



**FIRST REPORT
OF THE
STANDING COMMITTEE
ON
PUBLIC ACCOUNTS**

Third Session
Fifty-ninth Legislative Assembly
of the
Province of New Brunswick

December 19, 2019

MEMBERS OF THE COMMITTEE

Mr. Melanson, Chair
Mr. Fairgrieve, Vice Chair
Mr. Northrup
Mr. Savoie
Mr. Crossman

Ms. Harris
Mr. LeBlanc
Ms. Rogers
Ms. Mitton
Mr. Austin

December 19, 2019

To The Honourable
The Legislative Assembly of
The Province of New Brunswick

Mr. Speaker:

Your Standing Committee on Public Accounts begs leave to submit this, their first report.

The report outlines the Committee's activities since it last reported on March 26, 2019.

And your Committee begs leave to make a further report.

Mr. Roger Melanson, MLA
Chair

Committee Activities

The Standing Committee on Public Accounts held a joint session with the Standing Committee on Crown Corporations to receive and review the following:

June 11 and 13, 2019

Office of the Auditor General of New Brunswick

Under review: Report of the Auditor General of New Brunswick 2019, Volume I – Performance Audit.

Volume I presented performance audit reports completed during 2019 on Medicare cards, outsourcing of highway maintenance and construction work, and the collection and forgiveness of overdue property taxes. The volume also reported the results of a special review on a funding arrangement for the City of Saint John.

Special Examination

On July 2, the Committee held an organizational meeting in regard to Chapter 5 of the *Report of the Auditor General of New Brunswick 2019, Volume I – Performance Audit*, concerning the Government of New Brunswick's funding arrangement for the City of Saint John.

The following Motion was carried during the meeting:

THAT the Committee send a letter to the Clerk of the Executive Council asking that he table with the Clerk of the Legislative Assembly as soon as possible copies of:

- *The draft report of the working committee of senior officials on the Saint John new deal as it existed at the change of government on or about November 9, 2018;*
- *The current draft of the working committee of senior officials on the Saint John new deal;*
- *The funding agreement between the Province and the City of Saint John;*

THAT the Committee perform the above, as long as it does not violate the terms of the agreement.

On July 12, the Clerk of the Executive Council Office responded to the motion and provided the Committee with the following documents:

- The current draft of the working committee of senior officials on the Saint John new deal, *Sustaining Saint John a Three-Part Plan*;
- The funding agreement between the Province and the City of Saint John.

Meetings were held on August 6 and 7 to call witnesses for a special examination into the New Saint John Deal.

The Committee heard from: Donald Darling, Mayor of Saint John; Judy Wagner, former Clerk of the Executive Council; current Deputy Minister of Policy and Legislative Affairs and Secretary to Cabinet; Brian Gallant, Q.C., former Premier of New Brunswick, Member of the Legislative Assembly for Shediac Bay-Dieppe; Jack Keir, former working group member and employee of the Office of the Premier; Lee-Bell Smith, former Deputy Attorney General; Cheryl Hansen, Deputy Minister, Department of Finance and Treasury Board; Patricia MacKenzie, Deputy Secretary to Cabinet; Jordan O'Brien, former Chief of Staff; Jacques Pinet, former Chief Executive Officer, Jobs Board Secretariat, former President of the Regional Development Corporation;

Ann Marie Wood-Seems, Vice President, Regional Development Corporation; Kelli Simmonds, Deputy Minister, Department of Environment and Local Government; Kim MacPherson, Auditor General of New Brunswick.

The Committee also heard from the Joint Working Committee. From the Province of New Brunswick Members the Committee heard from: Joel Dickinson, former Co-Chair of Joint Working Committee, current Assistant Deputy Minister and Deputy Chief Operating Officer; Elizabeth Hayward, current Secretary to the Working Committee, current Senior Advisor to the Deputy Minister for Policy and Legislative Affairs. From the City of Saint John Members the Committee heard from: Neil Jacobsen, former Co-Chair of Joint Working Committee and Acting City Manager, current Deputy City Manager; Jeff Trail, former Co-Chair of Joint Working Committee and Saint John City Manager; Kevin Fudge, Commissioner of Finance and Treasurer.

The following motion was carried prior to the conclusion of the August 7 meeting:

WHEREAS as a result of testimony before the Public Accounts Committee on the Saint John deal in relation to the documents provided by the Executive Council Office to the Auditor General there is confusion over which documents were provided;

WHEREAS to ensure that the Public Accounts Committee has all the necessary information to undertake its deliberations;

BE IT THEREFORE RESOLVED that the Public Accounts Committee ask the Executive Council Office to table all the documents provided to the Auditor General related to her request for documentation related to the Agreement between the Province of New Brunswick and the City of Saint John for the period from June 1, 2017 until June 30, 2019.

On August 28, the Clerk of the Executive Council responded to the request, stating in a letter that the documents provided to the Auditor General for the time period in question included:

- 1) the Cabinet minute - protected under section 17 of the *Right to Information and Protection of Privacy Act*;
- 2) the Memorandum to Executive Council (MEC) and Agreement; protected under section 17 of the *Right to Information and Protection of Privacy Act*;
- 3) email exchanges between the AG staff and ECO staff; and
- 4) letter dated Sept 13, 2018.

The Executive Council Office further noted that the Auditor General had advised that items 3 and 4 were not releasable as they were deemed “working papers” pursuant to section 15.2 of the *Auditor General Act* which states “working papers of an audit of the Auditor General shall not be laid before the Legislative Assembly or any committee of the Legislative Assembly.”

Further Committee Activities

The Committee held meetings on October 9 and 10 and November 7. The following departments appeared and answered questions concerning the years under review and Auditor General recommendations:

October 9, 2019

Department of Agriculture, Aquaculture and Fisheries

Years under review: 2016-2017, 2017-2018.

Department of Transportation and Infrastructure

Years under review: 2016-2017, 2017-2018.

October 10, 2019

Office of the Attorney General

Years under review: 2016-2017, 2017-2018.

Department of Environment and Local Government

Years under review: 2016-2017, 2017-2018.

November 7, 2019

Department of Energy and Resource Development

Years under review: 2016-2017, 2017-2018.

The Committee held a joint session with the Standing Committee on Crown Corporations to receive and review the following:

December 3, 2019

Office of the Auditor General of New Brunswick

Under review: Report of the Auditor General of New Brunswick 2019, Volume II - Performance Audit and Volume III - Financial Audit.

Volume II presented performance audit reports completed during 2019 on university funding, group homes and specialized placements. It also presented follow-up work on prior year recommendations, which focused on two financial assistance case studies (blueberries and naval centre).

Volume III focused on New Brunswick's year-end financial results and matters arising from the annual financial audit of the provincial government and Crown agencies, including understanding key financial audit issues and observations on the state of New Brunswick's financial condition. Information was also provided on: tax expenditures, contaminated sites, accounts receivable, local government debt, property assessments, financial commitments and opportunities to improve transparency.

Rotation

Historically, individual Members had the ability to question entities without limit on the length or number of questions or comments. The Committee undertakes a full schedule with multiple entities appearing in one day, and Members had voiced discontent with the unpredictability of the current practice.

The Committee tested different rotations which allocated questions and blocks of time to the various caucuses and Members. This was met with positive feedback. The Chair requested that a monitor projecting a clock, using the same system found in the Legislative Assembly Chamber, be added for the convenience of Members. The current rotation is ten minutes per Member, rotating between the Official Opposition, Government, Green, and Peoples Alliance Caucuses, until questions have been exhausted.

Orientation

Auditor General Kim MacPherson held an orientation session on October 2 and 3 with the Canadian Audit and Accountability Foundation (CAAF) to discuss the principles of an effective Public Accounts Committee. The session, which was open to all Members and the support staff of the various caucuses, covered such topics as parliamentary oversight, cross-party collaboration, and effective hearings.

At the conclusion of the orientation, the attendees were asked to rank the important next steps for the Committee. The CAAF summarized these responses as follows:

1. Planning
 - a) Creating a steering committee to take the lead on planning.
 - b) Setting the committee schedule for several months at a time.
 - c) Meeting preparation (including focused agenda, pre-hearing meetings to clarify meeting purpose and line of questioning, and briefing with the Auditor General).
 - d) Communicating the focus of meetings with the departments.
2. Working collaboratively. Several participants suggested the committee could start with mixing up the caucus seating arrangement during meetings.
3. Ensuring hearings are useful by reading Auditor General reports in advance, focusing on good questions and getting clear answers.
4. Improving follow-up, including the use of reports with committee recommendations and action plans.
5. Combining the Public Accounts Committee and the Crown Corporations Committee.
6. Getting additional research support for the committee.

Throughout the discussion, there was widespread support for:

1. The creation of a subcommittee for the purposes of planning meeting dates and identifying topics of study.
2. Increasing cross-party collaboration. One suggestion to reach this goal was to change the seating arrangement so Members no longer sit exclusively with their caucuses.
3. Merging the Standing Committee on Public Accounts and the Standing Committee on Crown Corporations.
4. Support, in principle, for the creation of a Legislative Internship Program.

To begin addressing some of the steps discussed during the session, the Committee carried the following two motions on October 10:

Motion 1:

THAT pursuant to Standing Rule 98, a subcommittee be appointed and be composed of the Committee Chair, the Vice-Chair, and a Committee Member from each remaining caucus;

THAT the subcommittee Members may:

- *represent their respective caucus in reviewing issues related to scheduling, agenda preparation and potential matters of Committee procedure;*
- *work collaboratively in moving the Committee forward with recommendations and action items proposed during the October 2-3, 2019 orientation session;*
- *utilize the Office of the Auditor General in these undertakings where necessary.*

THAT the subcommittee may meet informally and;

THAT substitutions be permitted on the subcommittee.

Motion 2:

WHEREAS the Standing Committee on Public Accounts would like to express its sincere appreciation to the Office of the Auditor General for its hard work hosting a two-day orientation session held on October 2 and 3, 2019 in conjunction with the Canadian Audit and Accountability Foundation;

WHEREAS the Committee may consider the implementation of some of the good practices found across Canada; including:

- *Focusing on the administration of a program or policy, and not the merits of a program, and*
- *Committee Members changing the historically partisan culture of the Public Accounts Committee to promote non-partisanship;*

BE IT THEREFORE RESOLVED that the Committee affirms its willingness to work collaboratively to improve its functioning, moving forward;

BE IT FURTHER RESOLVED that the Committee offers its support to the Auditor General in her request to have the mandate of the Standing Committee on Crown Corporations merged into the Standing Committee on Public Accounts.

Moving Forward

Historically, the Committee has held a number of meetings when the House is not in session, typically in the fall and winter. The established precedent is to have all departments appear annually to examine their latest annual reports.

Following the orientation session, the Committee has signaled an interest in changing the established procedure based on some good practices suggested by the CAAF. Ultimately, the Committee wishes to put on the record that it is interested in changing and adopting new practices in order to use its time more effectively.