the questions I wanted to ask. In our committees in the past, once we got the report back from the AG, the practice was used that you picked so many issues that you thought you wanted to follow up on, and we would write to the departments asking for further follow-up. I'm just wondering: do other jurisdictions do this, or once they receive the reports from the AG, do they go straight to public hearings?

**Mr. Simard (Quebec):** I'd let Renaud answer, I think. Up to now it's been that we go straight to public hearings, but at the same time, as I said, there is back and forth. They propose part of their plan, and we discuss that. The DVG, the Auditor General, does that with them. When they come, a lot of work has been done before.

**Mr. Murphy (House of Commons):** The way the federal committee would work, once the Auditor tables her report, there would probably be eight or nine performance reports. That would go to the steering committee. On the steering committee we number them, assess them. We know we can't handle the eight, but we rank them, so the one, two, three, and we go as far as we can. We usually allow every party to at least pick one of their reports.

Then immediately once that list is approved by the Public Accounts Committee, the hearings are scheduled. We have to adjust that because sometimes the deputy ministers are busy; they are out of the country. We set the hearing and ask for the action plan to be tabled before the hearing. They would normally get at least three weeks' notice before the hearing, and things work smoothly. We have the hearing. We have the deputy minister or the chief executive officer, we have the Auditor or a senior official, we have the action plan, and we have the hearing.

10:25

**Mr. Thompson (CCAF-FCVI Inc.):** Now, before we go into new questioning, we have a couple of people who've raised their hands. Is your input here on that same issue, or should we move on to other issues?

**Mr. Shipley (House of Commons):** Some of it will be on the action plan and the media.

**Mr. Bagnall (Prince Edward Island):** Dealing with the Auditor General's report. Our committee gets the report, and we go right into committee with the Auditor General. We go through the report. What we do is take probably three days or three meetings just to go through the report. At that time we make our recommendations as to who we're going to call before the committee, what issues we want to bring forward to follow up on, and proceed in that manner.

The problem being from our area is that we've been in majority governments. I was part of one for 10 years, and now I'm in opposition. Nothing changes. We only get the people in front of our committee that the government will allow us to have. It's very political. It's always been that way to the extent that they won't allow us to bring in any bureaucrats. They won't allow us to bring in deputy ministers. They will allow the minister to come forward, but the minister doesn't have the information because he doesn't know the file. So he'll come in and give us a statement, a half-hour statement of what's going on but really not related to the issue.

We have a very hard time to be able to follow up on issues that we want to. The only issues that we get to follow up on are what the government members want to be followed up on. So we have a hard time getting our information, getting things brought to where we'd like to in a committee meeting. Now, I'm not blaming the present government. I was in the previous government, and we did the exact same thing. I mean, you know, our policy when I was in government was that we'd allow the minister to come in and no one else. If the minister wants to bring staff with him or her, so be it. That was what our policy was, and it's the policy today. But it gets very frustrating when you're in opposition and you want to follow up on issues that are there.

You know, it's all great. A minority government would be excellent for these types of committees because you'd get who you want, when you want. It's phenomenal. I watched Nova Scotia work there for years, which was right next door to us, with minority governments. The stuff that they could do, that we just wanted to be able to do, we couldn't.

Anyway, we do have a great working relation with our Auditor

General, and he's available to us at our call at any time. He will meet with us on issues if asked to. So we do well with our Auditor General. He's a great guy, and he does a tremendous job for the province.

Those are a few of the things that we as a province, a small province, have to deal with. You know, we'll work through it. We get the biggest – and we talked about media with our Public Accounts. That's where we make our hay in Public Accounts. We'll bring motions forward from the opposition to have people come forward, and the media always pick up on that. So we get our message out into the public, but we don't get as much across the table as we'd like.

**Mr. Thompson (CCAF-FCVI Inc.):** I have three colleagues lined up for intervention. It's now 10:30. With your permission, would you be prepared to carry forward your thinking to the next session, or would you like a couple of minutes if we can do it now to hear from two or three other people?

**Unidentified Speaker:** Next session.

**Mr. Thompson (CCAF-FCVI Inc.):** Next session? Apologies, colleagues.

Thank you very, very much to the panellists and to all of you for your attention.

**Mr. Dallas (Alberta):** Ladies and gentlemen, my name is Cal Dallas. I'm a government member of PAC from Alberta. It's indeed a pleasure this morning to thank our facilitator and panellists for what I think was a very engaging session. After an interesting evening it was great, I think, to start off with such an interesting discussion. We're fortunate, indeed, to have had the panellists and the interesting dialogue that ensued. It's my pleasure to present a token of our appreciation to each of our panellists. I'll begin with Ms Fraser. Thanks very much for the fascinating discussion this morning.

[The panellists were presented with commemorative pins]

**Mr. Dallas (Alberta):** I believe that concludes to the break. Enjoy your break, and we'll see you in a few minutes.

[The meeting adjourned from 10:31 a.m. to 11:05 a.m.]

**CCPAC Session 3**  
**Attributes of Effective PACs**  
**Introduction by Norm Sterling, Chair,**  
**Ontario Standing Committee on Public Accounts**

**Séance N° 3 du CCCC**  
**Thème: Les attributs et l'efficacité des CCP**  
**Introduction par Norm Sterling, député, président,**  
**Comité permanent des comptes publics, Ontario**

**Mr. Sterling (Ontario):** Okay. This is our last session, but an interesting session it will be, I hope. We're going to have two speakers, Geoff Dubrow and Len Derkach from Manitoba. Geoff will be speaking for about 12 to 15 minutes, and then Len will probably go seven to 10, and we're going to have a discussion after that.

This document that we're going to be looking over and is in front of you at the present time is really a document which has been under consultation for some period of time. It was first put together with

research and CCAF. I think Geoff is going to talk a little bit about the history of how it was put together. Then in May of this year the advisory committee to this conference got together in Ottawa, and I was privileged to be one member of that. I represent the west part of Ottawa, so it wasn't a great inconvenience to me either. We went through a draft, and we made some changes to the attributes of a PAC at that time, and those are included in this draft.

What we're looking for now is your input as to if and how this document can be further improved. Really, I guess that if you took this document in total and you had all the suggestions put in place, you probably would have the best Public Accounts Committee in the world. It isn't going to happen in all jurisdictions because all jurisdictions aren't the same, and the pushes and pulls are different.

I'm going to ask Geoff, who's done a great deal of work on this – he's an associate with the organization and has been working on this and has worked in other countries dealing with Public Accounts Committees, so he has great expertise in this area. He's a great guy, and he happens to be a constituent of mine, too.

I'll turn it over to Geoff, and then after that, we'll call on Len. Go ahead.

**Mr. Dubrow (CCAF-FCVI Inc.):** Thank you very much, Norm. I was wondering, when you said that I was a great guy, if that was purely out of kindness or if there was some political interest in that.

**Mr. Sterling (Ontario):** Always a little bit of political interest.

**Mr. Dubrow (CCAF-FCVI Inc.):** Thanks very much, Norm. I just want to mention before I move on that it's a pleasure to be on a panel with you. I think that during our discussions over the last few days the role of the Ontario PAC and some of the practices that they bring to the table, particularly the requesting of status reports, is a good practice, that I've heard come up in a lot of discussions. Hats off to you for leading that process as chair.

I also want to just turn to my right and say what a pleasure it is to be sitting here with Len Derkach, who's the chair of the Manitoba Public Accounts Committee, and to congratulate you and Jennifer Howard, the vice-chair of the committee, for the incredible strides that your committee has made over the last year, an acknowledgement of the hard work and leadership and co-operation between both sides of the floor. Congratulations.

Good morning to everybody. It's a pleasure to be here. I appreciate Norm's introduction because it allows me to skip a lot of the background and just to say that CCAF is not a standard-setting body. It's important to say that off the bat because I think this is an exciting document that we're going to be able to have a lot of fun with and that will hopefully be useful in the work that you do. CCAF is not a standard-setting body that says that this is the way you have to operate as a Public Accounts Committee. There are many, many practices around the world. Public Accounts Committees operate differently. As Shawn said in his opening remarks this morning, in Public Accounts Committees there are different cultures or different institutional realities. This is really a document that's created to be of use, to be a tool in the work that you do as practitioners, as members of Public Accounts Committees, but it's certainly not meant to be a declaratory document that says that it has to be done this way or it isn't going to work.

I think I'm going to skip over to slide 3, the attributes document, if you don't mind, and just say that we won't be getting too much into the substance today. This is really an opportunity to acquaint you a little bit with the document, just to say that the document is really an attempt to consolidate and highlight key issues and trends

that have been addressed in previous studies and surveys.

Le document c'est fondé sur le sondage mené par FCVI en 2004 auprès des Comités des comptes publics au Canada et aussi le guide publié par FCVI en 2006 portant sur le renforcement des Comités des comptes publics. Le document est aussi inspiré du modèle des Comités des comptes publics efficaces élaboré par FCVI et employé aussi lors des séances d'orientation qu'organise FCVI. Nous avons fait à-peu-près dix orientations entre 2006 et 2009 en Colombie-Britannique, en Alberta, en Saskatchewan, au Manitoba, au Québec, et à la Chambre des communes. Le document est aussi inspiré par des concepts clés élaborés par FCVI pour les CCP de l'avenir. Ce sont des concepts que nous avons présenté à la conférence du CCCCPC-CCVL en 2007.

Aussi, on va en parler aujourd'hui et vous allez voir que dans le document il y a une section dans laquelle on parle des tendances canadiennes. Ça c'est les tendances parmi le Canada. Qu'est-ce qui se passe avec les CCP? Vous allez voir que nous avons des données tirées du sondage de 2008 mené conjointement par FCVI, KPMG, et la Banque mondiale. Les données ont été utilisées pour cerner les tendances canadiennes et les faits saillants de la pratique.

I'm going to skip to slide 6 if you don't mind. I just want to mention, by the way – I just got a note – that you've got this document in front of you, and inside the document are the slides that we are actually going through right now. About two-thirds of the way down you'll see beautiful colour PowerPoint slides that you can follow along with.

I want to acquaint you a little bit with the document. What we've done is we've put up a screen shot of one of the pages. There are 12 attributes, and in a couple of minutes we're going to get into what those attributes are one by one. What I wanted to show you is that this is what a typical page looks like. You see what we've done. We've highlighted certain sections, and I want to take you through those. This is sort of a user's guide to how to use this document.

As I said, attribute 5 looks at resources for a PAC. We've highlighted for you some of the key subheadings, and each attribute has a series of key subheadings. In this particular one we're talking about the role of clerks and the role of research support, so I've just highlighted those for you to have a look at.

Page 7. Ça c'est les pratiques à considérer, or practices to consider. Donc, ici nous avons des exemples de pratiques permettant de s'appropriier un attribut. These are examples of the kinds of practices that would support a particular attribute, and we'll get into this in a bit more detail later.

The next is practice highlights. This is where it becomes fun, and this is where, to be honest, we really need more input. I had a gentleman from one of the maritime provinces come up to me yesterday and say: we've got lots of great things that we can add into this document in terms of the practices that we're doing. So this is by no means an exhaustive list. As you know, Canada is the second-largest country in the world, with 14 jurisdictions. We've tried to compile as much as possible practices from different jurisdictions, but we really need your support in doing that. So we encourage today but also over the course of the next couple of weeks the chairs, vice-chairs, members, clerks, researchers to get in touch – our coordinates are at the end – with Mike Eastman, the executive director, or myself and provide us with some examples of other practices from your jurisdiction that we can put into this document so that we can highlight some of those practices.

Then you'll see on page 9 that we're just highlighting Canadian trends. Here we're talking about resources, and we're saying, for example, that less than a third of Public Accounts Committees use external consultants or other experts. Each time that we're talking

about a particular attribute, we're then trying to back that up with some survey data to say: well, this is actually the state of how things are in Canada currently.

With that, I'm just going to ask our friend here to go back to slide 5. What I want to do is just briefly familiarize you with the 12 attributes. I've had a number of people already come up to me – I'm sure Mike Eastman has as well – who have said that 12 is too much. That's fine. We're more than happy to take that advice. We really are going to look to you for guidance on how to consolidate this document. Twelve attributes might just be too much, but I guess that when you're having fun with something, you just keep going and going. So that might be one comment. For now we've got 12. You'll see that we're calling them draft attributes because we're really relying on you for your input before we finalize this document. Obviously, I wouldn't be able to go through each and every one of these attributes today, so I'll just take you through a snippet of each, not too much detail.

#### 11:15

You see that the 12 draft attributes we've come up with, with guidance from the Public Accounts advisory committee and feedback from the chairs and vice-chairs and then the legislative auditors, are the authoritative powers of the committee; the support of the Legislature as distinct from the support of government; an experienced Public Accounts Committee, which I'll talk about in a moment; the resources of a committee; planning; nonpartisanship, which is always a bit of a tricky one because you can never have a PAC that's entirely nonpartisan; the relationship with the legislative auditor; recommendations and observations; the follow-up; assessing impact; and finally, communicating results, which is something that I think Mr. Betts raised this morning, and there were others who were talking about the issue of communication and how PACs can communicate their results to the media, their constituents, and others.

If we can go to slide 10, I'm just going to try to take you very quickly through the attributes. Le premier, c'est les pouvoirs. Ça c'est un cadre de travail formel et bien défini. On parle ici que si on veut avoir un CCP efficace, le CCP doit posséder des pouvoirs spécifiques. Aussi, le CCP doit être reconnu par un ordre permanent et doit posséder un ordre de renvoi ou un mandat lui conférant les pouvoirs nécessaires pour examiner de l'information et produire les rapports auxquels le gouvernement a l'obligation de répondre.

This is really the place where the powers of the Public Accounts Committee are specified. There's often a lot of confusion, not only in some Canadian jurisdictions but internationally, as to what the rules are around the operation of a Public Accounts Committee. Sometimes the interpretation falls to the clerk providing advice to the chair and vice-chair. Craig James, the executive director of CCPAC, always talks about the importance of having a solid framework that spells out the powers of a Public Accounts Committee.

The next two attributes are legislative supports and government support. You are really talking about the importance of the support and co-operation of the Legislature and of PAC members from all parties. This certainly includes the relationship between government and opposition members. Someone mentioned yesterday, I think in the session between clerks and researchers, that in some jurisdictions the PAC is more of an opposition-members committee in that the opposition members tend to ask more questions, and the government members are sometimes there in case the opposition tries to introduce some kind of tricky motion. So the participation of the government members and certainly the role of the vice-chair can be very, very important.

Government support is, obviously, critical to the functioning of a

Public Accounts Committee, particularly in a majority parliament. Allowing the PAC to set its own schedule, to set its own agenda is very important. When we talk about government support – the issue of witnesses came up, and I think Shawn Murphy mentioned it this morning as well. In fact, M. Lachance talked about witnesses playing what he called patinage, sort of stick hockey, stick-manoeuving around questions. So the support of government and the power to be able to call the right witnesses, of course, can be very important.

Attribute 4 talks about an experienced Public Accounts Committee. This is an interesting concept. This really relates to some of the issues that Shawn talked about in his presentation this morning. One comment that Shawn made was related to – and I'm quoting here; this is not my assumption – that there was somewhat limited understanding sometimes on the part of elected officials of their oversight role. I can understand this. I think of one member of the federal PAC who said: look, I was a teacher before I was elected, and now I'm supposed to be overseeing the budget of a G-8 country. It's very tricky. So training and orientation can be very important and, also, avoiding turnover, another issue that Shawn mentioned, and, Len, this is an issue that I think you feel strongly about as well: some consistency of membership can be very important.

Resources: obviously extremely important and an issue that is still emerging in a number of PACs. Until recently I think only about half the PACs in Canada had research support. Recently Alberta, Saskatchewan, and Manitoba have brought on researchers, and one of the challenges now is defining their role when they're brought in, sort of looking at: what is their role going to be? How are they going to support the role of the committee? Are they part-time or full-time? How much time do they actually have to dedicate to the role of research for the PAC?

Le prochain c'est la planification. Ça c'est important parce que la planification peut considérablement améliorer l'efficacité du CCP. Spécialement, si on parle que beaucoup des Legislatures ont un comité de directeurs ou un sous-comité qui est responsable pour l'organisation ou la planification des réunions, ça c'est extrêmement important. Aussi assez important c'est que la préparation permettra au personnel et aux témoins de se préparer en vue de la tenue des audiences. So if you have advance notice that meetings are coming up, it allows the departments to prepare properly, either to prepare action plans to present or to at least be prepared to provide good answers, that are going to help the committee to do its work.

Le septième c'est la nonpartisanerie. On dit toujours que le CCP fonctionne d'une manière plus efficace lorsque ses membres développent des relations de travail constructives, aussi bien entre eux qu'avec les témoins, et lorsqu'ils se concentrent sur l'amélioration de la mise en oeuvre de la politique et des programmes gouvernementaux.

In a number of jurisdictions where partisanship on the committee is a real issue, we often get the feedback that it's impossible to change, that you'll never get rid of it. But there are some jurisdictions – and I'm particularly pointing to Quebec and Ontario and from having had the privilege of attending some of your meetings in Manitoba – where there is evidence that it is possible to restrain it or to develop more of a co-operative atmosphere. It is something that's doable although it can certainly seem like a challenge at times.

We're almost done. We're at attribute 8, which is the relationship with the legislative auditor. Here we're really looking at a couple of things. We're looking, obviously, at the ability of the committee to have access to independently verified information if the Public Accounts Committee is the audit committee of the Legislature, so to speak. It's really only the Auditor General that can provide



independently verified information. Some Public Accounts Committees do look at government performance reports, particularly Alberta and Quebec, but that, of course, is the government's version of events. It's really only the Auditor General that can provide information that is compiled and verified by an independent officer of parliament.

Attribute 9, recommendations and observations. This, of course, pertains to the issuing of recommendations. As you know, many Public Accounts Committees in Canada, after they have completed a hearing, will issue their own substantive recommendations above and beyond supporting what the legislative auditor has done, in most cases, but then supplementing that with their own substantive recommendations. I think what we've found over the years is that, obviously, as legislators you have a unique view of how things work. You can also sometimes push the envelope a little further than the legislative auditors can in terms of making recommendations. One of your unique views, obviously, is your relationship with your constituents, and that's not a relationship that the Auditor has. So an ability to supplement the recommendations of the Auditor is very important but also the power to issue recommendations. In theory most jurisdictions in Canada have that power; in practice many PACs do not issue recommendations to government and then require the government to respond.

Well, this is evidence that 12 attributes might be too much. I don't want to lose anybody.

We're at attribute 10. I'll just say a couple of very brief words about follow-up. This is really about the ability of the Public Accounts Committee to follow up on the legislative auditor's reports once they're released and to put a bit of political leverage or very gentle political muscle on the departments and say: "You've seen the Auditor General's report. We don't want to blame and shame you. We want to know what you've done to improve the situation." In a way it's a very constructive approach. The other follow-up mechanism, of course, is more related to, once the PAC has passed recommendations, coming back a couple of years later and saying: "Okay. Now, what have you done to implement those recommendations?"

Attribute 11, assessing impact. I won't spend a lot of time on this. This is kind of – what's the right expression? – a dead fish. I'm trying to think of the right expression. A red herring. Probably a red herring. This is not something that we've been able to get a lot of interest from within the Public Accounts community, which is having the Public Accounts Committee set targets for what they want to achieve and then assess the impact of that and say, "Have we achieved what we wanted to do? How many of our recommendations were implemented by government?" et cetera, et cetera. But I am hearing rumours that one jurisdiction is looking at this and might be the trend leader in this.

#### 11:25

The last area is related to communication of results. Again, this is a discussion that I heard this morning during the previous session. I think it's an interesting one, which is that communicating results or impact can help to stimulate public debate and in some cases increase the likelihood that government takes note of the issues that have been raised by the PAC. Shawn talked about the issue of declining media interest, and this is an issue that we've heard a lot about. Again, Mr. Betts, I think, raised this as well from his perspective: how do you engage the media? We've talked about this at previous CCPAC sessions, you know: is there a way to relate in very plain language to constituents the value that is added from your work? Obviously, they tend to not understand highly technical terms.

I do want to note also just a comment from the previous session on communicating, which is that on numerous occasions I noticed that the chairs of the committees get very enthusiastic about the idea of press releases, and then when you raise it with the vice-chair, they kind of say: well, I'm not sure if that's such a good idea. So we're sort of halfway there. I've noticed in many jurisdictions that we're sort of halfway there, but obviously the vice-chairs kind of wonder: well, how far is the PAC chair going to go with this, and what is it going to become? This is an issue that I'd love to see some results on in the future, but it's still, I think, a challenge.

Donc, nous avons des questions juste pour avoir votre feedback. On veut savoir aujourd'hui, dans l'avenir proche: comment est-ce qu'on pourrait accroître l'utilité des documents sur les attributs pour votre administration, pour votre juridiction? Deuxièmement, y-a-t-il des attributs à ajouter, à supprimer, ou à consolider? Troisièmement, y-a-t-il dans votre administration des procédures en vigueur que l'on pourrait ajouter dans la section sur les faits saillants de la pratique? Quatrièmement, y-a-t-il dans votre administration des pratiques qui ne sont pas applicables ou souhaitables en raison de réalités institutionnelles ou politiques?

I won't repeat the questions in English – they're up on the screen – but just underline that these are questions that we'd like to hear from you on in the discussion today, which Norm is chairing, and also in the near future.

I understand, Norm, that next on the agenda is getting a practical view from one of the jurisdictions on how this has been working.

**Mr. Sterling (Ontario):** Yes. Thank you very much, Geoff.

I want to call on Len Derkach, who is the chair in Manitoba. Perhaps Manitoba can show to some of those provinces, like Jim Bagnall expressed in terms of Prince Edward Island, that progress can in fact be made if there is a collective will to do something about improving the effectiveness of the PAC.

**Mr. Derkach (Manitoba):** Thank you very much, Norm, and good morning, ladies and gentlemen. First of all, on behalf of Manitoba I want to express our thanks to Hugh MacDonald and the Alberta delegation for the excellent conference that you have hosted and the related activities. This congratulation goes to your staff as well.

First of all, I guess I should say that we want to step back a little bit and let you know where Manitoba was a mere two years ago. I was appointed about two and a half years ago and then attended my first PAC conference in Victoria, British Columbia, with a fairly new Auditor in Manitoba at the time. It didn't take me long to realize that Manitoba was perhaps at the bottom of the pack when it came to effective PACs and that we needed to do something about that. I was fortunate at that time to have with me the vice-chair, who is now a Member of Parliament, Mr. Jim Maloway, and together we decided that we had to do something in Manitoba to show some credibility at our next conference that we attended. So the work started.

Then on the scene arrived Mr. Geoff Dubrow, who very kindly offered some assistance to us in trying to step through these difficult hurdles that we had in front of us. In Manitoba up until that time only ministers answered questions and, specifically, the Minister of Finance. Therefore, no staff was there to answer questions. They were there as support to the minister, but they could not be asked any questions. In addition to that, the PAC in Manitoba did not have any ability to set its own agenda, to set its own meetings. Those were all set by the House leaders, and even to this day that's still something that we haven't been able to wrestle from the House leaders.

Mr. Maloway departed provincial politics and joined federal politics. I was joined then by Jennifer Howard, the vice-chair of our present PAC committee, who also has been a tremendous help in bringing Manitoba to where it is today. Now, I'm not going to tell you that we are at the same level that many of the other jurisdictions, Ontario, or the federal government are at, but indeed we have come, I think, a significant way in two short years. I'd just like to sort of fill you in on where we are today.

As it relates to the attributes, there are a couple of attributes that I think we have adhered to. Now, I think it's fair to say that in my invitation to join the advisory committee my eyes were opened up even more to the fact that all PACs need a guide to follow. Your culture may be different in different jurisdictions, but the attributes serve as a good guide to put your PAC on a path of success, I think.

To that extent I would like to just talk about a couple of the attributes that I think Manitoba has been able to achieve in terms of its progress. One of them I would have to refer to is attribute 5, which talks about support to the PAC in terms of staff. We were successful in convincing the Speaker and government that our PAC needed a researcher, so today we have a part-time researcher who supports our process. We still have some issues regarding who instructs the researcher to do certain research projects. To date it has been the committee as a whole who have through the chair given instruction to the researcher. But the researcher in Manitoba is attached to the Speaker's office, and therefore there is extreme sensitivity when it comes to doing research projects that may appear to be partisan in any way. Certainly, I think that as a committee we have agreed that we will park our partisan hats at the door as much as possible and try to operate in a nonpartisan fashion to a greater extent.

I'll just give you one example of what our researcher has done recently. We were sort of at a loss as to exactly how researchers are used across Canada, so we asked our researcher to take that project on. He has in fact now reached out to all of the other jurisdictions, and we have a fairly good idea of how researchers are used across the country in the research paper that he has done. I think that'll be very helpful to us in terms of guiding ourselves and our researcher for his work in the future. It's not work that I would recommend that everybody needs to undertake in terms of assigning your researcher to do that sort of observation or compiling of information. If you wanted, Manitoba would be pleased to provide that for you as a reference.

The other progress that was made – and I think it was significant – was that we were able to put together an ad hoc steering committee that meets before meetings, sort of working towards developing a strategy in terms of how we address our meeting processes and how we perhaps cover the issues and the reports that are before us. Remember, in Manitoba we have reports that we have been trying to clean up that date back to 2003 because of the lag in our province in terms of addressing the audit reports. We are at the end of this year going to be in a position where all of those old reports have been examined, and we can move ahead to new reports.

*11:35*

The members of our steering committee include the clerk of committees, the Auditor herself, and also the vice-chair and chair. We also have taken the route that many of you have in having an in camera premeeting before the actual PAC meeting. This provides an opportunity for the Auditor to give us an overview of the recommendations and perhaps the follow-up that a department has done since the report was issued, and it makes the committee much more productive. As a matter of fact, we have even extended a period of sitting so that we can pass a report. There's some desire

on both sides of the House to be able to move in that direction as well.

But there are still some things to do. One of the things that we are not able to do is call witnesses beyond the deputy minister. We cannot call witnesses from Crown corporations or from agencies. We had an experience last meeting where we had a minister and an executive director of the gaming commission before Public Accounts, but because of the agreement and the process and the fact that we haven't been able to expand our witnesses, the executive director could not answer the questions and was whispering the answers to the minister, who was giving them to the PAC. I think that was a good example because the minister who was in the chair was, in fact, the House leader. Therefore, I think it made him understand that there is good rationale for asking the executive director questions. But, again, I think we have to move slowly and ensure that all progress is positive.

There is still much to do. We have now decided that the membership of our committee will be permanent as much as possible. Critics are still coming into the committee and are still asking questions. We still have ministers coming in and being on the committee, which is something that we have to work towards eliminating. Whether we'll achieve that or not I think will depend on the spirit and willingness of all members of the committee. But I think the committee is working much better than it has in the past. I'm pleased with the progress, but, again, there's still much work to do.

With that, I'm going to conclude because I know there's some discussion that needs to take place. Thank you very much for that, Mr. Chair.

**Mr. Sterling (Ontario):** Thank you very much, Len. Congratulations on all your work and your vice-chair on the co-operation that you were able to receive in order to move forward. It's really, really great to see a province and a few politicians recognize this need and do something about it, so congratulations.

**Mr. Derkach (Manitoba):** Thank you.

**Mr. Sterling (Ontario):** Okay. I'm going to open the floor to comments or questions. Over here.

**Mr. Collins (Newfoundland and Labrador):** I'm curious about some comments raised by Len with respect to the House leaders. Did I understand you right, that the agenda was set by the House leaders?

You also have a steering committee. I'm wondering how the two of them jibe. Could you expound on that a little bit?

**Mr. Derkach (Manitoba):** Yes. Up until about a year ago the House leaders actually controlled the agenda and the time of meetings. In the last year with the addition of the new vice-chair to our committee that has relaxed somewhat in that we set an agenda for a whole year of committee meetings – we meet every two weeks – and that went to the House leaders, who approved it. The House leaders have agreed to allow us to set our own meeting dates, which we did through the steering committee by agreeing to sit every second week. So we are sort of evolving the process of setting meetings from the House leaders to the steering committee and the chair and vice-chair of PAC. But, again, it's an evolving process. It's not something that just is going to happen overnight.

**Mr. Collins (Newfoundland and Labrador):** The House leader doesn't set your agenda, though, just your meeting agenda in terms

of scheduling but doesn't set the topics for your discussion and whatnot?

**Mr. Derkach (Manitoba):** As I said, as of a year ago that has relaxed to where with the Auditor, the vice-chair, and chair the steering committee has been allowed to do that. Prior to that point in time it was the House leaders who set those reports.

**Mr. Sterling (Ontario):** Thank you.  
Over here.

**Mr. Arvaluk (Nunavut):** Oh, thank you. I'm James Arvaluk from Nunavut. Just a quick clarification. You mentioned that the executives or presidents of the Crown corporations are not called as witnesses. Did I also hear that DMs along with the ministers are called as witnesses in the PAC meetings? What's the rationale behind not being able to call, for example, presidents of the Crown corporations? We do that in Nunavut. We call upon the president of the housing corporation to appear in a public hearing in our PAC meetings because if it was just the minister appearing, he might not know all the details as to our concerns on the housing corporation. Can I get a clarification behind that rationale?

**Mr. Derkach (Manitoba):** Sure. I'd be happy to. You have to understand that in Manitoba we have evolved from a practice where only ministers and specifically the Finance minister answered all questions on behalf of departments and on behalf of agencies of government. When we asked for deputy ministers to appear before the committee as witnesses, there was not only reluctance, but there was a fear by deputy ministers that they would be dragged into the political arena to answer political questions. We had to be sensitive to that. As a steering committee we arranged for the Auditor and for ourselves to be available to deputy ministers to assure them that questions would only be allowed that were of an administrative nature. That gave some comfort to deputy ministers coming forward as witnesses because there was nothing that compelled deputy ministers at that time to be called as witnesses. There was no legislation that compelled them to be witnesses.

There has been a lot of co-operation on both sides of the House to achieve this by being nonpartisan and only sticking to an administrative nature of questions. We are not there yet with the other witnesses. We have not been given authority to go beyond the deputy ministers, but I think, again, as there is comfort from members on both sides of the House that we can conduct ourselves in a nonpartisan way, those rules will be relaxed as well.

**Mr. Arvaluk (Nunavut):** Okay. Can I have a very quick follow-up on that one?

**Mr. Sterling (Ontario):** Very quickly, yes.

**Mr. Arvaluk (Nunavut):** Thank you, Mr. Chairman. So if the minister announces that there will be social housing developed – okay? – and they have not been delivered, and we get this information in our committee. I'm using that as an example. Would it be an administrative question to ask: why were these houses promised by the government or the minister not being built under your responsibility as the housing corporation president? I guess what I'm saying is: is that administrative, or is it political?

**Mr. Sterling (Ontario):** Well, I believe that you're in a policy area, and you're not into accountability in terms of the program that's going forward. You're dealing with a government promise and the fact that it hasn't been done. Really, what we're trying to focus on

is what the program is and whether it has been delivered in an accountable way.

I'm going to go to the vice-chair of Manitoba, and then we'll come over here after.

**Ms Howard (Manitoba):** Thank you. I'm Jennifer Howard. I'm the vice-chair of the Public Accounts Committee of Manitoba. I just want to add some information about the topic of Crown corporations. We have a permanent committee on Crown corporations, so the Crowns are permanently referred to that committee, and the CEOs of those Crowns who are permanently referred can appear as witnesses at the Public Accounts Committee. So if we're dealing with a report, for example, on workplace safety and health or the Workers Compensation Board, we can call the president of the Workers Compensation Board to come. But not all Crowns or not all agencies are permanently referred.

The situation we just had was a report on gaming. The gaming commission is not one of those Crowns, so we couldn't ask the executive director of the gaming commission to appear. We had the minister appear. Because there is no deputy that has responsibility, we couldn't ask the deputy. In your example of housing what we would likely do is ask those questions to the deputy minister of family services and housing, who would probably have at their disposal the head of the housing corporation to help inform them.

As Len has said, it's an evolving process. We've gone from literally having the Minister of Finance answer every question at PAC to having ministers who are responsible answering questions to now rarely will a minister answer a question. Usually the deputy is answering all the questions and making the opening statement, which was another change we had. So it's evolving.

11:45

**Mr. Sterling (Ontario):** Remember, the PAC committee is not there to challenge what an agency is doing or not doing. It's there to look at what the Auditor reported with regard to their accountability and make recommendations to try to resolve the problem that the Auditor has identified. That's our understanding of what the PAC committee does. We have an agency commission in Ontario, too, that deals with agencies, deals with their structure, deals with the politics of it, et cetera, et cetera, but that's another committee's function.

Over here, a gentleman from Prince Edward Island.

**Mr. Watts (Prince Edward Island):** Yeah. Thank you, Mr. Chair. I'm Buck Watts. I'm the co-chair of the Prince Edward Island PAC. First of all, I'd just like to thank the host province here. You've done a wonderful job, you know, showing us a great time and very productive meetings. Just a note of interest: the chair of the Alberta PAC committee is a former resident. He was born and raised in Prince Edward Island. Now, I don't know if all of you know that, but anyway.

Just another comment on Shawn Murphy's. He mentioned the diminished media interest in Ottawa. It believe that most of the media from Ottawa moved to Charlottetown. I guess we must be the champions of sensationalism because at our PAC meetings in Charlottetown, as the chair had mentioned, there's more media than there are members a lot of times. It creates a lot of interest.

But getting back to what Chairman Bagnall had mentioned earlier about – I don't know what we'll call it, maybe political interference, for lack of a better word. We're mandated to keep government accountable. Now, if for some reason through politics we are not able to carry out that mandate – are other jurisdictions experiencing the same thing? Does it really happen? God forbid that it would

ever happen on Prince Edward Island. But, anyway, if that happens, how do you deal with it?

**Mr. Sterling (Ontario):** Well, basically, in Ontario's case I believe the way we avoid partisanship is this. The philosophy or the culture of the committee is to help the deputy minister resolve the problem that the Auditor has identified. We're not attacking the minister for this error. We're saying: this is not an error in policy; this is a problem in the administration of policy, and we want to help that deputy minister fix the problem so that our people in Ontario can be served properly. If you have that culture, if you have that goal, if that's what you think you're there for – for everybody, I believe, in our committee that comes there, some come with a political bent or a partisan bent, and they soon learn that there's not much tolerance from the other members of the committee.

We have nine members in our committee, and as soon as somebody gets into the partisan stuff, the other people look down and take them aside and say: "Hey. You want to attack the minister? Go to the House. Go to the estimates committee. Go to another committee. That's not our job here. We want to fix the problem for the people of Ontario whether we're in opposition, we're the third party, or whatever." I think it's that culture. If you can get it into your group that you all want to be constructive in saying to the deputy minister: "We're here to help. We'll make recommendations so that people who work for you will understand that it's not only the deputy minister that's saying that you've got to fix this; it's a committee of the Legislature that says that you've got to fix this."

**Mr. Derkach (Manitoba):** I think, further to that, it's up to the chair as well. Together with the vice-chair, we've decided in Manitoba that questions of policy will just not be answered in the committee to a large extent unless the minister wants to get into that. But the committee is there to deal with administrative questions that the deputy can answer. We try to keep it fairly tight.

It also depends on the spirit of the members of the committee. We have the advantage of having a former federal member on our committee who, I think, gained a great deal through the experience of the federal PAC committee and has brought that experience with him. He is, of course, on the opposition side, but understanding what the role of PAC is by members of the committee is extremely important in staying away from the politics of the situation.

**Mr. Dubrow (CCAF-FCVI Inc.):** I just want to add a different perspective on that. I agree very much with the perspectives of both the chairs. I think one of the things that we found over the years is that some of the smaller jurisdictions, where you've got less than 50 seats, and even some of the mid-size jurisdictions that don't have active legislative committees that are meeting all the time, what tends to happen is – you look at Ontario, Quebec, the feds. They've got a committee system every bill goes through, right? Some of the smaller jurisdictions don't have that. So what tends to happen is that the only committee that the opposition really sits on is PAC, and as a result of that it becomes a very political committee because it's the only committee that they can really get the word out or sort of fight the political battles. That tends to happen in smaller jurisdictions where there aren't committees that are meeting regularly.

Once you get a committee system up and running where you've got committees that are meeting on a regular basis, people like Norm Sterling and Len Derkach will say that the place to discuss the politics, the success and failure of policy, will be in the policy committees: the transport committee, the defence committee, whatever. PAC then becomes more focused on looking at whether

programs have achieved value for money, whether administration has been done in an efficient way, et cetera, et cetera. You know, political scientists say that size really matters in terms of Legislatures.

**Mr. Sterling (Ontario):** This gentleman at the back has been waiting a long time.

**Mr. Chisholm (Saskatchewan):** Thank you. I'm the vice-chair for Saskatchewan PAC. My question: it certainly appears that Manitoba has made some great strides in a short period of time, and one of the comments that you mentioned or that I think I heard was that you would like to move away from the role of critics as part of the process, if I heard that correctly. With Ontario, too, the ministers obviously don't have a role or probably shouldn't have a role. We've all kind of moved towards the deputy ministers being the contact. I'm just wondering if you believe there is a role for critics within the public accounts system and what that role is.

**Mr. Derkach (Manitoba):** Well, I think it depends on the culture of your jurisdiction, but in Manitoba to date we've allowed critics to attend the committee and to ask questions. I think part of that has to do with how well the committee, the permanent PAC committee, is prepared beforehand. That goes back to the briefings of the Auditor herself or her staff to the PAC committee as well as the researcher. If the researcher that is assigned can put some model questions, can put the background information before the committee, then it lessens the effectiveness and the need for critics, but until we get to that point, it seems that critics still have a better handle on what the report really is, and that's why they have a desire to attend the committee. We haven't ruled out the fact that they should attend or should not attend.

**Mr. Sterling (Ontario):** We often have substitutions into our committee by the critic, particularly by the third party, the New Democratic Party in the province, because they only have one member on the committee. There's one NDP, two Conservatives, three counting me, and five Liberals, the government side. The critics, when they come in, mostly understand what the role is. They're not there to start taking on the minister. They're there to look at what's happening.

Often they come because it's such a great learning experience to find out what's actually happening in the Ministry of the Environment or the Ministry of Transportation because one thing you get in our committee when you get the briefing from the Auditor and you read the Auditor's report: all the BS is cut out, and you actually get the facts about what's happening. So it's a great learning experience. The members of the Public Accounts Committee have probably a better idea of what's going on in a whole number of programs than the rest of the Legislature because they get such good information when they're there. That's why we have the critics come in. They want to learn about it. They want to learn what's happening in the ministry and that kind of thing. It becomes a learning, positive experience for them as the critic for Environment to actually have a say at improving the administration of the environment in the Ministry of the Environment for the province of Ontario.

Mr. Betts was next.

11:55

**Mr. Betts (New Brunswick):** Thank you very much. Just a couple of things here in regard to nonpartisanship. It says in the statement that members develop constructive working relationships and focus

on the improvement of the implementation of government policy. Then it talks about one thing that they do in the Yukon, about the chair reading off before the meetings, “Our task is not to challenge government policy but to examine its implementation.”

I just want to bring that forward to some comments by our Auditor General. Our present government has a policy of self-sufficiency, which sounds great. We’ll dig in our heels, pull up our socks, and be self-sufficient and not depend on federal government transfers. Two flaws. Their date for that is by 2026. Number one, it would presume they’d be in power till 2026 to implement that; secondly, it’s so far in the future as to be perhaps unrealistic. But our Auditor General’s comments in 2007 were, first of all, that there are no yearly targets, there are no benchmarks, there’s no accountability for it, also the fact that it’s not clearly defined as to what it is, okay? That’s our government policy.

Now, according to the definitions in here, we’re to ask questions about that policy, but that presumes that the policy has to be, I think, somewhat realistic or at least explained to the public ahead of time. But, you know, in our case there were, I think, \$1.44 billion in transfers in 2006-2007, so we would have to be looking at reducing our budget about \$80 million a year. Instead, the federal transfers are more than ever, and we’re going in debt at the fastest rate in history, from taking \$500 million off our deficit from ’99-2006 to adding \$740 million to our debt in just two and a half years. There’s something I’d just like to throw out to hear your comments on that particular government policy.

**Mr. Sterling (Ontario):** I think you’re on a fine line, and it’s going to be a fine line as long as PAC committees are around, and you’ve got to dance around it. I prefer to think that the Public Accounts Committee deals with specific programs, specific entities, and doesn’t get into macroeconomics when they’re doing their job. Once you get into macroeconomics, you’re right into the throat of the budgetary policy of the government of the day, and I think you’re in trouble.

I’ve two more questions: here and our friend from the Yukon.

**Mr. Schell (Nunavut):** Thank you, Mr. Chair. First of all, I’d like to thank all the people involved for putting such a wonderful conference together here and for the wonderful meal we had at the resort last night. Even though I won thousands of dollars last night, I didn’t feel any richer this morning. Anyway, it feels like a homecoming because I did spend 20 years here in Alberta before I moved up to Nunavut, so it’s like coming home here.

In Nunavut we do things a little different there. Recently we had the Auditor General’s report on the Housing Corporation. We presented it to the House in the last sitting, and in Nunavut the government must provide a formal response to our report and recommendations, and once we receive the recommendations, we post it on our Assembly website so everybody can see. That’s the first thing.

Then the other thing is that – of course, in Nunavut we don’t have too many exciting things happen, so we only have one or two of these reports per year – the media does show up for all of it because it’s kind of a high-profile thing for the media in Nunavut. I’m just wondering here with the other jurisdictions. Maybe there are too many reports that go out, so there is lack of interest from the media. Maybe the media has just got some report fatigue or something. Maybe you have to be a little more creative and report that the circus is coming or something. Maybe they’ll show up.

Thank you.

**Mr. Sterling (Ontario):** Well, I don’t describe our next speaker as a circus. He’s probably ready, but we’re going to defer that just to our friend from the Yukon to wind up the last question.

**Mr. McCormick (Yukon):** Thank you, Mr. Chair. I would just sort of offer as a bit of our experience that one way to avoid partisanship on the Public Accounts Committee is to carefully choose the subjects that the Public Accounts Committee is going to choose to investigate. We’ve had experiences where members on our committee or other members of the House have suggested that the Public Accounts Committee conduct some type of investigation on a topic that is sort of topical and current and very hot and everything like that. It starts to cause friction within the committee itself because I think, as a general rule, government members on these committees are concerned that opposition members are going to use the committee as a means of gathering ammunition for the next question period.

I think, generally speaking, if an issue is something that is making itself prominent in the headlines and question period, it’s probably not a good subject for the PAC to undertake if it wants to avoid partisanship. Probably it’s best for the Public Accounts Committee to really look at itself as part of an ongoing, long-term accountability process and not something that’s supposed to be dealing with things that are ripped from the headlines, as it were.

**Mr. Sterling (Ontario):** Okay. Mr. Williams has gracefully allowed us to continue just for a few more minutes.

The member from Nova Scotia.

**Ms Whalen (Nova Scotia):** My name is Diana Whalen. I’m the chair of the Nova Scotia PAC. I certainly am finding this discussion very interesting, some great ideas. I’m a new chair, just coming into that role now, but I’ve been on the committee. Certainly, we have a good committee in Nova Scotia. It meets regularly, it’s active, but it is partisan a lot of times. To be honest about it, it is difficult, and I see the push-pull that comes here. I like Geoff’s comment about it being a smaller jurisdiction. Maybe we need other venues for that.

I had a couple of observations and maybe a question in there. The assumption is, first of all, that members of the Legislature or Parliament are financially literate, that we understand all the financial information. I really feel that when we have presentations from the auditors, for example, they’re speaking a different language than most of us. Let’s be honest. I do have a CMA, which is an accounting designation – I haven’t used it in quite a few years – so I feel I’ve got a leg up already. But I know that there are things, like when you’re talking about yo-yo accruals, you’d have to explain in a bit more detail. I think that we have to realize our committee members come on there with a partisan or political bent, an understanding of some of the softer human issues, not a big understanding of the financial issues.

In training and understanding I appreciated what was said from Quebec. I think it was the Auditor saying that there’d been an effort to explain indebtedness, you know, what the terminology is and the different ways of looking at the books. We don’t have that training in any real sense, certainly for the new members that are coming in. So that’s important. I don’t know if everybody feels that, but I think the need for training is really there, and we need to understand it better. That’s one of the big things.

The other thing I would ask about. This morning we talked about I think it was the federal government committee having a protocol for the accounting officers. I’m wondering: would that protocol sort of outline in any way what their role is and what they can and cannot

answer? I've been a member for six years in Nova Scotia and have sat at committee meetings – it wasn't PAC; it was the Economic Development Committee meeting – with a minister who was refusing to answer questions. It got very heated, and probably she was within her right to say, "this isn't my role." I'm sorry. It wasn't a minister; it was a deputy minister that appeared. It was very heated and unpleasant. I'm wondering: is there a protocol that says what their role is more clearly? This book of the attributes is very helpful, so in that vein: is there some way that would outline to members what they should or shouldn't ask and help a chair in terms of what's on and what's not?

12:05

**Mr. Sterling (Ontario):** Well, I think that in terms of the federal structure, in terms of the accounting officer, in terms of the specific legal surroundings to that title perhaps you could direct that question to Shawn after the meeting. I don't think any other jurisdiction has that particular structure. I think that in all committees, particularly the PAC committee in Ontario, any deputy minister is at great peril if he doesn't answer a question. If he says he doesn't have the answer, we say, "Well, we'll give you a certain amount of time," and I write a letter as the chair to the deputy minister and say, "We expect such and such information before we start crafting our report." We've never had an instance where they've said: you're not going to get information. The deputy ministers are far more forthcoming than the ministers are with regard to information.

One more question. You're the last fellow.

**Mr. Butler (Newfoundland and Labrador):** It's a question, yes, but not pertaining to the presentation. I think this book is going to be a wonderful thing for all of us. It says it's a draft. My question to Geoff is: what's the deadline for all jurisdictions to get additional information, and when will we see the final product?

**Mr. Dubrow (CCAF-FCVI Inc.):** I was going to say 12 o'clock today, but that probably wouldn't be a reasonable answer. We're hoping to get it out by the end of this calendar year. I would say reasonably that if we could have comments – we've already received some comments. We sent this draft out, so we've received some comments back, and we're going to try to incorporate those. If we can get comments over the course of the next two, three weeks, that would be greatly appreciated. We will take even some of the discussions that have happened here. We're going to want to sit down with our PAC advisory committee later this year and draft something and sort of look at the document one more time and then take it from there. Our objective is to have it out by the end of the calendar year.

**Mr. Sterling (Ontario):** Well, that concludes our session. At the present time I'd like to thank Len and Geoff on behalf of all of you. Geoff, you and Mike Eastman and the CCAF have done a tremendous job for our PAC committees across Canada. Thank you very much.

**Ms Woo-Paw (Alberta):** Hello, everyone. I'm Teresa Woo-Paw. I'm a member of the Alberta Public Accounts Committee. I'd like to think the reason I'm up here is because of our diligent chair. That's his way of rewarding me for good behaviour as a first-time committee member. On behalf of our committee and the government of Alberta it is my privilege to extend our token appreciation to the presenters and the facilitator for this very informative session.

[The presenters and facilitator were presented with commemorative pins]

#### CCPAC Session 4

**Keynote Address: Accountability in the Modern World**  
**Facilitator: Hugh MacDonald, MLA, Chair,**  
**Alberta Standing Committee on Public Accounts**

#### Séance N° 4 du CCCC

**Discours-programme: Responsabilité dans le monde moderne**  
**Animateur: Hugh MacDonald, député, président,**  
**Comité permanent des comptes publics, Alberta**

**Mr. MacDonald (Alberta):** Thank you, and hello again. It's my pleasure to introduce our keynote speaker this afternoon for session 4, Accountability in the Modern World. When John Williams chaired the Public Accounts Committee, the media paid attention. I don't know why, but they certainly did. It's a testament to his leadership.

Mr. Williams is a former member of the House of Commons in Ottawa. He represented very well Edmonton-St. Albert for close to 15 years. He held a number of parliamentary responsibilities during his time as a parliamentarian, including functioning as a critic of the Treasury Board, Public Accounts of course, and procurement review. He also served on a number of other parliamentary committees, but since his retirement Mr. Williams is also not only one of the members but a founding member and was chair of GOPAC, the Global Organization of Parliamentarians against Corruption. Upon his retirement as chair of GOPAC the board of directors, I understand, nominated Mr. Williams as the chief executive officer of the organization.

Mr. Williams is also the author of *The Waste Report*, a periodical on government waste that is a well-known publication that criticizes mismanagement and the lack of accountability in government. Mr. Williams is also coauthor of a report entitled *Measuring Quality of Life: The Use of Societal Outcomes by Parliamentarians*. This was printed, I believe, in November 2001. He has also authored or coauthored a number of other publications on Parliament and parliamentarians' roles in promoting democracy and preventing corruption.

I think he has a very diligent schedule. We appreciate his presence here today, and we look forward without any further ado to his remarks.

Thank you, Mr. Williams, and please come forward.

**Mr. Williams (Former Chair, Public Accounts Committee, House of Commons):** Well, good afternoon, everybody. Like a politician I think I'll stand if you don't mind. I get a little bit more energy that way.

I'd like to start by acknowledging a few friends around the room here: of course, Bev Shipley, a member of the caucus; Mr. Murphy, the chair of the PAC, not a member of the caucus that I belonged to but, nonetheless, nice to see you here, Shawn; and Rick Borotsik over there, who was in Parliament with me for a number of years. I see Peter Loney here from Victoria. Australia, that is, not Victoria, British Columbia. As the chair of the PAC I was down in Victoria and enjoyed the hospitality of the state of Victoria a number of years ago. We welcome you here, Peter, to our province of Alberta. We're about the same age, Alberta having been started in 1905.

So here we are. I hope you all enjoyed the good Alberta beef last night. It was quite the spread. I have to say, of course, that we had to import the crab legs; we don't grow that locally. But the rest, I think, was pretty well homegrown. We hope that having come from all around across this great and wonderful land of ours, you go back home with great memories of Alberta. The weather is great. I think it's practically summertime here right now.

I was asked to speak on accountability in the modern world. I was just reading a book recently about accountability in the old world.

The book was called *The Tyrannicide Brief*, about how a lawyer by the name of John Cooke prosecuted King Charles I, and of course in 1649, January 30, the king lost his head, literally. That was his accountability because he didn't govern the way the people wanted. He wanted to start a civil war. Hundreds of thousands of people were killed in the United Kingdom by virtue of that civil war that he had. Parliament rose up and said, "Enough of this stuff," and on January 30 it was off with the head. Well, we don't quite go that far anymore, thankfully, but what about accountability today? How does it manifest itself?

So I talk about accountability. First of all, what is it? I define accountability as a force beyond your control that causes you to think and act in a certain way – a force beyond your control that causes you to think and act in a certain way. What kind of examples do we have of that? I came up with a couple. If you're driving down the street at night and you see this flash, it's not necessarily lightning; it's photo radar. I know. I've been there. All of a sudden you get a ticket in the mail – a hundred bucks, a couple of hundred bucks, whatever it may be – and you're not going to talk your way out of it. They have the photograph there of you in your car. You've got to pay. It's accountability. Slow down: it's okay. Drive too fast and break the rules: you're going to be held accountable. A force beyond your control that causes you to think and act in a certain way. That's the way it is in this country. Unfortunately, it's not that way in many other countries, but that's the way it is in our country.

I was thinking of another lighthearted way in the concept of accountability. You're walking down the street with your wife, and a nice young lady comes along. You turn around, and you get a purse from your wife in the side of the head. It's called accountability. She says: "Don't do that. Pay attention to me and not that person." Accountability: it manifests itself wherever we may be.

#### 12:15

We think of others who know about accountability: Conrad Black, who is now, of course, doing his little time in jail down in United States; Bernie Madoff, who has been in the news recently, got a new abode down in South Carolina for the next 150 years if he survives that long. We've got the gentleman in Quebec. I've got to get the name right because it's like another name. Earl Jones tried the same thing here in Canada. I heard on the news that don't we have another little thing going on, another Ponzi scheme here in Alberta? Hugh, you'd better get onto this.

Accountability is a force beyond your control that says: you are going to do it right, and if you don't do it right, there's a penalty. You can't buy them off. You can't say it doesn't matter. Accountability. On the news this morning: I don't know if you've been paying attention to Alberta news, but the government lost a by-election in Calgary yesterday. Yeah, a wake-up call. Accountability: it manifests itself in many, many ways. This is what your role is as parliamentarians, as legislators, and as members of the Public Accounts Committee.

Let's take a little bit more of a look at accountability, and let's talk about the private sector. In the private sector accountability manifests itself a little bit differently. Two ways: the first one is competition. You can't buy off your competition. The competition is saying, "I would like to serve your customer," and the way the competition serves your customer is with a better price, better service, and better value for money. When the person can do that, the company can do that, he'll steal your customers. There's only one way that you're going to fight back: better price, better service, and better value for money. That way, when you have this multipolar world of many businesses competing for the customer's dollar, you have the competitive world. That is why we enjoy the prosper-

ity that we do today. If you can't survive, you fall by the wayside.

Big names fall by the wayside. I used to talk about General Motors, and of course they already have fallen by the wayside. But before they fell by the wayside, I used to use the example – us older folks remember the first oil shocks in the early '70s. The price of gas went through the roof. The big gas guzzlers that we produced here in North America, people said: "We don't want this anymore. I want that Japanese little thing. It's a little rust bucket, but it goes a long, long way on a gallon of gas." We used gallons back in those days. They stopped buying the North American cars. Accountability. They were producing something that the customer didn't want because the price might have been okay and the service was okay, but it used too much gas.

So what did the big three do? They went to Congress in the United States and said, "We're being killed by the competition," and Congress said, "Oh, we can't have a North American automobile business killed by the foreign competition," so they put limits on the number of cars that could come into the country. Problem solved. Legislate the competition out of existence. The Japanese said: "Wait a minute. We've got to fix this problem." So rather than producing these cheap little rust buckets that they did in 1970, they started producing high-quality cars with lots of profit margin and stole all the profitability of cars like the Lincolns and the Cadillacs and so on. The automobile companies were back in trouble because they wouldn't respond to the competition and they wouldn't respond to the consumer who says: I want a better price, better service, and better value for money.

In those days if you wanted a brand spanking new car, you could go down and take a look at the list. "I want air conditioning; I want power steering; I want this, this, this, and this," and two months later the car is delivered. The Japanese said: "But our supply line stretches all the way back to Japan. We can't do this. So we'll put all the options on the car, and you can drive it off the lot this afternoon." Service. You have to respond to the consumer. Accountability: a force beyond your control that causes you to think and act in a certain way. Of course, GM has gone bankrupt, as we all know, because they couldn't respond to the consumer.

Another example I use is IBM. IBM was the dominant force in the world in computers, and then these little upstarts, Mr. Jobs and his friend whose name escapes me, started Apple Computer. IBM says: "A computer on your desk? Well, these are toys. Who would ever want a computer on the desk? You want a big mainframe that fills three floors of the main office building downtown. That's the only way you can run a computer." Of course, before IBM realized that people wanted desktop computing, they wanted to be able to be in charge of themselves, they were on the ropes and very, very lucky to survive. Accountability. A force beyond their control that said: "We don't care about you; this is what we want. If you're not going to give it to us, we'll get it from someone else." Accountability.

The second concept of accountability for the private sector is government regulation. We want to ensure there is a level playing field for everybody, and by having a level playing field, the competitors can go out there and play the game, and the consumer wins unless, of course, the government bows to the pressure and says: we want to regulate the number of cars that are coming into this country so that our homegrown business can survive. Protectionism.

Or all the other kinds of rules that we can write to ensure that our friends win the contract. There is no end to the ways that we as parliamentarians and government can manipulate the system so that somebody wins the contract. But we should resist that, and that's why you as legislators should be scrutinizing the government regulations and the rules and the competitive bidding process to ensure that it is fair and the game is played by everybody. The

minute you start picking winners and giving somebody a leg-up, you start to abuse this concept of accountability, and then the system starts to fall apart.

Good examples of winners: I use McDonald's. Nobody ever said they serve gourmet food, but they have the best price and the best service. For the little that you pay, people consider it value for money, and they win all around the world. It's an example of how the winners can win.

Government regulation and competition is how the private sector is held accountable. But, then, what about us? We don't have competition. We run a monopoly. Government is a monopoly by definition. Even if a competitor showed up, we would just legislate him out of the way. We're not going to have anybody else around. We are it. And, of course, because we write the regulations, it cannot by definition be a force beyond our control because we wrote the regulations. So how does a political system work? Who is our accountability?

I heard this morning just as I was sitting up there how in some jurisdictions House leaders set the PAC agenda and how political parties and governments are involved in the Legislature and the Public Accounts Committee. So I came up with this little hourglass concept to explain democratic accountability. When I put the people at the bottom, you say: "Wait a minute. This is a democracy. People are at the top." They're up there, too. We'll get to them in a minute.

The people in a society are held accountable by the bureaucracy. I mentioned how if you go too fast, you'll get a ticket from the police. Radar seems to catch everybody. I don't know about you, but it gets me on occasion. We have tax inspectors. We have building inspectors. We have electrical inspectors. We have inspectors everywhere saying: you do it right, and if you're not going to do it right, you're going to fix the problem, or you're not going to do it at all. You're held accountable because we like a safe world to live in.

#### 12:25

I think of the earthquake in China last year, when the schools fell down and killed the children because the building inspector was taking money under the table. "It's okay; let it go," and the kids died. After the kids died, the government responded. I don't know what happened to the building inspectors, but I can imagine, it being China. Maybe the same as King Charles I; I don't know. But accountability kicks in eventually everywhere. In a working society the bureaucracy holds us accountable and the courts, too, of course.

Who holds them accountable? It is the cabinet minister. He doesn't like to find his face on the front page of the newspaper saying his department screwed up. If he does find his face on the front page of the newspaper, guess who he's going to be talking to in two minutes flat? The deputy minister and saying: how did this happen? The deputy minister feels the heat, and it goes all the way down the line. It's called accountability. "Fix the problem. I don't like this idea of being pilloried in the newspapers or the TV or whatever." Accountability.

Who holds the cabinet minister accountable? The big guy: the Prime Minister, Premier, or whatever. He's the top of the heap. Ministers serve at his or her pleasure, and if they don't like it, they can go. If he doesn't like them, they're gone. That's the way it works. Accountability. Do your job well, keep your nose clean, keep the boss looking good: all is well. Otherwise, you're gone. Accountability.

Now, in far too many countries that's it. That's all you've got. The guy at the top has no accountability. Who is supposed to hold him accountable? Everybody is supposed to be accountable. As you see, I'll use the word "us" because I used to be a politician, too. Us:

parliamentarians. Our job is to hold the executive accountable and through the Public Accounts Committee to hold the bureaucracy accountable. When we fail to do our job well, when we get into this partisan stuff of saying, "I sit on the government side; therefore, whatever happens, it's okay," or "I sit on the opposition side, and it doesn't matter if they do the right thing; I'm going to pick a problem with it anyway," partisan politics sometimes gets in the way of good governance.

Parliament, you, were elected to serve the people and to hold the government accountable. We have lost it in the Westminster model, where we think that if we're on the backbench, we're part of the government. You're not part of the government. You may be sympathetic to the government, you may support the government's agenda, but you're not part of the government if you're in the Legislature and not in cabinet. You may be sympathetic and supportive.

Of course, we know how the opposition feels all the time. I was there for many years. They couldn't do anything right.

So who holds a parliamentarian accountable? Then it gets a little bit complex, but as you can see on the right-hand side, the independent media. The media should be watching us all the time. Through the independent media they are telling the people what we are up to here. By virtue of the fact that they are there, the people become engaged. They become aware of what the politicians are doing, aware of what the government's doing. Independent media is fundamentally important in a democracy.

On the other side, of course, we have civil society. People need to be able to organize any which way they want. They have churches and Boy Scouts and hockey clubs and whatever else that people can organize and chambers of commerce and lobby groups and special-interest groups and so on to tell the Parliament, tell the government what it is we as a society want. Civil society is how people organize to ensure that their government responds to their needs.

In the middle we've got political parties. I think you all know about political parties, so I won't dwell on that very much, but I want to point out that civil society and independent media have a large engagement of the people, at the top, and political parties have a small engagement with the people. Down at the bottom civil society and independent media have a small connection to Parliament and the executive, but political parties, as you can see, have a huge connection into Parliament and the executive.

Here in Canada I would think that political party membership on the federal scene is maybe around a quarter of a million people max. Out of 33 million, 34 million people only a quarter of a million have forked out the 10 bucks to say: I'm a member of a political party. Out of that quarter of a million people you're pretty well down to I'll just guess and say 10,000 serious activists that say: count me in; I want this country to be governed the way I want to see it governed, and my vision is going to prevail rightly or wrongly. A very small percentage of people are seriously and actively involved in politics, yet they carry the day.

Then, of course, up at the top are the people. People are informed by an independent media. They have the capacity to organize through civil society and to tell the Parliament or the government what they want, and through political parties leaders emerge, political policies emerge, and the system works.

But it doesn't work in every country, in many countries. This afternoon, believe it or not, I'm on a plane. I'm off to Zambia and Zimbabwe. Now, they had elections last year in Zimbabwe. Mr. Mugabe won the presidency, and Mr. Tsvangirai won the majority of the Parliament. They've got a bit of a hybrid Westminster system, and they now have some kind of triumvirate running the country with Mr. Mugabe and his goons kind of calling the shots.



The point is that Mr. Mugabe is not accountable at this point in time even though the Legislature has had its elections.

Therefore, I use that as an extreme example for you to think and question about your role as a parliamentarian because your role is to hold the executive accountable, and we've lost this. We've lost it because we all ran on the political party platform: vote for me, and I will whatever it says for you. We have the election. Your party didn't win. You're sitting over on this side, on the opposition side, and what happened to the party platform? How are you going to implement that, as you promised the voter? Well, you're not. Now you've got a new role, to hold the executive accountable.

That applies also to the backbenchers on the government side because Parliament doesn't as an institution really recognize political parties. We know they're there – we can see them there; we feel their influence all the time – but as an institution we don't really recognize political parties.

We find in that situation that leaders are calling the shots. We follow the leaders, and I have been in the caucus both on the opposition side and the government side. On the government side – these two gentlemen would concur with me, and I'm sure the same for yourselves – the leader, the Premier, the Prime Minister, comes in and says, "Tomorrow we're introducing a new bill in the House for whatever." You say: "Great stuff. Count me in. Don't know what it says, but count me in. I'll support you all the way." Because we have this concept of confidence. Because if you're going to vote against this legislation, we may be off to an election. You caused it. You're the troublemaker. You're out.

If I can get a little partisan for a second, we had that right here in the province of Alberta. The Member for Fort McMurray-Wood Buffalo, who sat on this side, said: I don't like the fact that the government cancelled the senior citizens' home in my constituency. You criticize the government, gone. But the good news is that he still kept his job. He now sits on this side instead of that side. The point is that he spoke up, and speaking up against your friends is very hard. Speaking against your own caucus members is very hard, but your first responsibility is to the people, at the top, to serve them, not to serve the guy whom you're supposed to hold accountable. When you start focusing on supporting the guy that you're supposed to hold accountable, it all kind of starts to fall apart.

12:35

I've been around the world quite a bit. I've talked to a lot of people. I have yet to find anybody who ever voted for poverty. If nobody voted for poverty, why is half the world poor and destitute and starving and disease ridden, with no education and no health care and no homes and no clean water and quite often no food? Did they vote for that? No. So why is that what they get? They get it because their Parliament doesn't work. Their Parliament says: whatever the Prime Minister or the President does is okay by me. In many parts across the world parliament is in the pocket of the government, and he's handing out the cash. They share it among themselves, and the people are destitute.

That is why democracy is so fundamentally important. It gets back to the consumer on General Motors who said: "If you're not going to produce what I want, I'll go elsewhere. I'll get it from somebody else." But remember this government monopoly thing; they can't go somewhere else. They rely on you to hold the executive accountable and say: "I voted for you. You will serve me, the voter. And if you don't serve me, I'll find somebody else who will in the same way as if you can't produce a car that I like, I will find somebody else that will." So we come back to this concept of Parliament's job is to hold the government accountable.

There are three things that people want in life. They want peace, they want prosperity, and they want the hope that tomorrow is going

to be better than today. Is that much to ask for, peace, prosperity, and the hope that tomorrow is going to be better than today? That's all they want. We see these wars around the world. We see the lack of prosperity, and we say: how is this happening? Here in Canada we shake our heads and say: how is this happening? It's because that system works reasonably well here in this country. In those countries that are at war and where people are destitute and where there is no peace and tomorrow is going to be worse than today, it's because there is no accountability for the executive.

That's why we started this little organization called GOPAC. I'm going to tell you a little bit about GOPAC because it is an organization for you as parliamentarians. Most of you, of course, are provincial parliamentarians, and the organization allows provincial members to join, too, because it's only for parliamentarians. Parliamentarians are a special class because the only people in the world who have the constitutional capacity and the authority and the responsibility to hold a government accountable are you. Nobody else.

Special-interest groups can clamour in the media about their governments not doing something for them. They can complain all day long. But only you have the capacity to say to the minister: "Come. Sit down at committee. Tell us what you're doing." To the deputy minister: "Come and tell us how you're running your department. If you're not doing it well, we want to know why." No one else has that constitutional authority and responsibility. At question period you can stand in your place and ask the Premier and the cabinet, "What are you going to say about the issues of the day?" and they must answer. You may not like the answer, but they will give you an answer because it's about accountability. With the media watching – and it's on the television and in the papers – if the government gives an answer that people don't like, they'll say: well, we'll throw those bums out, and we'll get somebody else at the next election. It's about accountability.

GOPAC. We started this organization, and parliamentarians have said: we have to do a better job. We spent a lot of time figuring out how to try and do this better job. We came up with three pillars for the organization. One is peer support. It's very, very hard – and you know – to stand up in caucus and say to your party leader: you're wrong. It's very hard to get your caucus members to say: let's do it a different way. Now, we're talking about corruption here, so in some countries it's very, very hard for someone who believes in honesty and integrity to say to his colleagues and caucus members: let's stop stealing the money even though we have written rules that make it legitimate.

For example, in Kenya if you happen to be a Member of Parliament, salary: \$165,000 U.S. a year. Everybody else lives on a dollar a day. A hundred and sixty-five thousand dollars a year, U.S. dollars, if you are a Member of Parliament in Kenya. "Well, you know, we have to look after these people. We have no welfare system, so the Member of Parliament hands out the cash." Baloney. Cabinet ministers are the only people allowed to import cars duty free. As they sell them off to friends, they get another one, paid for by the government, of course, because they write the rules. It's hard to stand up in a caucus and say to your friends and your colleagues: excuse me, but do you think this is right?

Peer support. You would know all about building coalitions. The guy with the biggest vote in this place, the guy with the most votes in this place wins. Whether he's right or not is not the point. If he got the most votes, he wins. We have to build a coalition of parliamentarians around the world who say: we believe in honesty and integrity; let's see if we can move this agenda forward.

The second pillar for GOPAC is education for parliamentarians. I heard a couple of points this morning about: well, I was a teacher, and now I'm trying to run this place, run the country, run the

province. Who taught you how to do that job? The answer is nobody. You may have been successful in your career before you entered the Legislature or the Parliament. You'd been a lawyer, a doctor, an accountant, a teacher, a farmer, a housewife, whatever it may be, and then one day you got a new job. Who taught you how to do this new job? You got the keys to the country, and who taught you how to do this job?

You know, I sometimes talk about it and give the little analogy. There you are. You're on the operating table. You're going to have an operation. The surgeon comes in, checks your name, what we're going to do, and so on. He says: you know, I haven't done this before. How do you feel? He's got his scalpel in his hand, you're just going to go under the anaesthetic, and he says: I haven't done this before; where does it hurt? Would you let him go ahead? No. You're not going to let him touch you unless he's been to university and trained for 10 years and passed all the exams and demonstrated his capacity and he has learned by watching other people do the job. But us? Go for it. You win the election, and the next day you're fully fledged and go for it.

We need education to understand that our role as parliamentarians is to hold the executive accountable. When we do that on behalf of the people so that people are served, they will start getting things like clean water and roads and education and food and health care and housing – and the list goes on – because we say to the government: you deliver. Because if the government doesn't deliver, at the next election we're gone. You know, it's not a bad gig being an MP and so on. You kind of get to like the job. You don't really want to be turfed out on the street, so you tell the government: you've got to do what's right; you've got to serve the people. That's what it's all about.

The third objective of GOPAC is leadership for results. We're great guys to talk. I've been to all kinds of conferences and meetings. You know, I'll go anywhere, any time, talk on any subject, as long as somebody else pays, right? But that is not enough. We have to do something.

12:45

We have to ensure that we are serving the people who elected us, and that's why GOPAC has an agenda. I'm going to announce the agenda. The United Nations Convention against Corruption is a big, wide convention that's been now ratified by about 150 countries. That says a lot of things about honesty and integrity in fighting corruption. It's okay here in Canada. We have signed. We don't sign on to these conventions unless all our legislation conforms to the convention, and once we got all that fixed, then we sign on and say, "There it is; the Criminal Code applies here," and so on and so forth.

Other countries sign, send out the press release, and that's it. Count us in. Not the slightest intention of doing anything because they dominate the parliament, they steal the cash, and life is wonderful. Mr. Mugabe, by the way, lives in the largest house in Africa. I saw some photographs on the Internet one time, and it makes Buckingham Palace and the White House look like slum residences. People are dying and people are starving because he is not accountable. I just thought I'd throw that in.

The UN Convention against Corruption: it's absolutely important that it be implemented. Whose job is to ensure that the government implements a UN Convention against Corruption? You folks, us, parliamentarians. It is our job to demand that the government conform to the convention that it has signed on to. It's not a big deal. This is not partisan politics. If the government says, "Count us in," then they should be in, and it's your job to say yes.

Resource revenue transparency doesn't sound like a bad deal. Nigeria, which is richer than Alberta when it comes to oil and gas: World Bank says they lost \$300 billion in the last 15 years. You can do a lot with \$300 billion. For the economist, as that works through the economy and multiplies by a factor of three or four or five, then you ask: well, why is everybody starving to death? Why are people living on a dollar a day? It's because the democratic system doesn't work because the parliamentarians are lining their pockets and not caring about the people on the street. So we have to work with the parliamentarians in Nigeria. That's why I'm off to this meeting in Zambia, to try to engage the parliamentarians across Africa because we have a chapter in Africa that's working well with people.

Many parliamentarians are committed to this idea that they believe in democracy and integrity and honesty and doing things right. When I go to Zimbabwe, I meet with Willias Madzimore, who's a good friend of Morgan Tsvangirai, who I met in Ottawa a couple years back. Now Willias is just like you and me – he's a parliamentarian – but he has a couple of other things that I doubt that you folks have.

We took him to a conference in Jordan a couple of years back, and he went back home and he sent us an e-mail and said: "I'm going to be busy for a couple of weeks. The government goons have trashed my house and my business, so I've got to get things back in order before I can do more work for GOPAC." Then last year they burned his business down completely, and they thought he was inside, and they were kind of disappointed that he wasn't. He is still speaking out against Mugabe.

His life is in danger; his family's lives are in danger. We don't know what that's all about. We think it's great to stand up, and hopefully we don't incur the wrath of our peers and our caucus members. There if they wake up the next morning, this is good. There are people doing this: leadership for results, code of conduct for parliamentarians, code of ethics for parliamentarians. The people who are doing the most work on codes of ethics for parliamentarians are our Arab chapter, the Lebanese and the Kuwaitis and these people. You say: do they have democracy over there? Yes, they do. It's not as developed as ours, but it's coming along, and these people want to do what's right, and they have written a paper on code of ethics.

I don't know if you followed the news about the U.K. this past spring, where they kind of got into the expense accounts in a big way. I was over there, and I was speaking to the Lords' Speaker of the upper House, and I said: "Look, I've got a document for you. Here is our code of ethics for parliamentarians, written by our Arab chapter. I think you might want to read this. It's got a lot of good stuff for you." Just because we are from the developed world, don't think we are doing it all right.

GOPAC has a number of agendas like that: resource revenue, UN Convention against Corruption, training for parliamentarians, code of conduct for Members of Parliament, and so on. There are eight of them, and I just don't have them all at my fingertips at this point.

That's why we have an organization for you if you say: "I believe in honesty and integrity. I believe in doing my job right. I believe in learning how to do my job right." We have this organization supported by CIDA, World Bank, USAID, IMF, UNDP, and so on because they're now starting to realize that the problem in Africa and Latin America and elsewhere around the world is not money, and development aid isn't going to fix it. The problem is bad governance, and if we can fix governance, the economy will start to grow and look after itself. So it always comes back to us.

On the federal scene I made an estimate. There are approximately 35,000 parliamentarians – that's a guess – 308 in Ottawa and 500

and some in United States and so on. Add it all up, and it comes to 35,000 people, a small town. These 35,000 people – and that includes you – have the constitutional authority and responsibility to say to your executive: you have to do it right on behalf of the consumer, the people. When you fail, the government fails, and when the government fails, society fails.

That's why organizations such as GOPAC need you and all the others who are prepared to stand up and say: count me in. Can you imagine if we can get that 35,000 people out of 6 billion – we're not working with 6 billion people; we're working with 35,000 people – if we can get them or even just half of them to say, "Let's do it right; let us ensure that there is no corruption in our jurisdiction"? What a better place this world would be. That way the people in Africa and Asia and elsewhere around the world would say: I can see that tomorrow is going to be better than today.

Thank you.

**Mr. MacDonald (Alberta):** Thank you, Mr. Williams. We appreciate that. We wish you the very best in all of your endeavours. I don't know if you have time in your schedule to join us for a light lunch shortly after 1 o'clock downstairs. If you can, you're quite welcome. On behalf of all the delegates and the committee we wish you well in your endeavours, again. This is a small token of our appreciation for your time today and your remarks to us.

Certainly, you talk here about the independent media, and it is unfortunate that there was no media in attendance above us to hear your remarks. I think we need to listen quite closely to what you have told us, not only in the House here but also in civil society and the independent media as you described it.

Thank you.

**Mr. Williams (Former Chair, Public Accounts Committee, House of Commons):** Thank you, Hugh.

#### Invitation to Attend 2010 CCPAC Conference

#### Invitation à assister à la Conférence 2010 du CCCC

**Mr. MacDonald (Alberta):** Now it is my privilege to please ask Mr. Sylvain Simard to come forward and invite the committee and all the delegates from each respective province and jurisdiction to Quebec next year. It's a tradition of this conference.

Thank you. Merci.

12:55

**Mr. Simard (Quebec):** Merci beaucoup. Thank you, all. First, this is the second time I have the occasion to tell our Alberta hosts that they have been absolutely fantastic. It's a bit difficult to invite this group after you did it because the challenge is great. We'll try our best. It's very important for us. We're very, very happy to invite you next year. The dates are from the 29th to the 31st of August. It will be in Quebec City, Quebec, qui a 401 ans maintenant, qui est une ville magnifique. Au Québec, à part de mon comté, à part de ma ville, c'est la plus belle des villes.

I'm sure that you will enjoy every minute in Quebec City. It's the hot place in Canada now. It's really interesting. The city is absolutely beautiful. We made everything that was necessary to host the world for the 400th anniversary, so be welcome next year. The co-chairs of the committee will do our best with our friends the staff to make sure that everything will be okay for you. So it will be a great time. Bring your friends, your spouse. Come with your family, if you want. We'll be very, very happy to have you in Quebec City.

#### Concluding Remarks

##### Allocution finale

**Mr. MacDonald (Alberta):** Merci beaucoup.

I would like now to wrap up the conference proceedings. On behalf of David Quest, the vice-chair of the Public Accounts Committee in Alberta, Teresa Woo-Paw, Cal Dallas, Mr. Peter Sandhu, Mr. Drysdale, and also Mr. Verlyn Olson from the Legislative Offices Committee we certainly hope that you have had a good time here and that it's been an enlightening experience for you and that you have found the various sessions as interesting and as informative as they could be.

On day 1 during the John Kelly Forum we heard a good discussion about the importance of establishing or maintaining the strong working relationship between Public Accounts Committees and Auditors General in order to reinforce Auditors' recommendations to government. We've also heard about significant relationships that occur between the Public Accounts Committees and Auditors and how they affect transparency and accountability as well as appropriate financial management techniques during a period in which governments are scrambling to get money out the door. I believe it was Mr. Sterling who yesterday spoke about speed spending. I think we have to be very cautious. He summed it up very, very well with his phrase of speed spending. It's the role of Public Accounts to ensure that if there's a speed bump, it's a good one, and it does slow down the spending because not all spending is necessarily good. Fast spending is another issue, and he said that very, very well.

Session 2 yesterday included a very good discussion on auditing in the context of water management. I understand that for the clerks and the researchers it was the first time that this has occurred that I'm aware of at a Public Accounts conference. Dr. Philip Massolin, our researcher here in Alberta, was instrumental in getting that organized, and we appreciate his efforts.

The hon. President of the Treasury Board, Mr. Snelgrove, concluded the day's proceedings with a good and quite humorous overview of what the Alberta government is trying to do to enhance accountability through its efforts to increase online reporting.

Today our session on how Auditors General and PACs can work together illustrated the possibilities and the limitations of enhanced collaboration between the two groups. We also had a very enlightening and interactive discussion concerning the attributes and the effectiveness of the Public Accounts Committees.

Again, to conclude, on behalf of the deputy chair of the Alberta Public Accounts Committee, Mr. Quest, I would like to formally thank each and every one of you, the delegates, for participating in this, the 30th annual CCPAC/CCOLA conference. It has been very well attended. We would like to thank our presenters and our facilitators for contributing so much to the understanding of how exactly the whole Public Accounts system works.

Now remember, please, that after lunch if you wish to visit our legislative store, there's not 15 per cent off; through decree now from the Speaker there's 20 per cent off. If anyone wants to take a gift or a present back to your local jurisdiction, get that other 5 per cent.

**Unidentified Speaker:** Sales tax?

**Mr. MacDonald (Alberta):** There are no sales taxes, and I hope there never will be.

I would also like to express my sincere gratitude to the organizing committee for putting together the conference program and to all the other staff from the Alberta Auditor General's office and the Legislative Assembly Office who have worked very hard to make

this conference a success. At the risk of not naming everyone, I would certainly have to recognize Jody Rempel, Corinne Dacyshyn – she’s probably gone down to make sure that our lunch is prepared – and Lori Trudgeon over in the Auditor General’s office. They have worked very hard for a long time.

I would also remind you now, in conclusion again, that a light lunch is being served downstairs. It’s two floors below us. If you just go down the stairs here, go around the corner, go past the library, the lower rotunda, there’s a light lunch. The bus departs

from the Legislature to the hotel at 1:45. This evening at dinner Don Thompson from Alberta oil sands will be our guest speaker. We hope to see you there. If we do not, please have a safe trip back to your respective jurisdictions, and hopefully we will see many of you next year in Quebec City.

Thank you.

[The meeting adjourned at 1:02 p.m.]

1:02 p.m.

Monday, September 14, 2009

**Breakout Session: Providing Research Support  
for Public Accounts Committees**  
**Facilitator: Dr. Philip Massolin, Committee Research  
Co-ordinator, Legislative Assembly of Alberta**

**Réunion en petits groupes**

**Thème: Prestation de soutien en matière de recherche pour les CCP**  
**Animateur: D<sup>r</sup> Philip Massolin, coordinateur de la recherche  
de comité, Assemblée législative de l'Alberta**

**Dr. Massolin (Alberta):** Good afternoon, everyone. Welcome to what, as far as I can tell, is the inaugural formal meeting of the clerks and researchers at a CCPAC/CCOLA conference. What I gleaned has happened in the past – I'm fairly new still – is that clerks, especially, would meet informally over a beer or coffee. Unfortunately, no beer today, but this is the first formal meeting, I believe. We might as well take credit for that.

My name is Philip Massolin. I'm the community research co-ordinator at the Legislative Assembly Office, and I will be your facilitator and host for today's session.

Before we get going, *Hansard* has requested – and I think it's a good request – that we go around the table and that the people at the table would please introduce themselves by name and their position and their Legislature if you would. I'll start here with Jody.

**Ms Rempel (Alberta):** Hi. Jody Rempel, committee clerk with the Alberta Legislature.

**Mr. Kitching (House of Commons):** Andrew Kitching, and I'm an analyst with the Library of Parliament.

**Ms Garbig (House of Commons):** Joann Garbig. I'm currently the clerk of the Standing Committee on Public Accounts at the House of Commons.

**Ms McCann (Northwest Territories):** Doris McCann, researcher/analyst at the Northwest Territories Legislature.

**Mr. Conway (Prince Edward Island):** Ryan Conway, research officer with the Legislative Assembly of Prince Edward Island.

**Mr. Koch (Ontario):** Katch Koch. I'm the clerk of the PAC in Ontario.

**Mr. Forestell (New Brunswick):** Don Forestell. I'm Clerk Assistant in New Brunswick and also clerk of the Public Accounts Committee.

**Mr. Whynot (Alberta):** Ben Whynot. I'm a researcher with the Alberta Liberal caucus.

**Ms McFaden (Alberta):** Kristen McFaden. I'm a senior researcher with the Alberta Liberal caucus.

**Mr. Dubrow (CCAF-FCVI Inc.):** Hi. I'm Geoff Dubrow. I'm a principal associate with the CCAF, which is the Canadian Comprehensive Auditing Foundation.

**Mr. Loney (La Trobe University):** Peter Loney. I'm a former Member of Parliament, now the executive director of the Public Sector Governance and Accountability Research Centre at La Trobe University in Australia.

**Ms LeBlanc (Alberta):** Stephanie LeBlanc. I'm a researcher with the Alberta Legislature.

**Ms Stein (Alberta):** I'm Rachel Stein, and I'm a research officer with the Alberta Legislature.

**Mr. Yarish (Manitoba):** I'm Rick Yarish, Clerk Assistant, Clerk of Committees with the Manitoba Legislature, and clerk of the Public Accounts Committee.

**Ms Burianyk (Saskatchewan):** Kathy Burianyk, Saskatchewan Legislature committee clerk.

**Dr. Schofield (British Columbia):** Josie Schofield, research analyst with the Legislative Assembly of B.C., and I also work for the Public Accounts Committee as part of my duties.

**Mr. Rainville (Quebec):** Pierre Rainville, agent de recherche, Commission de l'administration publique du Québec.

**Mr. Thomassin (Quebec):** Éric Thomassin, clerk of the Public Administration Committee in Quebec, and for those of you who know Nancy Ford, she salutes you.

**Ms Viets (Ontario):** Susan Viets, research officer with the Legislative Assembly of Ontario.

**Mr. McCormick (Yukon):** Floyd McCormick. I'm the Clerk of the Yukon Legislative Assembly and also clerk for the Yukon's Public Accounts Committee.

**Mrs. Henry (Nova Scotia):** Darlene Henry, clerk of the Public Accounts Committee in Nova Scotia.

**Mr. Baldwin (Nunavut):** Alex Baldwin, committee researcher with the Legislative Assembly of Nunavut.

**Dr. Massolin (Alberta):** Wonderful. Thank you, all, and a special warm welcome to our international guests, academic guests, and our colleague from CCAF. A special welcome as well to the caucus research staff who have joined us today.

Before we get going, a few housekeeping items. Unfortunately, for this session alone no simultaneous interpretation services, but bienvenue nevertheless to our Quebec colleagues.

The proceedings will be recorded in *Hansard*, so before speaking afterwards with your comments and questions, please do indicate one more time your name and your position and Legislature. Also, you should know, as you've noticed as well, that the microphones are operated by *Hansard* staff, so no need to turn them on and off.

There's going to be a health break following the session, so we'll have some time here outside to mingle and to have some food and drink before going back to the Chamber for the next session. Washrooms are located across the hall from the elevators where you got off.

Let's see what else we have here to mention. Next of all, the session theme and topics. The session theme, as you know, is how Legislature parliamentary staff support committees, with particular focus and emphasis on research support for committees because we know that that's quite important. Some of the topics we will be exploring are drafting committee reports, the challenges in terms of articulating consensus, minority reports insofar as that is an issue, working with Auditors General, briefing committees and the challenges posed there, research support to divided committees, and

interaction with chairs and individual committee members among other issues.

Now, my hope in putting this session together was to try to get as representative a sample as possible of the various PAC jurisdictions and the research provided in those 14 PAC jurisdictions across the country. That is to say, some jurisdictions, of course, have dedicated research support, meaning that there is at least one researcher completely dedicated to supporting the PAC, and that is the case, of course, at the House of Commons and in Ontario, whereas other PAC jurisdictions have research support, but those researchers are spread amongst the PAC and other committees.

That's the situation certainly in Alberta here, where we have four researchers. I head up that group. Certainly, Public Accounts keeps us quite busy, but we have five policy field committees as well, for which we provide research support, and a number of other standing committees that we do standing research for as well.

Lastly, some PAC jurisdictions have the clerk facilitating the provision of research support, but that research is completed by another body, like a Legislature library. Today we have representation from those types of jurisdictions I've outlined.

One other note before we begin is that I would like to remind you, the participants, that this is as informal a session as possible. I would like to leave plenty of time after the four panellists have presented for questions or comments from you. If you wanted to elaborate on what happens in your jurisdiction as it contrasts or compares with what we've heard from the panellists or provide other comments, other food for thought, please feel free. We'll try to keep that as informal as possible.

One other note that Geoff Dubrow pointed out to me is that I should mention that this is where it all happens. This is where we have our weekly in-session PAC meetings as well as our out-of-session meetings, in this committee room here.

Anyway, without further ado, we have our first panellist, and that is Alex Baldwin. Alex is the director of research, policy, and library services in the Office of the Legislative Assembly of Nunavut. Alex has provided support to the Legislative Assembly's standing committees since the creation of Nunavut, which, of course, occurred 10 years ago on April 1, 1999. This the eighth CCPAC conference he has attended.

This is just too good, so I have to read some of the comments he provided me verbatim or at least relay them to you. Alex admits he was born and raised in Calgary, and he asks that the Edmonton hosts not hold that against him. I can relate. I was born and raised in Calgary myself. Now, here's the quote: "Alex enjoys hiking on the tundra and denies any and all allegations that he never actually catches any Arctic char during the summer fishing season. He also enjoys online poker and would gratefully accept any donations that may assist him in making the transition from civil servant to full-time poker player." With that, Alex, take it away.

**Mr. Baldwin (Nunavut):** Thank you very much, Philip. I understand that we have 10 minutes to speak, so the agony will end at approximately 1:20 as far as I'm concerned. I'd like to also note and thank Philip for inviting us to speak. I'm a little disappointed that my namesake, Alex, from the House of Commons, is not in attendance as when people later this evening were saying, "God, Alex was awful," I was going to say, "It's the other one." Now I'm afraid you'll all know it's me.

I'm not able to multitask. I think everyone has a copy of my handout. If not, I've got extra copies up here in English et en français aussi, so please help yourselves.

**1:10**

I'll start. The first few slides I'll try and go through with some

rapidity. When we get to slide 7, there are some discussion points. The first few slides are more background. The cover page, of course: I apologize for the annoying alliteration. I don't think it translated very well. The reference to bannock, of course, should open up discussions of Legislative Assembly catering later on.

On slide 2 just a bit of background. I had a couple of informal questions last evening, so it's probably useful that I have some very general background here on our Assembly for folks who might be newer to the parliamentary community. There are a total of 19 electoral districts in Nunavut, and we're one of two jurisdictions, the other one being the Northwest Territories, where our members stand for election as independents, meaning that we have a nonpartisan Legislature. Nonpartisanship should not be I think equated with nonconfrontationalism, which is an issue we can get into later.

Our cabinet and Premier and Speaker are elected by the members of the House as a whole. Our most recent general election took place on October 27, 2008, so we're just at the beginning of the Third Legislative Assembly of Nunavut. As I note here in the third bullet point – and our Microsoft Word has cute little inukshuks; I'm happy to sell those later to anyone who would like them and put them on a jump drive for you – we have a cabinet size of eight and 10 what we style regular Members of the Legislative Assembly, who do not serve on cabinet.

At the beginning of page 3, in our Legislative Assembly our standing committees fulfill a number of different functions, including the consideration of bills, the scrutiny of the government's proposed main estimates, capital estimates, and departmental and Crown agency business plans, reviewing the annual reports of some of the Assembly's independent officers, and from time to time undertaking special studies, generally based on the direction of the House.

There is a structure chart on the last page of the handout. The federal Auditor General audits the government of Nunavut along with the other two territories, our neighbours in Yukon and the Northwest Territories. Since April 1, 1999, Mrs. Fraser and her immediate predecessor have presented a total of nine reports to the Assembly, and our next hearings are scheduled to be held a week after next, actually, so we're gearing up for those.

One thing I want to emphasize here, I think, on slide 4 is that in our Legislative Assembly we don't have one committee that does public accounts and only public accounts. As I noted with a sort of laundry list of other functions the review of reports of the Auditor General was but one of the tasks the committee undertakes, which drives our work. I want to make another point here on slide 4. We have had one example of a report that the Auditor General presented to the Legislative Assembly as a result of a formal motion passed in the House requesting that the AG do that work, and in fact that's one of the reports that's going to be considered later this month.

In the First and Second Legislatures you'll note that the composition of the committee with the responsibility of reviewing the AG's reports consisted of five members. Apparently, the meetings were so exciting that all 10 regular members have decided to sit on the committee in the Third Legislative Assembly, and you'll note that as time goes on, the acronyms also get more complex and lengthy, but we do feel that it does reflect the role of that particular standing committee.

On page 5 – and I won't bore you with all the bullet points here – the committee in our Third Assembly that has responsibility for reviewing the reports of the Auditor General also has a number of other responsibilities for oversight of government departments, with a focus on a number of the central agencies and leading Crown corporations.

On slide 6, getting into the staff support, we are fortunate in that our in Assembly each of our standing committees is supported by a

committee clerk, a research analyst, and from time to time, when something happens with a legal dimension, our law clerk might attend an odd meeting. We do a lot of double duty, so my colleagues Stephen and Nancy, whom some of you have met, also clerk other committees, and I also do research for other committees.

Just a bit of a laundry list here of some of the physical products that we have to prepare, of course – I'm sure that's pretty similar to all other Legislatures – everything from news releases announcing when our hearings are all the way up to the final reports that the committee presents to the Legislative Assembly. You'll note the penultimate bullet point here on subpoenas. We have had one example of having to subpoena recalcitrant witnesses in the last Assembly, and that's an example of when our law clerk has stepped in and given us a hand with things involving that sort of work.

Slide 7, some discussion points to get into here in the second half of my 10 minutes. Committee size, deliberations, and nonpartisanship: some opportunities and challenges. As I noted earlier, of course, as a nonpartisan legislature, all of the members on our committee consider themselves to be part of a team. That has its advantages and disadvantages. Floyd, during his interventions of this morning, raised a couple of comments in terms of the challenges that he faces also in a smaller legislature with a partisan legislature. We don't necessarily have that issue in terms of one party trying to obstruct a committee holding hearings or problems of that nature. [interjections] I had no idea I was that humorous.

The issue, if anything, that we have is probably on the other extreme in that because we don't have that sort of tension in between different parties, from time to time as staff we almost have to sort of informally restrain our members from perhaps being a little overenthusiastic about going after any target that they might see in front of them. That being said, though, as I say, we are blessed in the sense that we've had no problems in terms of getting hearings going or dealing with a report of the Auditor General. We've been able to deal with all of them.

Language issues. This is probably another issue for folks from the House of Commons, New Brunswick, Quebec, where more than one language is used. Of course, in our case our issue is dealing with Inuktitut interpretation and translation. As a researcher, of course, I spend a lot of time collaborating with our translators and interpreters to ensure that some of the baffleleg and euphemisms and jargon that come up in our line of work are appropriately translated and interpreted for our proceedings.

Some observations in my last 10 years working in terms of the work we do. We've had a good relationship with the office of the Auditor General. I'm not certain how it works in all the provinces, but in the federal office I think that in order to avoid Stockholm Syndrome, they rotate their staff between their different divisions so that with the folks with whom we deal in terms of the Nunavut audits, we'll deal with one or two specific individuals for two or three years, and then they rotate on. In terms of the collective memory it's perhaps a little bit now getting on our side.

One thing that we do or make a point of doing – and I don't know; I'd be interested to hear other people's comments – before hearings is that we have a bit of an informal sit-down. We've developed this tradition over time where they'll bounce Ms Fraser's opening remarks off us for any, you know, warning bells. We'll do the same with our chairman's opening remarks. Everyone is under the understanding that it's our prerogative to put in what we want to say and their prerogative to say what they want to say.

In terms of prepping our committees, we do the traditional in camera briefing where the AG staff will take the committee members through their reports. I get my shot with the members in

terms of going through some of the lines of questioning to ask to both Auditor General witnesses and government witnesses. From time to time we have had questions, certainly, directed at the OAG staff in terms of asking them to justify some of their observations, but we've found that our collegial relationship has helped to ensure that nobody is under any misapprehension about different agendas or anything like that.

In terms of drafting of reports, all of us face the challenge, and I just want to make a comment. Certainly, a number of folks at the table, regardless of whether your job title has the word "clerk" or "researcher" – I know from experience that everyone pulls duty on all sides of the fence. I do my share of logistical work. Other folks around our office do their share of the work. I don't think that there's a necessary divide, but I do think that in terms of drafting reports, I find a challenge is that, of course, in our Assembly, because we don't have parties, there's no opportunity for a minority report to be drafted.

On the other hand, we're sort of forced with having to come up with a report that all 10 members or five members, as the case may be, are willing to sign off on. I've found myself from time to time agonizing over a contentious issue, developing option A in terms of some language to go into a report, option B, sometimes option C, but no more than three options because that just causes confusion with the members. Two options is the best, and let them fight it out, especially on an issue where they can either go one direction or another direction.

*1:20*

In terms of tone a rule of thumb that I learned the hard way is to let the members tell you when they want to boost or enhance the tone of a report, especially when you want to touch on issues of actual performance, things that might actually impact. You know, if they think the government is blundering, there could be consequences to officials. I let the members tell me: that's too gentle, Alex; we need to go harder. That problem is also amplified, I think, in smaller jurisdictions, where the folks who are across the table from me as witnesses are also your neighbours and folks you're going to see two hours later at the grocery store. Perhaps unlike a larger jurisdiction like the House of Commons, where you don't necessarily see people outside of that, we always have to be cognizant in a smaller jurisdiction of ensuring that while we do our job, the tone is appropriate, and let the members direct us to strengthen it when necessary.

A few little best practices, so to speak, that we've adhered to over the years. Happily, our rules do allow us to require a government response to any committee report. Under rule 91(5) the government has 120 days to do so.

We make it very clear that both our reports and the government's responses will be posted to our website, and I've found that when the public servants are aware that their own work is going to be on the web for anyone from Australia to Timbuktu to read, assuming that the staff whom you're dealing with and the departments have a sense of professionalism, that helps to engender perhaps a higher quality of response, knowing that we'll make efforts as an Assembly to ensure that government responses are also available on the web.

A couple of last-minute comments to add in. Some wild cards in terms of research in addition to the usual slogging through documents, old reports, and the rest of it. One small anecdote I'll share with you in terms of another failure on my part was in a hearing we had a couple of years ago. The Auditor General had come forward with the first denial of opinion on one of our Crown corporations. I think it was the third denial of opinion in the OAG's entire history.

That precipitated several months' worth of hearings, the issuing of subpoenas for recalcitrant witnesses. It turned out that one of the witnesses who appeared before the committee as a head of a Crown corporation was, in fact, due in court in a few weeks' time on embezzlement and fraud charges. CBC broke that story. So I guess from now on part of the research duties will also involve checking the court docket to see if your witnesses are going to be appearing before you in that context.

One last comment in terms of driving our work. As I noted earlier, one of the reports that we're dealing with later this month was the result of a formal motion passed in our House. I helped craft that motion, for example, but I've certainly found our committee likes to identify: oh, we should look at this; we should look at X, Y, and Z. There's a bit of a dynamic that goes on in terms of helping to keep your committee members on the straight and narrow in terms of: no, that goes too far in terms of reviewing policy. The Auditor General's office, of course, are very firm in terms of their prerogative: you can ask us to do whatever you like, but in the end it's up to us. I know that the Northwest Territories has had a couple of good examples of this. When the will of the House as a whole is made clear through a motion, and it was an appropriate motion in terms of reviewing one of the departments, that adds a little bit of extra kick to your request, and the AG has complied.

I see that I've gone two minutes over my allotted time, so I'm sure you'll be glad to know that I will be quiet, and I look forward to questions and comments after the other folks have spoken. Thank you very much.

**Dr. Massolin (Alberta):** Great. Thanks so much, Alex. I appreciate it.

As Alex mentioned, we'll just hold questions and comments until the remaining three panellists have presented.

Next we have Susan Viets. Just bear with us for a second as we set up here. Okay. Great. Susan Viets has worked at the Legislative Assembly of Ontario for three years and has been the principal researcher attached to the Public Accounts Committee for the past two years. Susan holds a master's degree in history and an MBA in finance and business sustainability.

Susan, whenever you're ready.

**Ms Viets (Ontario):** Okay. Well, first of all, thank you very much to our hosts for arranging this session because it certainly, from the researcher's perspective, is a very useful session. I was here last year, and I think we tended to meet somewhat informally after the sessions to discuss various issues as researchers that we deal with, but it's nice to have a formal session where we can actually address this in a systematic way, so thanks very much.

This is just an overview slide that shows you the seven points that I'll touch on in my 10 minutes, but the point that I think is probably going to be of most interest and relevance is the third from the bottom: Working with the Auditor General. I think that Ontario's relationship with the Auditor General, our PAC committee's relationship and the researcher's relationship with the Auditor General's office, is a little bit different than is the case with many other PAC committees across the country.

I thought I'd start just with a comment on research officer allocation. We're quite fortunate in Ontario in that we're well resourced. We have one and a half dedicated researchers for our PAC committee. I'm the principal researcher, and then my colleague, Lorraine Luski, is allocated half time to the committee. We've also drawn in additional research support in the past on a temporary basis when it's required. For example, if the committee

decides to undertake a report at short notice, we may pull a third person in who has expertise in that area or who simply, if we're overloaded, has time to help out.

What we do is that we provide nonpartisan backgrounders and committee reports. Typically they're on nine sections of the Auditor General's annual report. What happens is that when the report comes down, each of the three parties represented in the committee will select three sections of the Auditor General's report to review.

This slide provides you with kind of a snapshot. It's almost like the annual cycle for the researchers attached to the Public Accounts Committee. Once the Auditor General's annual report comes down, which is usually in December, the committee members make their picks. As research officers we then go away, and we begin to prepare background briefing material for the hearings. The content of our backgrounders we send off to the Auditor General's office for review because they're the experts and they can often add or clarify points for us, so that's quite useful.

Then we send the package. Well, the clerk sends the package out to the committee a week before the hearing. The actual day of the hearings we have an in camera session, and that's when the Auditor General and the research officer brief the committee members before the hearings begin. Then at the end of the hearings there's another in camera session immediately, and that's where we as research officers receive our instructions for report writing.

Then we go off. We prepare our first draft of the report, and once again we liaise with the Auditor General's office, so there's actually a content review process on their end. We submit the draft to the committee. It's discussed in an in camera session. There usually is more than one session to discuss the paper. There are multiple drafts. When the final draft is approved by the committee, it goes out for tabling, and the research officer prepares tabling notes for the chair. So that's the annual cycle that the research officer goes through.

Working with the clerk. I'm happy to say that our clerk is here, and I hope he agrees that we have a close, collaborative relationship. We're both employees of the Legislative Assembly of Ontario, so we're housed physically in the same building. Our research office is just one floor above the clerk's office, so the clerk is generous with his time, and it's very easy for us just to run downstairs and seek clarification, especially on issues regarding timelines, which is very important for making the research cycle and support for the committee function smoothly. We'll jointly provide scheduling advice to the committee when it's requested, but as research officers we don't provide any procedural advice at all. That's the responsibility of the clerk, and we'll both attend subcommittee meetings.

This slide shows you what our two primary research products are for the PAC committee, and those are backgrounders and reports. The backgrounders are essentially divided into two parts. In the first section what we do is that we provide a detailed summary of the Auditor General's audit report. For example, if it's on a health-related issue, we will simply summarize their audit report. The second section of the backgrounders can be quite hefty, and that's where we insert the appendix material. The purpose of the appendices section is to address a gap in time. For example, the Auditor General might wrap up his audit reports in June of the calendar year. Hearings might not occur until February, so there's a period of several months where there could be developments that are relevant for the subject matter that was reviewed in the audit report.

**1:30**

Two things happen here. One is that we ask the ministries to provide us with an update on any steps that they've undertaken, measures that they've undertaken since the end of the audit report



and the hearing day to address issues raised by the Auditor General, so it's an important document that's in the appendix. Then, in addition to that, the researchers look at numerous sources of material. We look at public accounts, budget papers, ministry websites, stakeholder websites, media clippings, and we're digging around pretty thoroughly just to see if any issues have cropped up in those intervening months at all that will have a bearing on the audit report and are potential fodder for possible questions that we draft for the members for the hearings.

The committee reports. Again, in those reports we do summarize material from the Auditor General's report, but it's a much briefer, tailored summary of material. The same with *Hansard*. We look at *Hansard* from the hearings, and we summarize *Hansard* sections that are relevant for the direction that the committee would like to go with its recommendations. The crux of the report is the committee assessment and recommendations. We're trying to move to a shorter report format. Previously our reports were around 25 pages long, and now we're whittling them down to 10 to 15 pages. You can see samples of our reports online at that URL.

This slide is, I think, kind of one of the more important slides in the presentation just in terms of what differentiates our PAC maybe from other PACs. It's the relationship that our PAC in general has with the Auditor General's office and also, more specifically, that the research officers have with directors within the Auditor General's office.

Just a general comment off the top is that it's a very collaborative relationship, the relationship between the committee and the Auditor General's office. The Auditor General attends all of our committee meetings, and you can see from this little diagram at the bottom that it's not just the Auditor General who's there. It's also the director who is responsible for the specific audit report that's the subject of the hearings. That is handy for us as researchers because it is, of course, a chance to bounce ideas off the director and the Auditor General both before and after the hearings.

The other thing is that there's a really great relationship that we have throughout the year. They are very approachable. You know, they're the experts. They've been in. They've done the audits. They know sort of the groundwork. They have a level of expertise that we could never hope to acquire as research officers who are sort of spread across multiple audit reports. If we are ever in a situation where we find a statement or information that we've received to be ambiguous or in some way not clear, we can just phone them up or send them an e-mail, and they will really help with clarification. They can also provide us sometimes with information that we may not otherwise be able to access. From our perspective as researchers it's an incredibly valuable relationship, and we think that it really helps to boost the quality both of our backgrounders and of our committee reports.

In camera discussion. Again, this is something that really, really helps us as research officers. The Auditor General participates in the committee's in camera discussions, but I guess the one way that's really crucial for us is the in camera session that occurs right at the end of the committee hearings. What happens is that the members and the Auditor General meet in camera after the auditees have gone away, so the material is very fresh in their minds. They have a discussion immediately afterwards, bouncing around ideas for recommendations, and that's kind of the beginning of the consensus-building process. From a research officer's perspective it's so useful to have that direction given to us right before we put, you know, finger to keyboard.

I think it probably saves us going through multiple drafts and enables us to produce a document that is more reflective of the

direction that all committee members would like to proceed in with regard to recommendations closer to right off the bat than would otherwise be the case. I don't know. I'd be interested to hear if other committees have a similar process, but certainly in Ontario that in camera session after the hearings is a very big help. Every draft of the committee report is reviewed in camera, and then typically the committee reports are unanimously approved.

In this last slide I'll just briefly touch on the follow-up process, which I know is a subject area that's attracted a lot of attention recently. We have in each of our committee reports a standard paragraph that we insert where we ask the auditee to respond to the committee recommendations within 120 days unless it's otherwise specified in a particular recommendation.

Katch, the committee clerk, is the one who actually manages the response process. He tabulates the responses to recommendations and to outstanding items. There will be many more auditees who are the subject of the Auditor General's annual report than there are auditees who are selected for hearings by the committee members, so the committee clerk will send a letter to all of those auditees who are not the subject of hearings. In that letter he asks them to respond to the Auditor's findings within 60 days.

That's about it for me. Thank you very much.

**Dr. Massolin (Alberta):** Thank you so much, Susan. Wonderful.

Next we have Darlene Henry. Mrs. Henry has worked in the Nova Scotia legislative committees office for 15 years and is clerk of the standing committees on Human Resources, Economic Development, Resources, Community Services, and Veterans Affairs. Over the past year Darlene has been the clerk of the Standing Committee on Public Accounts. She is a graduate from Henson college of Dalhousie University and has taken a variety of outside courses in the interests of her job.

Now Darlene will give us the Atlantic Canada perspective, specifically Nova Scotia, and the clerk perspective as well.

**Mrs. Henry (Nova Scotia):** Good afternoon. As many of you know, Nova Scotia has just elected a majority government, an NDP government, on June 9. Thirty-one seats went to the NDP, 11 to the Liberals, 10 to the Progressive Conservatives. Recently announced, though, were two resignations by two PC members, so their party now stands at eight.

Nova Scotia named its committees in July, and the composition of our committees is five, two, and two. All the chairpersons of the committees are government members with the exception of the Public Accounts Committee, which is an opposition member. The research for the Public Accounts Committee is primarily based on issues raised in the Auditor General's report as well as matters referred to it by the House of Assembly involving the public funds of the province.

Now, I had attached a copy or a sample of the committee's operating principles and practices as well as its mandate, which goes further into the mandate of the committee, for your reading pleasure. I've also attached a copy of the electronic briefing packages, where the committees went within the last several years, to show you what a typical electronic briefing package would look like.

In the past the work of the committee was divided amongst several committees. However, recently the Public Accounts Committee was assigned its own specific clerk. Research is a collaborative effort between the clerk and the Legislative Library. The clerk provides the information services librarian an outline of the topic and a list of expected witnesses and a list of suggested avenues for research. In addition, the clerk also receives logistic support on meeting days, and that includes things such as photocopying, receiving messages, that type of thing.

Services were improved to the committee by altering the briefing packages of the committees. In the past the committee used to receive large, cumbersome briefing packages, total paper copy, and they were distributed to each member of the committee, the research staff in each of the caucuses, the library, Legislative Counsel, *Hansard*, the Auditor General, and the witnesses who were invited to the meeting.

Several years ago we introduced the electronic table of contents for all standing committees, and they contain the web links to online content, enabling the users to have immediate access to most of the research. The table of contents was e-mailed to all the recipients, and only the documents available in paper copy were printed and sent out via courier. Then we had changed that in January of 2008, redesigned it, and made a PDF creation of the electronic table of contents, which reduced the number of print copies and introduced the full electronic package.

The print copies were only sent to the researchers in the caucus offices, the Auditor General's office, *Hansard*, and the library for reference purposes. All the documents available online were captured in the documents, and only the paper copies were scanned in.

The digital documents are arranged according to the table of contents, merged into a single PDF, then bookmarked for easy navigation. The file of the package is often large, and they're uploaded to a web location. E-mail is sent out to all the recipients, and the e-mail link is only available for one week. Recipients are asked to save it to their hard drives.

#### 1:40

Only the Legislative Library and the clerk of the committee keep electronic archival copies, and as of September 2009, beginning with this new government, there will be no paper copies at all of any of the briefing packages with the exception of the clerk's for reference purposes.

We have an excellent relationship with the Auditor General's office. They are notified of all committee meetings and are invited to attend all meetings to provide advice and opinions on accounting or issues contained in its report. The Auditor General and its staff also hold in camera briefings with the committee on the publications of their biannual reports prior to public release and occasionally provide special reports by request of the Public Accounts Committee. For example, the committee recently requested that the Auditor General investigate the economic stream of the provincial nominee program.

All the committees, including the Public Accounts Committee, are briefed at the beginning of each new Assembly on their mandate, rules and procedures, and any other housekeeping issues. The Public Accounts Committee has established a Subcommittee on Agenda and Procedures, which meets regularly on issues referred to it by the full committee or to set the committee's agenda. The subcommittee also reviews sensitive documents, monitors the progress of the committee's work, and assumes other responsibilities, relieving the full committee of housekeeping issues, which allows it to deal with more topical issues. The subcommittee reports back to the full committee on all matters for approval before any action is taken.

The Public Accounts Committee also obtains a thorough briefing from the office of the Auditor General on the background and substance of specific issues contained in its reports. All committee reports are compiled by the clerk and circulated to the members for approval, and they are unanimously agreed upon. The committee chair tables the report either in the House, when it's in session, or with the Clerk of the House when the House is prorogued. The Public Accounts Committee does not allow for minority reports,

dissenting opinions, or reservations in its reports according to its own operating principles and procedures.

**Dr. Massolin (Alberta):** Okay. Great. Thank you so much, Darlene.

Our final presenter/panellist here is Andrew Kitching. Andrew is filling in for Alex Smith, who was slated to present today before you, but unfortunately Alex couldn't make the trip. He wasn't feeling well. So we're happy to have Andrew here. Andrew is an analyst from the Library of Parliament. He's a lawyer, and he's been working for the Public Accounts Committee for a year and has worked for the Library of Parliament for about five years.

Andrew, go ahead, please.

**Mr. Kitching (House of Commons):** I think I'll start by just giving an overview of the Library of Parliament itself. The Parliamentary Librarian is an officer of Parliament, and he's got a mandate to provide independent and nonpartisan advice to the Senate and the House of Commons. The Library of Parliament has about a hundred researchers, and those are pretty evenly divided between lawyers, economists, and political scientists. We also have an additional 20 people in the Parliamentary Budget Office, who are also part of the Library of Parliament, who sometimes collaborate on work with us.

As far as the Public Accounts Committee goes, we have three researchers. We have two full-time analysts, Alex and myself, and we also have an intern, a summer student who works full-time, and their job is mostly to do follow-up work. They are compiling the recommendations that the Public Accounts Committee has made in the past and seeing if those have been implemented. We also work in collaboration with the committee clerk, Joann, who is sitting right next to me here. The committee clerk takes care of all of the administrative functions of the committee, organizes witnesses, and they also take care of any procedural issues that arise in the committee.

Generally, when Parliament is in session, we have two committee meetings per week of two hours each, and then we also have a one-hour steering committee meeting. The steering committee is composed of one Member of Parliament from each party plus the chair. Joann and Alex and I also usually meet with the chair of the committee just to go over what will happen in that meeting and in the upcoming meetings.

On the process that we go through, obviously, the Auditor General tables her report. There's a meeting in which she gives an overview of all of the different chapters of the report. Then at the next steering committee meeting the MPs will generally choose what their party would like to look at, which chapters their party would like to look at. There's kind of a voting system, and we come up with a list of chapters that we'll be studying. Once we know that, their researchers meet with the principal from the Auditor General. That's usually an hour-long or a two-hour-long meeting. We just go through what that chapter was about and what we should be really looking at and delving into.

We then draft briefing notes. Briefing notes are generally five to 10 pages, and they consist of a summary of what was in that chapter of that audit. We also make up suggested questions. The suggested questions are for both of the witnesses, and the witnesses generally will be the Auditor General and the deputy minister of the department that's being audited. Our briefing notes are confidential. We don't share them with the Auditor General. We just send them out to the Members of Parliament, usually a day before the meeting. Then we have the meeting itself. Generally for each chapter we have one meeting. Sometimes there are more. After that meeting

Alex or I go and draft the report.

Now, in drafting the report, we try to do something that we think will have consensus among the four different political parties. We try to stick to the Auditor General's script, and also we try to stick to things that we can point to in the evidence for the meeting, in the Blues for that meeting, so that it's not us researchers that are saying something but the Auditor General or the deputy minister or whoever was a witness.

We take the draft reports to an in camera meeting, and the members usually change a lot or a little, depending on how contentious the report is. There are no minority reports in the Parliament of Canada. Well, there are minority reports, but the Library of Parliament does not draft them. If you want a minority report, the Member of Parliament or their caucus research have to draft it themselves.

The Auditor General takes no part in the drafting of reports, so that is all confidential although we will sometimes consult them after the fact to clarify any issues that they might have. Because we have quite a few analysts in the Library of Parliament, we can also go to other analysts at the library, who often have a lot of subject matter expertise. A little while ago we had a report on intelligence sharing between the RCMP and CSIS and whatnot. One of the analysts we worked with is a former analyst with CSIS, so she helped us out on some of the issues in that report.

1:50

I think the other issue is what happens if there's a divided committee. As analysts we take instructions just from the chair of the committee, but actually any MP or Senator has a right to make a research request from the Library of Parliament and have research done for them. Any member, even in the opposition, can come to us and say: I'd like this research done. That research just goes to that Member of Parliament. It doesn't get distributed to all the committee members.

I think that's it. Yes. If you have any questions, I'd be happy to answer them.

**Dr. Massolin (Alberta):** Okay. Wonderful. Thanks so much, Andrew, and thanks for filling in on very short notice.

Well, now we have the next part of the session, and that is sort of the Q and A and comments portion. We welcome any and all of your questions. Just remember, please, to state your name one more time and your position in your Legislature for *Hansard*, and then we'll go from there.

Who would like to start us off?

**Dr. Schofield (British Columbia):** Hi. My name is Josie Schofield, representing the Clerk of Committees office at the Legislative Assembly of B.C. That's just for the record.

I'm going to be a bit provocative here, actually. It seemed to me that there was in most of the four presentations a pattern emerging concerning a very collaborative relationship with the Auditor General. I just would like to pose a question, I suppose, in the sense of saying that if the relationship is too collaborative, isn't there a danger that the committee becomes co-opted by the office of the legislative Auditor? With all due respect to the Auditors, I think that in many jurisdictions the Auditor General actually reports to the Assembly. The elected officials actually have a hierarchical relationship with the Auditor, and in that respect PAC, as a microcosm of the House, can't have a total egalitarian relationship with the Auditor.

The practice in British Columbia in recent years, particularly in the second Parliament that I've worked for our PAC, has been to

move away from sharing our draft reports with the office of the Auditor, to even having agenda and procedure subcommittee meetings without the presence of either the Auditor or the Comptroller. That came about because some of the members felt that there was too close a relationship and that the members had to set their own agenda and so on. I would be rather interested to hear whether, once again, B.C. is out on a limb. There is a danger of co-option, I think.

**Dr. Massolin (Alberta):** Thank you, Josie. That is a very good question; provocative, to be sure.

I think, Alex, you may have a response for that.

**Mr. Baldwin (Nunavut):** Hopefully, we'll all have a response to that.

Thank you, Josie. That was interesting. A couple of comments. You used the term "hierarchical," and I find that very interesting because, of course, in the case of the three territorial Legislatures, we're all audited by the federal Auditor General, whose powers and mandate are of course prescribed by a federal statute, right? We don't have our own. It's only under the new Yukon Act that the Yukon can eventually appoint an Auditor, but certainly for Nunavut and NWT for the time being it's the federal AG.

As I noted in my remarks, we've had cases where our Members of the Legislative Assembly have tried to drive the agenda themselves by saying: please look at this issue; please audit that entity. As I noted, there's a tension in terms of the AG saying: "That's fascinating. We may consider your request. Sometimes we'll do it, and sometimes we don't." So we don't have a strictly "you will do what we say" relationship and vice versa.

One thing I wanted to clarify – and I think that Andrew from the House of Commons noted this in his presentation as well – is that certainly in Nunavut we don't share with the AG at all the reports that our committee eventually produces with actual formal recommendations that the government must respond to. Certainly, they're not present in the meetings where the MLAs are enduring me trying to explain, you know: you can choose option A or option B; please tell me which one you'd like to go in the final report. They're not in that meeting at all.

We find that the collaboration works better on the front end so that nobody is embarrassed in terms of their questions to witnesses, as we understand it. Like I said earlier, with the AG's folks we have a good enough relationship that from time to time the questions that I'll suggest that our members ask to the AG's people are not necessarily: oh, exalted one, your brilliance illuminates us once again. Sometimes we have questions like: "Why are you looking at this? It's completely irrelevant to our experience." We find that at least with the courtesy of a heads-up to their office, they know it's coming, and in terms of reciprocity, you know, they're equally happy to ensure that our members themselves aren't embarrassed, and if they want to ask some of those questions either in camera or in public, they get that.

In terms of what I find most interesting – and I'll shut up after this point – it's when the AG selects a topic to audit versus what sometimes our members might want the Auditor to be looking at. You know, that relationship is still working itself out in our case.

Thank you.

**Dr. Massolin (Alberta):** Okay.

Go ahead, Susan.

**Ms Viets (Ontario):** Yes. I suspect we're probably the jurisdiction

that does have the closest relationship with the Auditor General. We do submit our backgrounders and our committee reports to the Auditor General's office, but I'd like to qualify that because when I say that we're submitting it to the Auditor General's office, we as researchers retain the final prerogative regarding what goes into the report. In addition to that, the committee, when it is reviewing it, also retains editorial control of the report and the recommendations.

However, what we find is that many of the audit reports are highly technical. I guess there's a slight difference in resource allocation, for example, with Ottawa in the sense that I gather you said you have 100 researchers. We have 12. So if it's a highly technical audit report, we find that it's extremely useful to be able to turn to the Auditor General's office, to the director and to his staff, because they're able to explain things that might otherwise take us months to try to figure out on our own. They're more an information resource as opposed to in any way controlling the editorial slant to the recommendations. It's more that they're a research resource for us and are able to clarify complicated technical issues, but the actual sort of spin on the recommendations lies wholly in the control of the committee.

**Dr. Massolin (Alberta):** Okay. Anybody? Yes. Go ahead.

**Mr. Forestell (New Brunswick):** Thank you. Don Forestell, New Brunswick.

In New Brunswick we definitely do not have as close a relationship with the Auditor General's office. The Auditor General does appear before the committee whenever he releases a report and will certainly review the contents of the report and answer any questions that the committee members may have. But for New Brunswick I guess we are probably the only jurisdiction where the deputy ministers and senior officials from every department appear before the committee on an annual basis. Every deputy minister knows that he or she will be appearing before the Public Accounts Committee each year to review the previous fiscal year.

With our research resources in New Brunswick the money is allocated to the individual caucuses. In the past the Public Accounts Committee in New Brunswick has been seen more as an opposition forum. The opposition does the bulk of the questioning, and it's basically up to the individual caucuses to determine what issues they want to raise, if any, with any particular departments. Obviously, some departments will be before the committee for perhaps a full day or longer; other ones are very short, and they have very few questions. But it's up to the individual caucuses to determine what they really want to follow up with in the Auditor General's report.

That being said, we have raised in the past the idea of allocating a research officer to the Public Accounts Committee. That hasn't happened yet. The caucuses have indicated to us that they prefer to have those resources allocated directly to their office. There are some benefits to that. But we don't serve, really, as an avenue for the Auditor General's office to get their issues followed up on directly through the Public Accounts Committee. It may happen, but it's up to the members to determine if they want to do that or not.

2:00

That being said, one of the downfalls also as far as reporting to the House is that when you have every department appearing before the committee and no research officer directly allocated to the committee itself, it's very difficult to determine what issues will end up in a committee report. So it basically determines on if individual members raise particular motions making recommendations. If those are passed, then the committee reports will centre around those particular recommendations.

**Dr. Massolin (Alberta):** Wonderful. Thank you. Yes. Rick, go ahead.

**Mr. Yarish (Manitoba):** Thank you. Actually, I have one house-keeping question for you first, Phil. Can I presume that there'll be a transcript from this?

**Dr. Massolin (Alberta):** Yes. Definitely there will be.

**Mr. Yarish (Manitoba):** Okay. Great.

I find Josie's question very interesting. I know that there are those probably in every jurisdiction that sort of pose that and ponder how closely the PAC should work with the Auditor. I'll give you the Manitoba experience and offer it just for information purposes.

As some of you probably know, the Manitoba Public Accounts Committee was in a fair bit of flux in recent years. It seems like things are going really well, but you never know. Our Auditor has been very involved in the process of, you know, changing the way the Public Accounts Committee has worked. It has been her as well as the MLA who is now the chairperson. He's been there for a couple of years. It was sort of through their personal collaboration and several other members of the committee, including our vice-chair, and also with some help from Geoff Dubrow that the committee has sort of come along and taken a lot of steps towards what I think is a pretty constructive and positive committee function. So it's hard for me to look at it as a danger because we've got so much out of working with the Auditor's office in recent years that I can only see it as a bonus.

Having said that, I can understand some of the concerns, Josie, that you mention there. I guess I'll just offer the Manitoba perspective that it's been a very positive and constructive relationship in recent years. We've still got a lot more evolution that we're going to be undergoing, I'm sure, but the Auditor and our chairperson have been integral parts of that.

**Dr. Massolin (Alberta):** Okay. Thank you, Rick.

Just before we continue on this point, I would just like to welcome Mr. Dave Quest, who's the deputy chair of the Alberta Public Accounts Committee. Welcome, Mr. Quest.

**Mr. Quest (Alberta):** Thank you, Mr. Chair.

**Dr. Massolin (Alberta):** Anybody else like to comment on this? Yes. Go ahead, Mr. Thomassin.

**Mr. Thomassin (Quebec):** Mr. Simard tomorrow in the session on collaboration between PACs and AGs will do some comments on how the relation is in Quebec and can be, but what I can say now is I'm a little bit d'accord with Josie. But maybe also that's not a danger. Maybe it's an issue to always have in mind for the committee and the committee staff that there's an autonomy necessary for each organization to have.

For us in Quebec how it works is that after an informal meeting with the AG presenting all his chapters, also like other jurisdictions, the committee members choose some chapters to make audits. Then in a preparation meeting the AG comes as support for briefing, and our research staff, like Pierre, is there to attend but does not prepare anything. It's the AG's responsibility to prepare the briefing for the members. Then after that, at the public hearing the AG becomes one of the witnesses along with the deputy ministers. To manage that thin line, for the meeting on recommendations the AG does not take part in this meeting – it's only the members and our research staff –

and we go after that with the material that the members give us to draft a report. It's almost the same type of approval as the other jurisdictions.

We don't have a dedicated researcher. Pierre works a lot with us but on specific topics. They have some researchers more specialized on health care, let's say, education, so we have to work with quite a few researchers also.

**Dr. Massolin (Alberta):** Okay. Great. Merci.  
Any others on this point?

**Dr. Schofield (British Columbia):** Could I just clarify something? I think we have a cordial relationship with our . . .

**Mr. Yarish (Manitoba):** Now that you know that there's a transcript.

**Dr. Schofield (British Columbia):** No. I knew there was a transcript before.

I was trying to get, you know, perhaps a look at this relationship in the context of reporting relationships more than whether it happens that you get on with the Auditor General. I think there is a more significant issue here to the extent to which collaboration could affect the reporting relationship that a legislative Auditor has with a Legislature. Anyway, I'll leave it there for the moment.

**Dr. Massolin (Alberta):** It's a very interesting point. I think we can all agree on that. I think, too, if I could put my two cents' worth in, that it all revolves around – well, one of the issues is: what is the Auditor General? How does he or she interact with the committee, as an adviser or as a witness? I mean, that's something that was brought out, and that's fundamental to all this in terms of the principle.

**Dr. Schofield (British Columbia):** Yes.

**Dr. Massolin (Alberta):** Sorry, Floyd. Did I see you?

**Mr. McCormick (Yukon):** Yeah. In fact, I was sort of going to make the same point that you just did about this adviser/witness sort of relationship. In the Yukon because of a lack of resources that the committee has, it's almost an extreme case where the Auditor General really is an adviser to the committee. One of the problems with that that I see is, I mean, if you look at it from the point of view of the other witnesses who appear before the committee where, you know, the relationship between the Auditor General and the Public Accounts Committee is very close and there's a lot of close interaction, then the other person, the department of whatever, is sitting there thinking that they're not really getting a fair hearing here because whatever the Auditor General has written in his or her report is going to be accepted by the committee. If you want to sit there and question what the Auditor has come up with, you're not going to get a fair hearing from the committee because of that relationship that exists.

**Dr. Massolin (Alberta):** Right.

**Mr. Kitching (House of Commons):** I think at least at the federal level my experience has been that if the Public Accounts Committee has a very good relationship with the Auditor General, that sort of evens out, the reason being that we have the parliamentary secretary sitting on our committee, and that person has all the resources of the

department that's being audited. So generally the deputy minister that's appearing as a witness and the Auditor General that also appears as a witness will get some tough questions from government members. At least from my perspective at the parliamentary level the resources that we provide are mainly in support of the whole committee, but they're going to be used more by the opposition usually because the government members have their own people to supply questions and that sort of thing.

**Dr. Massolin (Alberta):** Thank you.  
To Geoff, then. Go ahead.

**Mr. Dubrow (CCAF-FCVI Inc.):** Thanks very much. It's Geoff from the CCAF. Josie, I have a couple of thoughts around why what you described in B.C. might be the case, but I can't put them on *Hansard*, so we can have an off-line discussion about that.

2:10

A very interesting discussion. Just maybe to make a contribution to that. If you look at the jurisdictions across Canada, I think one of the deciding factors about the closeness of the relationship between the AG and the PAC is how much the PAC depends on the AG for information. I don't presume to speak on behalf of jurisdictions, but if you look at the case of Quebec, where a lot of your information is based on, you're looking at performance reports, you're looking at financial engagements over \$25,000. It's very similar in Alberta, where the Alberta PAC is looking at, yes, the AG reports but also looking at the performance reports, or in Nova Scotia, where typically there have been a lot of self-initiated hearings. These are the jurisdictions that tend to say that their relationship with the Auditor General is not as close.

Then other jurisdictions where there's much more dependence on the Auditor General for information. Ontario: I mean, Jim McCarter said in the past that basically a hundred per cent of the reports that go to the Ontario PAC are performance reports. House of Commons, most of the information; obviously, the territories; certainly Manitoba; Saskatchewan. So I'd say that would be one of the deciding factors that would help to determine how reliant it is.

I guess the other thing that is a bit of a misnomer is this issue of the hierarchical relationship. I guess not being either from the audit office or from the PAC, I can offer a slightly different view. Yes, there is no question that technically in our system it's sort of the political masters who are the ones running the show. But everybody sort of knows – it's the elephant in the room – that it's the Auditors that are the permanent, hierarchical, organized bodies that are doing most of the research. Again, I think that tends to balance out in favour of dependence on the audit office for information.

Thanks.

**Dr. Massolin (Alberta):** Thanks for those insights, Geoff.  
Alex, you wanted to add something.

**Mr. Baldwin (Nunavut):** Thank you. Just a very quick comment. Again, I'm not certain how it is in all the provinces, but certainly with the AG's reports that we get and certainly the reports that the House of Commons standing committee and the NWT committee would get, when the report is tabled in the House and the Auditor General makes 10 recommendations, you know, the government of the day is given a fair crack at saying "agree" or "disagree." I'd be curious in terms of how often folks see their governments actually disagreeing with recommendations. Certainly, in our experience they've never done it, which of course leads to critiques from our members in terms of: "That's a pro forma agreement. We know that you're not going to do anything about it."

It's a very rare occasion, but I have seen it, at least in the context of the federal government, most recently with a PCO response to one of the AG's reports. I can't recall precisely which one, but it was a PCO response where the federal government said, "Sorry; do not agree," and to a certain extent, you know, suggestions that someone's playing one agenda or another and on who's getting a fair shake. Quite frankly, sometimes I think our meetings might get a little more interesting if from time to time our governments would say, "We agree in principle, but . . ." rather than this, "Let's get the pain out of the way; we'll say 'agree, agree,' and hopefully nobody will notice what's going on."

Thank you.

**Dr. Massolin (Alberta):** Great. Thank you.

Yes. Go ahead, Joann.

**Ms Garbig (House of Commons):** I can identify that issue that you referred to there, Alex. It was an audit that the Auditor General did of the Governor in Council appointments process. The Privy Council Office was in disagreement with some of the recommendations, and in fact there is a disagreement between the two offices on the interpretation of the Auditor General's mandate. This is a study that isn't yet complete, and it's still before the committee.

**Dr. Massolin (Alberta):** Okay. Thank you.

Anyone else on this point, or can we move along to something else?

Susan, go ahead.

**Ms Viets (Ontario):** It's not on this point.

**Dr. Massolin (Alberta):** Go ahead.

**Ms Viets (Ontario):** Okay. Andrew discussed the follow-up process in Ottawa briefly. I'd be interested in hearing a few more comments on that process and how you're finding that it's going. Also, I'd be interested in knowing if any of the other jurisdictions have a formal follow-up process in place.

**Mr. Kitching (House of Commons):** I think for the follow-up process we started doing this after the Gomery commission. The Gomery commission actually recommended that we get more resources on the Public Accounts Committee. One of the things that we decided to do with that is this follow-up. We've just started it, and we've sent out, you know, the first set of letters. We've made up a chart of what recommendations the committee has made and whether we think that there may be a question of: have they been fulfilled? We're just in the process right now, so we don't really have very many results yet from that process. They'll be coming in over the next year probably.

**Dr. Massolin (Alberta):** Thank you, Andrew.

Any other questions? Go ahead, Rick.

**Mr. Yarish (Manitoba):** If there are others, that's fine. I have a couple of questions. One of them was on follow-up, actually, but I'll maybe just offer the Manitoba perspective on that. In our infancy, as our chairperson put it today, as of yet we have no formal follow-up process. We also, again a sign of our infancy, don't have a formal reporting process. I'm familiar with most of the other jurisdictions and how things work, but we don't have that.

If I can kind of put it in a thumbnail sketch, essentially how our PAC works is that the Auditor General's reports come to us, there

are interactions with the Auditor, we have briefings and so on, but all of the work itself happens in the committee. We don't issue reports with substantive recommendations. We report to the House, but it's essentially just that we met and considered X and Y reports. So we don't have formal substantive reports that go to the House yet.

We also have not yet really developed a follow-up process. However, it came up at our meeting last week, so that's one of the things I wanted to talk about when I was here this week because the discussion was around recommendations that were made to a department in one of the Auditor's reports. The committee was questioning, you know: can the deputy minister provide us with some information on how many of these recommendations have been followed up? It ended up getting into a little bit of a procedural deadlock where we decided sort of not to ask that question right now because the committee was not sufficiently mature – and I don't mean that in a condescending way – not far enough along in the process to figure out how to ask for follow-up and how to sort of institute a formal process.

One of the things that I wanted to find out a little more about is: what are the follow-up processes? If your committee has been doing it for five or 10 years, and it's sort of just a matter of fact, I'd be very curious to know how that's worked and if you ever get into problems flowing from that follow-up.

I don't know how much time we've got left.

**Dr. Massolin (Alberta):** I think we're good for time. I just wanted to add, before other people help us out because we're in a similar situation in a sense, that the one exception is that we do have a standing order that provides for the type of report you're talking about. The committee itself has not yet issued such a report, so it will be interesting to hear this discussion.

Who's up?

**Dr. Schofield (British Columbia):** I could just very briefly talk about the follow-up process that the B.C. PAC developed in the year 2000, I think it was, in conjunction with the office of the Auditor General. They delegated the task of doing follow-up to the Auditor General's office because they thought it would be too burdensome for the committee. Our committee is only appointed on a sessional basis. Members change and so on.

Now, recently, in the last year, the Auditor General's office has decided to change the follow-up process. As far as I understand it, what that essentially means is that once the audit or the review by the office has been completed, there's a period of time, I think after six months, when the auditee is contacted and asked to give a progress report on their implementation of outstanding recommendations. That report is published on the office of the Auditor General's website without any editorial discretion applied. It is quite a new process that's happening in B.C. at the moment. PAC has not actually formally endorsed it. It's going to come up this session for review by PAC.

**Dr. Massolin (Alberta):** Okay. I see. Thank you, Josie.

Any others on this point? Alex, go ahead.

**Mr. Baldwin (Nunavut):** Thank you. Just a few random comments. In our first and second Assemblies we had some committee reports which used a good old-fashioned table format in terms of: in January 2002 Auditor General recommends X, Y, Z; in March 2002 government responded A, B, C, but as of October things have been done, and things have not been done. That helps to in a very clear way visualize things both for the members and for the news media,

we find. When we're discussing strategies as well: who pays attention to reports and who doesn't? We do our best as well when drafting these things, to make them in a way that, you know, we're going to get some public attention. Even though we're televised, we can't compete with *CSI*, but we need to have, you know, the public pay attention to what we're doing. We try to make some of our reports, even the way we craft them, visually arresting so that those can be picked up.

2:20

We're fortunate in that the federal Auditor General, in the same way that she reports to Parliament from time to time – one of the two documents we're looking at later this month is, in fact, to follow up to one of her earlier ones. When I get back to Iqaluit, I'll continue in my preparing lines of questioning for the members, which will include something along the lines of, you know: "In October 2006 you, Mr. Deputy Minister, who's again before us, promised da-da-da. Where is this? Where is that?" Again, in terms of continuity it helps to have folks around the office who can glance and remember where old, former commitments were made.

The last comment I'll make is that from time to time we do struggle a little bit with very concrete things that are being asked of us such as: "Produce a policy, and table it in the House. Cough up this piece of information by a fixed date." That's versus the more amorphous, "Move towards a framework for building capacity and a strategy." Sometimes you can play language games.

But we are moving forward continuously. It's a never-ending process. At times it's important, either when writing recommendations for a committee to consider moving or dealing with things that are important, to be very clear that some things that are being asked for can be answered in terms of a never-ending process whereas other things are more finite and very measurable.

Thank you.

**Dr. Massolin (Alberta):** Okay.

Any others? We've got about nine minutes left.

**Mr. Thomassin (Quebec):** Maybe on follow-up. The committee tables two reports each year, one in June and one in December. The chapters are the public hearings they did on a number of subjects, subjects, like Geoff said, that can be in relation to an Auditor General's report or other mandates or responsibilities that the committee has, so it's a way to express a little bit the autonomy of the committee. Also, after an AG reports, each organization concerned has to table to the AG and the PAC an action plan within six months or two weeks prior to the public hearing if they are chosen. On follow-up we began a first look at the last year's recommendations. We are looking to co-operate with the Auditor General to follow up on PAC recommendations that supplement his own recommendations and on a way to co-operate with PAC's own recommendations also. Probably next year in Quebec City at our conference we'll be able to give you a little briefing on that.

**Dr. Massolin (Alberta):** Excellent. Thank you, Éric. Yeah, and I guess that's a good example, too, of the way in which, you know, you've got that sort of hybrid, if I can put it that way, role that PAC does in the sense that it's not simply just working with the Auditor General. Obviously, the PAC has the ability to undertake its own investigations. We all know that that exists, but sometimes there is a bit of a, maybe, more of an interconnectivity with the Auditor General's office in that there could be in another set of circumstances. Thank you for that.

Yes, please.

**Mr. Loney (La Trobe University):** Thank you. Thanks for the session. There are a lot of things that I could have jumped in here and commented on about the differences in practice and procedures, but I just wanted to talk about follow-up and perhaps a cautionary tale from our experience. Some years ago our Auditor General did a report on the collection of outstanding fees, fines, and charges and found that the state was forgoing millions and millions of dollars a year in uncollected fees, fines, and charges. He produced that report for Parliament, and it was followed up by the Public Accounts Committee. The department concerned, the Attorney General's, agreed with all recommendations of the Auditor's report and in the follow-up inquiry told the PAC that, yes, they were working on implementation, et cetera, of those particular recommendations. So everything was good. The follow-up had been done.

Some eight years later I was looking at a topic for a parliamentary research internee to do. We wanted to do something, a case study, to prove the value of the Public Accounts Committee. So we thought: well, here's one where demonstrably the actions of the Public Accounts Committee have resulted in a recapture of revenues to the state. The research internee went off and did that and came back and reported that, in fact, while everybody had agreed and we were told they were being implemented, none of the recommendations had been implemented some eight years later and that the Attorney General's department had told us in this research that they were currently undergoing a review to see how they should implement those recommendations some eight years later.

Just a cautionary tale about follow-ups and the need for persistence, I think, on Public Accounts Committees.

**Dr. Massolin (Alberta):** Right. A follow-up on the follow-up might be in order.

Are there any other comments or questions? Yes. Geoff, please.

**Mr. Dubrow (CCAF-FCVI Inc.):** A really interesting discussion about follow-up. I guess my learning or understanding of follow-up in Canada has really evolved over the last few years. I always used to see follow-up as more related to, you know: there's a PAC hearing, PAC issues recommendations, and then a little while later they're going to want to follow up and see if those recommendations have been implemented. That's certainly a type of follow-up that does happen, but I think what I've started to understand is that even the word "follow-up" itself is a little confusing. If you look at what Ontario, the House of Commons, and Quebec do, it's not follow-up in the sense of the PAC following up on its own recommendations. It's a kind of institutional leverage, where the PAC is saying: okay, the AG has just issued their report; now it's time for – and "muscle" is too strong a word in the Canadian context – a little bit of political push, a very gentle shove to say that now we want to know what the departments are doing to implement. That's a little bit different.

Traditionally the auditors will say: "Well, it's our domain. We do the follow-up." Yes, that's true, of course. You're not going to have politicians actually going in and auditing a department and saying, "Okay, we want to do follow-up," right? That's the domain of the Auditors. But that slight little push, I think, is something that, you know, in terms of practices has been in Ontario and in the House very interesting. Particularly the latest practice in the House of Commons where they're actually going back and looking at the government's response and saying, "Hmm, there's a little bit of bureaucratic gobbledygook here; this doesn't add up to a whole lot; we want a little bit more information" is really taking the Westminster system one step further.

**Dr. Massolin (Alberta):** Thank you, Geoff.

I think we have time for one more quick question or comment if anybody wants to take that on. Yes, Rick. Go ahead.

**Mr. Yarish (Manitoba):** I have several more questions, but you'll probably be getting an e-mail from me.

**Dr. Massolin (Alberta):** Fair enough.

**Mr. Yarish (Manitoba):** Maybe I'll just try to choose one as my closer. I have a question about drafting questions for members. This is something that has been discussed in our committee but hasn't yet happened. I'll admit that I'm one of the obstacles to that. Maybe this is just a holdover of how partisan our committee used to be and how much our committee used to be sort of tied to other political operations like question period and so on. You know, it's come a long way, but there's still sort of a concern hanging in the air. So my question would be to any jurisdiction that feels like answering. Have you ever had a circumstance where questions that have been drafted for members to use in Public Accounts, which theoretically should be, you know, a nonpartisan, constructive environment and not necessarily political, where you've drafted questions for that environment and then later found those questions leaking out of Public Accounts and being used in question period?

2:30

**Dr. Massolin (Alberta):** Anyone? Go ahead, Alex.

**Mr. Baldwin (Nunavut):** I'll take a shot at this, Rick. I'd be happy to share some things that got into our public record in terms of how we phrase some of them. At least when I'm writing things for the members to look at, I go into it knowing that some of them will use it and read it verbatim, some will say, "Usual crap, Baldwin" and throw them out, and some will adapt them to their own practices, I guess. As someone who may be writing it, like I was saying earlier about tone in terms of report writing, I mean, I obviously don't draft things along the lines of, you know, "Will the minister resign today or tomorrow?" type of lines. You keep it very – at least I try to keep them . . .

**Mr. Yarish (Manitoba):** I'm sure you'd be good at it.

**Mr. Baldwin (Nunavut):** I'm not sure if that's a compliment or not.

I mean, hard hitting is one thing in terms of – I'll give you an example of one that's coming up because it's all in the public record. You know, I'll go back, and some of the witnesses who will be appearing before us have said things on the public record three years ago in terms of, you know, something was supposed to be delivered by a certain date. It wasn't. I'm not going to say: "Are you an evil person and, you know, the pawn of someone?" But it will be

strongly, firmly worded in terms of, you know: "You committed on a certain date to achieve a certain thing. It has not been done. Please explain why." I mean, that's fair. Any member can use it.

In terms of a politicized question, for example, let's say the department being audited in our case has overspent its budget from time to time without getting prior Assembly approval, right? You know, the questions I write will not be along the lines of: does this not prove, Mr. Chairman, that the minister hates children? I mean, if a member wishes to metastasize the process, that's up to him or her, but, you know, the product that I would physically write for them – and again, I think, going back to something Josie said, that informal sharing of some of those questions with some of the AG folks up front kind of helps me as an early warning in terms of: hang on a second, Alex. You know, they're not going to say: you can't say that; we censor everything. They say just, you know: maybe a bit cautious with that wording. That's a useful process.

I guess I'll wrap up by saying that at least, again, in a small jurisdiction the problem at times is that you hate to see your friends being grilled and sometimes grilled appropriately across the floor. On the other hand, you know, folks know each other well enough that they can say: "Hey, look. You know, good question. That was fair. It was a tough one, but we understand that." That's both a strength and a weakness of a small jurisdiction.

Thank you.

**Dr. Massolin (Alberta):** I'm sorry. I'm going to have to cut this off because we're actually a bit over time, and we have to get back to the Chamber.

I guess that as the facilitator I get the final word. It's become a bit of a question for us, too, but we found in our reports that you can ask a question without actually posing a question. We've found different ways to do it so that the questions themselves are built right into the reports that we provide to the committee members. That has worked out reasonably well. I mean, it takes some finessing, but it can work.

Anyway, on that note I'd like to thank all of you for participating in this session. It worked out really well from my perspective. Thanks so much, especially to the presenters for the wonderful presentations and the time you put in to make this a very successful, in my opinion, event. I'll thank you with some gifts here, but I know we're kind of in a rush.

There are some cookies, and we have a health break now, but we have to be back in the Chamber, I think, in about 10 minutes. Thank you so much again.

Just so that you know, we could, I guess, all go back together as a group. Are there going to be pages to help us, Jody? We'll just all make our way back to the Chamber. We can figure it out, yes.

Thanks very much. We'll see you later on.

[The meeting adjourned at 2:34 p.m.]





