

*Government Spending*

should be a goal which is shared by all members of parliament regardless of their political affiliation.

On Monday, June 2, 1975, there was a debate in this House on the subject of strengthening the office of the Auditor General. The general consensus reached by all parties on that occasion was that the present Auditor General is carrying out his mandate in an objective and systematic manner. However, in order that he can discharge his responsibilities more effectively and efficiently, his office must be strengthened by legislation and/or by executive action, if public spending is to be controlled and accountability to parliament is to be preserved.

The Independent Review Committee was established immediately after the present Auditor General, Mr. James Macdonell, took office in July of 1973. It consisted of three members: Mr. J. R. Wilson, chairman; Mr. Marcel Bélanger, and Mr. Lorne Campbell. Their work began in October, 1973, with the approval of the chairman and vice-chairman of the Public Accounts Committee, and their report was finally tabled by the then minister of finance on April 8, 1975.

The Wilson Report, as it is sometimes called, is in both official languages. It is divided into three parts, entitled Background, Responsibilities, and finally Relationship, Resources and Independence.

Chapter 10 embodies the conclusions of the report and a useful summary of the major recommendations of the Independent Review Committee.

In reviewing the 47 recommendations made by the committee, it became clear that approximately 27 require legislation, eight request action either by the cabinet or the Treasury Board, and two by the Public Accounts Committee or other committees of the House. Nine recommendations have been or are being implemented by the audit office. So far only one imposes a problem of implementation.

The important recommendations can briefly be grouped as follows:

1. What the Auditor General is expected to report to the House of Commons should be more clearly defined and, in particular, should include the right to report on expenditures where value for money has not been obtained. To discharge this and other responsibilities the Auditor General should have the freedom to examine any accounts and records he considers necessary.

2. The major financial statements of the Government of Canada that are presented in the Public Accounts should be expanded to include a "sources and applications of funds" statement and the Auditor General should provide an opinion as to whether or not they are in accordance with stated accounting policies that have been applied on a consistent basis from year to year.

3. Procedural changes should be made to reduce the lag in considering the annual report of the Auditor General by the Standing Committee on Public Accounts of the House of Commons.

4. The Auditor General should be able to recruit and retain the numbers and kind of professional staff that he needs to discharge his responsibilities.

5. The personal independence of the Auditor General must be ensured and Parliament must be certain he could not be vulnerable to administrative pressures that would hamper him in carrying out the examinations necessary to the discharge of his responsibilities.

Perhaps the most significant of all the recommendations presented by the Wilson Committee is the one in which it is proposed that the Auditor General should have the right to report to parliament on expenditures for which value

for money has not been obtained. This proposal transcends all the others, and I venture to say it will cause more debate within this ministry than any of the other proposals made so far.

Generally speaking, the present situation is as follows: the Financial Administration Act requires the Auditor General to perform certain specific tasks. It also provides that he is to report, "any other case the Auditor General considers should be brought to the notice of the House of Commons." These last words are the ramp from which Mr. Maxwell Henderson launched his attack on unproductive expenditures. It was with Mr. Henderson's right to comment on such expenditures that the then president of the treasury board took issue.

The Wilson Report proposes that the Auditor General abandon the concept of non productive expenditures and, in its stead, be specifically empowered to assess whether the public is getting value for money expended. The concept of value for money, according to the report, involves three interrelated components: whether the money is expended economically and efficiently, and whether the program on which it is expended is effective in meeting its objectives.

The position taken by the Wilson Committee is that the cabinet and the bureaucracy act as a kind of trustee of public funds, and that the Auditor General can be viewed as a kind of monitor of this trusteeship. Although the report does not elaborate, these three concepts are usually defined as follows: economically means the acquisition of the program inputs of a given quantity at the lowest possible price; efficiency means that the inputs were of such a kind or deployed in such a way as to produce the largest possible tangible output of a given quality for the dollars expended; effectiveness means that the objectives of the program were achieved at the lowest possible cost, or the desired results were obtained to the greatest possible extent commensurate with the resources provided.

● (1740)

Although the term "unproductive expenditure" has still to be properly defined, I believe it has come to mean any expenditure that did not result in a final product, however useless that product might be.

Two examples of unproductive expenditures that come to mind are the plans for the Prince Edward Island causeway and the refit of HMCS *Bonaventure*. In the case of the former it was a payment for a feasibility study that concluded that a particular proposed project was not warranted. In the case of the *Bonaventure* the right hand obviously did not know what the left hand was doing. Repairs were carried out on a ship declared surplus to our needs. In both cases tens of millions of dollars were wasted, and it is this type of waste that has led to our present explosive economic situation.

There may be some difficulty on the part of the department to accept the concept that the administration should be viewed as a trustee of public funds. However, it is important to recognize that the administration, unlike the usual trustee, does not have a clear direction as to what it is entrusted to do.

In my view the report's basic proposals with respect to the Auditor General's right to report on economy, efficien-