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Daily Sitting 9

Tuesday, December 14, 1999.

1 o'clock p.m.

Prayers.

Hon. Mr. Mockler extended sympathy on behalf of the Members of the Legislative Assembly to the families of David Ouellet, Mélanie St-Germain and François Bernier, three young persons from Madawaska who tragically lost their lives in an accident.

Mr. Alward, from the Standing Committee on Crown Corporations, presented the First Report of the Committee for the session which was read and is as follows:

December 14, 1999.

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

Mr. Speaker:

I have the honour to present herewith the First Report of the Standing Committee on Crown Corporations.

The report outlines the activities of the Committee since its appointment on July 6, 1999.

The report contains various recommendations relating to Crown Corporation governance, and specific recommendations regarding NB Agriexport Inc. and Algonquin Properties Limited.

In addition, the report outlines the Committee's recommendation that the Chair of the Board and the Chief Executive Officers of the province's hospital corporations be requested to appear on an annual basis before the Standing Committee on Crown Corporations.

Your Committee wishes to thank the officials of the various Crown Corporations and agencies that appeared before it and to acknowledge their cooperation in providing requested information.

And your Committee begs leave to make a further report.

Sgd.: David Alward, M.L.A.
Chairman.

Ordered that the report be received and the Committee continued.

The full report of the Committee as presented follows:

December 14, 1999.

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

Mr. Speaker:

Your Standing Committee on Crown Corporations begs leave to submit this their First Report.

The Committee met in an organizational session on August 12, 1999.

On motion of Mr. Kinney, Mr. Alward was elected Chairman.

On Motion of Ms. Fowlie, Mr. Weston was elected Vice-Chairman.

The Committee met in the Legislative Council Chamber on September 21, 22, 23, October 5, 6, 7 and 19, 1999, to review the activities and financial statements of various provincial Crown Corporations and Agencies for the year ending March 31, 1998. The following officials appeared before the Committee and answered questions pertaining to the year under review:

September 21, 1999

Office of the Auditor General:

- Daryl Wilson, FCA, Auditor General
- Kenneth Robinson, Deputy Auditor General

Service New Brunswick:

- R.W. (Bob) Gamble, President
- Carol MacDonald, Vice-President of Corporate Services
- Brian Freeman, Vice-President of Operations
- Bill Morrison, Executive Director of Assessment Services

Farm Products Marketing Commission

- Robert Shannon, Chairman
- Wayne J. Buffett, Executive Director
- Raymond Miller, Administrative Secretary

September 22, 1999

Kings Landing Corporation

- Robert L. Dallison, Director
- Louise Gillis, Chair of the Board of Directors
- Ron Naugler, Comptroller

New Brunswick Museum

- Wayne Burley, Acting Director
- Jane Fullerton, Associate Director
- Judith Brown, Comptroller

Lotteries Commission of New Brunswick

- John Mallory, Deputy Minister of Finance
- Brian Steeves, Secretary

New Brunswick Liquor Corporation

- Roger Landry, President and Chief Executive Officer
- Jack Dorcas, Executive Vice-President of Finance and Administration

NB Agriexport Inc.

- Claire LePage, Deputy Minister of Agriculture
- David Thornton, General Manager
- Dr. Brian Dykeman, Director of Marketing and Trade Development

September 23, 1999

Algonquin Properties

- G. Stephenson Wheatley, President
- Rick Brunett, General Manager of Operations
- Heather Silver, Secretary-Treasurer
- Ashley Cummings, General Manager of Capital Construction

Forest Protection Limited

- David MacFarlane, Deputy Minister of Natural Resources and Energy

- David Davies, General Manager

NB Board of Commissioners of Public Utilities

- David C. Nicholson, Chairman

- Douglas Goss, Senior Advisor

October 5, 1999

Strait Crossing Finance Inc.

- Bryan MacDonald, Director and Vice-President

New Brunswick Investment Management Corporation

- Ernest MacKinnon, President and Chief Executive Officer

- Richard Lesage, Senior Vice-President and Chief Investment Officer

- Daniel Goguen, Vice-President of Finance and Administration

- Leonard Lee-White, Director of Fixed Income

- Bruce Graham, Vice-President of Equities

New Brunswick Research and Productivity Council

- Dr. Peter Lewell, Executive Director

- Stephen Fox, Head of Administration and Finance Atlantic Lottery Corporation Inc.

- Cluny Macpherson, President

- Carmen McAfee, Vice-President of Sales

New Brunswick Forest Products Commission

- J. Clermont Richard, Chairman

- Linda D. Gould, Executive Director

October 6, 1999

New Brunswick Credit Union Deposit Insurance Corporation

- Pierre LeBlanc, Director of Credit Unions, Cooperatives and Trust Companies Branch

- Suzanne Bonnell-Burley, Assistant Deputy Minister of Justice

Provincial Holdings Ltd.

- Richard Burgess, Vice-President

- James Lovett, Secretary-Treasurer

New Brunswick Highway Corporation

- David J. Johnstone, President

- Doug L. Johnson, Secretary

- Dale Wilson, Board Member

Workplace Health, Safety and Compensation Commission of New Brunswick

- Darline Cogswell, Acting Chair of the Board of Directors

- Tom Calkin, President and Chief Executive Officer

- William McNulty, Executive Director of Appeals Tribunal

- David Greason, Vice-President of Compensation and Rehabilitation Services
- Brian Connell, Vice-President of Prevention Services
- Frank Chevrier, Vice-President of Finance
- Peter Murphy, Vice-President of Planning and Program Evaluation Services
- Richard Tingley, Legal Counsel

October 7, 1999

Kingsbrae Horticultural Garden Inc.

- Edward Pratt, President
- Gerry Chevrier, Secretary-Treasurer of the Board

New Brunswick Municipal Finance Corporation

- Ann Flewelling, Director New Brunswick Crop Insurance Commission
- Deborah McQuade, General Manager
- Cathy LaRoche, Assistant General Manager and Chief Financial Officer

October 19, 1999

Regional Development Corporation and Regional Development Corporation - Special Operating Agency

- Hermel Vienneau, General Manager
- Gordon Gilman, Vice-President of Finance and Administration
- Stephen Battan, Acting Vice-President of Development

RECOMMENDATIONS

As a result of the deliberations of your Standing Committee on Crown Corporations, the Committee is pleased to make the following observations and recommendations:

Crown Corporation Governance Issues

Annual Reports

The Committee is concerned with the lack of consistency and uniformity in reporting among the many provincial Crown corporations. In general, the Committee found that reports should be more informative and useful and should contain more relevant information. The reports should state the corporation's *raison d'être* and a clear vision statement should be presented. Financial reporting in particular should be more detailed and the various corporations should follow similar accounting principles.

There must be more clarity and consistency in the format of reporting. The structure of the board of directors and the role of individual officers should be clearly stated. Reports should state in a clear and concise manner the corporation's mission statement, goals and strategic objectives. The reports should state how the corporation is meeting those goals, and performance indicators should be clearly identified and linked to specific strategic objectives.

Crown corporations should have stated bench-marks or targets. The annual reports should state whether such bench-marks or targets are being met and if not, why. In addition, each Crown corporation should include as part of its report a minimum three year business plan and preferably a five year business plan, which plan should be updated annually.

The reports should follow more closely the format of departmental reports. The Province of New Brunswick has established an annual report policy (no. AD-1605) that applies to all departments and agencies of government. The policy establishes certain requirements regarding the form and content of annual reports.

The Committee recommends that the annual report policy of government be fully complied with by all Crown corporations and agencies.

Dual Roles of Government Employees

In conducting its review of the various Crown corporations, the Committee took note of the dual role played by many government officials. The Committee observed that various employees of government held an additional role - whether by virtue of their position or by way of appointment - as an officer or board member

of a related Crown agency, board or commission. The Committee questioned the appropriateness of such arrangements and noted that there should be a clear definition of the different job functions.

The Committee was concerned with the possibility that the responsibilities of one position could conceivably overlap or conflict with the other.

The Committee therefore recommends that there should be an examination of the dual roles played by government employees within departments and various Crown corporations and agencies, with the goal of determining whether such dual roles place the employees in a conflict of interest situation.

Purpose of Creating Crown Corporations

The Committee is concerned that the creation of Crown corporations may result in the diversion of financial liabilities from the books of the province, notwithstanding that the debt or liabilities associated with the company is ultimately the responsibility of the province.

The Committee recommends that the Government should not create a Crown corporation with the purpose of circumventing balanced-budget legislation and diverting the province's financial liability.

The Official Opposition members of the Committee objected to the above recommendation.

Financial Audits of Crown Corporations

During the appearance of the Auditor General on September 21, 1999, the Auditor General was asked to examine the advantages and disadvantages of having the financial audits of all Crown corporations performed by the Office of the Auditor General. Currently, 17 Crown corporations have their financial audits performed by private auditing firms.

The Auditor General subsequently advised the Committee of the advantages and disadvantages of such a decision. The Auditor General advised that in order to determine whether such an initiative would result in a cost saving, it would be necessary to carry out a detailed review of current audit fees and an assessment of the costs of additional Auditor General staff time.

The Committee therefore recommends that the Auditor General provide a quantitative cost analysis of auditing each Crown corporation, or alternatively the cost of managing the audit of each Crown corporation.

Regional Hospital Corporations

The question of the governance and accountability of the eight regional hospital corporations was considered by the Committee. The matter was also discussed in detail in Chapter 12 of the *1998 Report of the Auditor General of New Brunswick*. Paragraph 12.141 of the report states as follows:

12.141 Regional hospital corporations do not currently appear before the Crown Corporations Committee or the Public Accounts Committee (PAC) of the Legislative Assembly of the Province of New Brunswick. The opportunity to ask questions about the operations of the regional hospital corporations is limited to the annual appearance of the Department of Health and Community Services before the PAC. Even there, the officials of the Department are not able to respond to detailed questions concerning hospital spending.

As noted in the Auditor General's Report, accountability can be defined as the obligation to answer for authority and responsibility that has been conferred. In New Brunswick, the boards of trustees of the eight regional hospital corporations collectively administer a budget of over \$600 million in taxpayer's dollars. The Crown Corporations Committee believes that to properly fulfill its own mandate it must ensure that hospital corporation boards and officers are effectively fulfilling the governance role that has been assigned to them. The Committee agrees that the accountability of regional hospital corporations would be further enhanced if representatives of the various corporations were to appear annually before the Committee.

The Committee therefore recommends that the Chair of the Board and the CEO's of the Hospital Corporations of New Brunswick be requested to appear on an annual basis before the Standing Committee on Crown Corporations beginning with the annual report fiscal year 98/99, with hearings commencing no later than the end of January 2000.

NB Agriexport Inc.

Officials of NB Agriexport Inc. appeared before the Committee on September 22, 1999. This was the first time that officials of this Crown corporation were asked to appear before the Committee.

The Committee was informed that in 1996, the Department of Agriculture was going through an exercise of restructuring. The department presented to the government the concept of setting up NB Agriexport as a corporation. The company was established under the provisions of a business corporation, as a private business under the province of New Brunswick. The Minister of Agriculture and Rural Development is the sole shareholder of the corporation and chairman of the board. The Deputy Minister of Agriculture and Rural Development serves as president of the corporation. The vice-president is an assistant deputy minister in

the department. The secretary-treasurer is the chief financial administrator of the department, and there are three directors on the corporation who are the Deputy Minister of Fisheries and Aquaculture, the Assistant Deputy Minister of Economic Development, Tourism and Culture and the Minister of Human Resources Development.

Essentially, the mandate of NB Agriexport is to provide financing for small and medium-sized agricultural enterprises that are considering export trade. The Corporation received a \$2.5-million working capital fund from the Board of Management to fund business transactions for agricultural companies that were interested in working with NB Agriexport. The company also has a \$1.5-million loan guarantee envelope which allows it to approve up to \$1.5 million worth of loans on an annual basis.

NB Agriexport was described as "a bit of a virtual company" in that its operations are closely tied with the operations and activities of the Department of Agriculture. The Committee is concerned that the figures presented in the financial statements of the company may represent an inaccurate accounting of activities, as it appears that expenditures of the Corporation are actually being borne by the Department of Agriculture and Rural Development.

The Committee therefore recommends that a full examination of the operation and accountability of NB Agriexport Inc. be carried out by the Auditor General.

Algonquin Properties Limited

Officials of Algonquin Properties Limited appeared before the Committee on September 23, 1999. The Committee was advised by officials that although the Algonquin Hotel is now operating in the black on an operational basis, the likelihood of recovering all the government investment that has been made over the years is very slim. The hotel had been maintained by the province for a number of years, principally to ensure that it would continue to operate in Saint Andrews both as a centre-piece of the community and as a vital aspect of the tourism industry in the province. As a result, losses have been incurred that will not be recovered. It was suggested by officials that an attempt be made to recognize this on the books of the company and to write some of the losses down.

The Committee is pleased that Algonquin Properties Limited now appears to be operating on a more profitable basis. However, the Committee has expressed some concern in regards to the level of debt carried by the company.

The Committee recommends that if it is in the best interests of the Province of New Brunswick, and will ensure the future viability of the Algonquin Hotel, the province consider writing off the debt associated with the hotel. Any future provincial contributions should be based on the success of a five year plan.

1999 Report of the Auditor General

On December 7, 1999, the Committee met in a special joint session with the Standing Committee on Public Accounts, to receive and review the *1999 Report of the Auditor General of New Brunswick*. The Auditor General briefed members on the nature of the work undertaken during the year and the contents and findings of the Annual Report.

Your Committee wishes to thank officials of the various Crown corporations and agencies who appeared during the public sessions.

And your Committee begs leave to make a further report.

(Sgd. :) David Alward, M.L.A.
Chairperson.

The following Bills were introduced and read the first time:

By Hon. Mr. Betts,

Bill 13, *An Act to Amend the Members' Pension Act*.

Bill 14, *An Act to Amend the Teachers' Pension Act*.

Bill 15, *An Act to Amend the Teachers' Pension Act*.

By Hon. Mr. Volpé,

Bill 16, *An Act to Amend the Fish and Wildlife Act*.

By Hon. Mr. Green,

Bill 17, *An Act to Amend the Business Corporations Act*.

Ordered that the said Bills be read the second time at the next sitting.

With leave of the House, Hon. Mr. Lord gave Notice of Motion 42 that on Wednesday, December 15, 1999, he would move the following resolution, seconded by Mr. C. Thériault:

WHEREAS the Legislative Assembly of New Brunswick enacted the *Members' Conflict of Interest Act* to maintain acceptable standards of conduct for elected officials in order to ensure that their private interests do not come into conflict with the performance of their public duties; and

WHEREAS section 22(1) of that Act provides that a Conflict of Interest Commissioner be appointed by the Lieutenant-Governor in Council on recommendation of the Assembly; and

WHEREAS Justice Stuart G. Stratton has had a distinguished career as a Justice and Chief Justice of the Court of Appeal and has carried out his duties with a very high degree of integrity and competence;

BE IT THEREFORE RESOLVED that the Legislative Assembly recommend to the Lieutenant-Governor in Council that Justice Stuart G. Stratton be appointed Conflict of Interest Commissioner for a term of five years.

Mr. C. Thériault gave Notice of Motion 43 that on Tuesday, December 21, 1999, he would move the following resolution, seconded by Mr. S. Graham:

That an address be presented to Her Honour the Lieutenant-Governor, praying that she cause to be laid upon the table of the House all documents, memos, correspondence, electronic mail, proposals, offers, minutes of meetings, studies, reports and/or analyses relating to the potential costs or financial consequences associated with the proposed removal of the tolls on the Fredericton to Moncton four-lane highway including all the above prepared by officials, agents or representatives of the Province of New Brunswick negotiating directly or indirectly with Maritime Road Development Corporation or its agents or representatives since June 7, 1999.

Hon. Mr. Green advised that following second reading and Private Members' Motions, it was the intention of government that the House resolve itself into a Committee of the Whole to consider legislation, in particular, Bill 8.

The Order being read for second reading of Bill 9, *An Act to Amend the Youth Assistance Act*, a debate arose thereon.

And the debate being ended, and the question being put that Bill 9 be now read a second time, it was resolved in the affirmative.

Accordingly, Bill 9, *An Act to Amend the Youth Assistance Act*, was read a second time and ordered referred to the Committee of the Whole House.

The following Bills were read the second time and ordered referred to the Committee of the Whole House:

Bill 10, *An Act to Amend the Provincial Court Act*.

Bill 11, *Provincial Court Judges' Pension Act*.

The Order being read for second reading of Bill 12, *An Act to Proclaim Holocaust Memorial Day Yom haShoah in New Brunswick*, a debate arose thereon.

And the debate being ended, and the question being put that Bill 12 be now read a second time, it was resolved in the affirmative.

Accordingly, Bill 12, *An Act to Proclaim Holocaust Memorial Day Yom haShoah in New Brunswick*, was read a second time and ordered referred to the Committee of the Whole House.

Debate resumed on the sub-amendment to Motion 31, moved by Mr. Blanchard, seconded by Mr. S. Graham, as follows:

SUB-AMENDMENT

That the amendment to Motion 31 be amended by deleting the word "Government" the third time it appears and substituting the word "Premier"; and by deleting the word "its" and substituting the word "his"; and by deleting the words "reduce or".

And after some time, at the request of the mover, unanimous consent was granted to withdraw the sub-amendment.

At the request of Hon. Mr. P. Robichaud it was agreed by unanimous consent to correct the amendment to read as follows:

AMENDMENT

That Motion 31 be amended by deleting the words: "WHEREAS the Government of N.B. and the Government of Canada forgave a \$38 M debt for the Port of Saint John in 1996,"

and by deleting all the words after the word "Legislature" and replacing them with the following:

"encourage the Premier and the Government of New Brunswick to continue their ongoing efforts to urge the federal government to reduce or eliminate the debt of the Port of Belledune."

And the debate being ended, and the question being put, the amendment was carried.

Debate resumed on Motion 31 as amended as follows:

WHEREAS the Government of Canada forgave ports across Canada more than \$726 M over the years;

WHEREAS l'Association des municipalités francophones du NB, le Conseil économique du NB, the regional municipalities and the Chaleur Industrial Commission have identified the Port of Belledune as a strategic infrastructure for economic development in the North;

WHEREAS that it is critical for the Government of N.B. to take a leadership role in the negotiations with the Government of Canada immediately;

BE IT RESOLVED THAT this Legislature encourage the Premier and the Government of New Brunswick to continue their ongoing efforts to urge the federal government to eliminate the debt of the Port of Belledune.

And the debate being ended, and the question being put, Motion 31 as amended was carried.

Pursuant to Notice of Motion 2, Mr. C. Thériault moved, seconded by Mr. Blanchard:

WHEREAS over the past several years a climate of economic confidence has been developed in New Brunswick through the cooperative efforts of governments at all levels, communities, entrepreneurs and the citizens of this Province;

WHEREAS this climate of confidence has prepared us better to participate in the global community;

WHEREAS this climate of confidence is jeopardized by this government's inaction and general paralysis in each area of government responsibility,

BE IT THEREFORE RESOLVED THAT this Legislature urge the government to build on New Brunswick's climate of confidence, by immediately setting forth an agenda on economic development, tourism, job creation, transportation, education and health care.

And the question being put, a debate ensued.

And after some time, Mr. Speaker interrupted proceedings and advised that the time allotted for Private Members' Motions had expired.

The House resolved itself into a Committee of the Whole with Mr. Ashfield in the chair.

And after some time, Mr. Speaker resumed the chair and Mr. Ashfield, the Chairman, after requesting Mr. Speaker revert to the Order of Presentations of Committee Reports, reported:

That the Committee had directed him to report progress on the following Bill:

Bill 8, *An Act to Amend the Employment Standards Act.*

And the Committee asked leave to make a further report.

Pursuant to Standing Rule 78.1, Mr. Speaker put the question on the motion deemed to be before the House, that the report be concurred in, and it was resolved in the affirmative.

And then, 6.05 o'clock p.m., the House adjourned.