

Chapter

13

Other Audit Observations

The work that led to other audit observations was conducted in accordance with the legislative mandate, policies, and practices of the Office of the Auditor General of Canada. These policies and practices embrace the standards recommended by the Canadian Institute of Chartered Accountants.

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Other Audit Observations

Main Points

13.1 The *Auditor General Act* requires the Auditor General to include in her Report matters that she considers to be of significance and that should be brought to the attention of the House of Commons.

13.2 This chapter fulfils a special role in the Report. Other chapters normally report on value-for-money audits or on audits and studies that relate to operations of the government as a whole. Other Audit Observations discusses specific matters that have come to our attention during our financial and compliance audits of the Public Accounts of Canada, Crown corporations, and other entities, or during our value-for-money audits or audit work to follow up on third-party complaints.

13.3 This chapter covers the following:

- Human Resource Development Canada and the Canada Employment Insurance Commission—Clarity and improved transparency needed to demonstrate compliance with the *Employment Insurance Act* in setting premium rates.
- Department of Finance—Parliamentary oversight weakened in poorly targeted relief for heating expenses.
- Parc Downsview Park Inc.—Parliamentary control of programs and spending.

13.4 Although audit observations report matters of significance, they should not be used as a basis for drawing conclusions about matters not examined.

Introduction

13.5 This chapter contains matters of significance that are not included elsewhere in the Report and that we believe should be drawn to the attention of the House of Commons in accordance with the *Auditor General Act*. The matters reported were noted during our financial and compliance audits of the Public Accounts of Canada, Crown corporations, and other entities, or during our value-for-money audits or our audit work to follow up on third-party complaints. Subsection 7(2) of the *Auditor General Act* sets out the nature of the cases that can be brought to the attention of the House of Commons; this list is not exhaustive, given that any matter of significance can be reported by the Auditor General.

13.6 Each of the matters of significance reported in this chapter was examined in accordance with the legislative mandate, policies, and practices of the Office of the Auditor General. These policies and practices embrace the standards recommended by the Canadian Institute of Chartered Accountants. The matters reported should not be used as a basis for drawing conclusions about matters not examined.

Human Resources Development Canada and the Canada Employment Insurance Commission

Clarity and improved transparency needed to demonstrate compliance with the *Employment Insurance Act* in setting premium rates

In brief The accumulated surplus of the Employment Insurance Account increased by about \$8 billion during 2000–01 to \$36 billion at 31 March 2001. This is \$21 billion more than the \$15 billion maximum that the Chief Actuary of Human Resources Development Canada considers sufficient to pay for the higher benefit costs expected during a recession and to prevent premium rates from rising. The Canada Employment Insurance Commission has not provided an adequate justification for the size and the rate of growth of the accumulated surplus. It has not yet decided what constitutes an adequate reserve and how much time is required to reach that level. Therefore, we are unable to conclude that the intent of the *Employment Insurance Act* has been observed in setting the 2001 premium rates. The government plans to review the rate-setting process. In view of the growing size of the accumulated surplus, we urge the government to take all necessary steps to clarify the process and improve its transparency as part of the review.

Background

13.7 The Canada Employment Insurance Commission, co-managed by representatives of the government, workers, and employers, administers the *Employment Insurance Act*. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. In 1999, 13.6 million people contributed to the Employment Insurance (EI) program and 2.4 million received benefits. Employers and workers pay all program costs through premiums. The EI Account is expected to be self-financing over time.

13.8 Section 66 of the Act requires the Commission to set employment insurance premiums at a rate that it considers will ensure, to the extent possible, enough revenues to cover the program costs and maintain relatively stable rates over the business cycle. The rate set by the Commission must be approved by the Governor in Council on the recommendation of the ministers of Human Resources Development and of Finance.

13.9 Recent amendments to the Act suspended for 2002 and 2003 the rate-setting requirements set out in section 66. The government agreed to undertake a review of the rate-setting process. Meanwhile, the Governor in Council, rather than the Commission, will set premium rates.

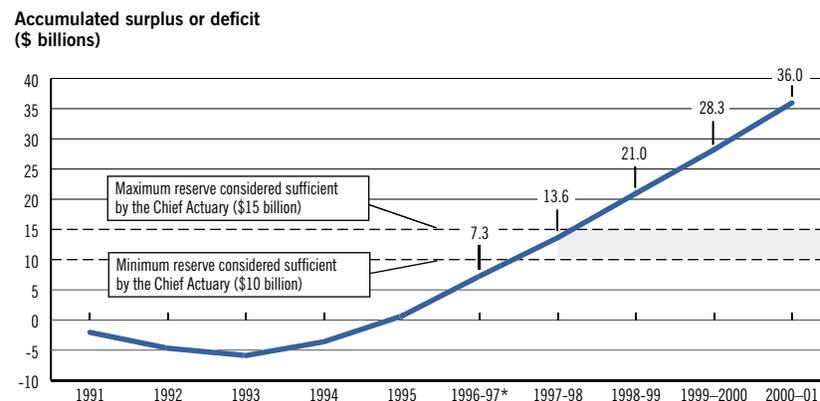
13.10 The Auditor General's reports on the financial statements of the Employment Insurance Account and the Government of Canada for the year ended 31 March 2001 expressed continuing concerns about the size and rate of growth of the accumulated surplus. The Account balance increased by about \$8 billion during the year, to \$36 billion at 31 March 2001.

Issues **The Account balance in excess of suggested maximum reserve increased significantly over three years**

13.11 The Employment Insurance Account records all financial transactions related to the EI program. The Account balance is the net of the cumulative revenues deposited in the government's Consolidated Revenue Fund and program costs paid out of it. This balance is notional in nature as it is part of the Fund. Benefits and administrative costs are paid out of the Fund and charged to the Account. All amounts received under the Act are deposited in the Fund and credited to the Account. The tracking of the Account balance is important to meet the objectives of the Act—that is, to ensure the fiscal integrity of the Account and the relative stability of premium rates over a business cycle.

13.12 Exhibit 13.1 shows the continuing growth of the accumulated surplus. It rose sharply over five years, from \$7.3 billion in March 1997 to \$36 billion in March 2001. This represents an annual compounded rate of growth close to 50 percent. The Chief Actuary of Human Resources Development Canada has estimated that a reserve between \$10 billion and \$15 billion would be sufficient at the beginning of a recession to cover additional program costs, prevent cumulative deficits, and allow stable premium rates over the business cycle. The Account balance in excess of the maximum reserve has grown significantly, from about \$6 billion in March 1999 to \$21 billion in March 2001. This represents an annual compounded rate of growth of about 90 percent.

Exhibit 13.1 Evolution of the accumulated surplus of the Employment Insurance Account



*For a period of 15 months

Source: Audited financial statements of the Employment Insurance Account

What are the causes of the current high balance?

13.13 The Chief Actuary prepares estimates of the desirable amount of reserves needed to pay higher program costs expected during a recession and to prevent premium rates from rising. The Chief Actuary also provides an estimate of a range of possible stable premium rates needed to pay for ongoing

program costs over a business cycle, taking into account program changes. The Account balance has continued to grow since 1998 as the premium rate for employees consistently exceeded the upper-limit rate considered sufficient by the Chief Actuary to pay for program costs (Exhibit 13.2).

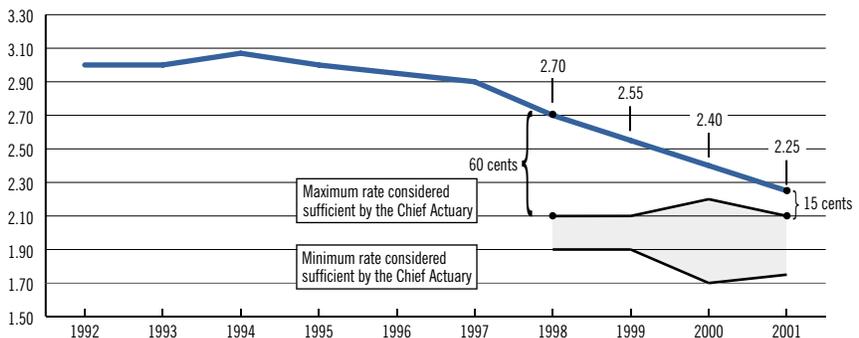
13.14 The spread between the premium rate and the upper-limit rate has decreased from 60 cents for each \$100 of insurable earnings in 1998 to 15 cents in 2001. However, the steady pace of reducing premium rates by 15 cents annually for the last three years illustrates the greater priority placed on maintaining the stability of premium rates than on recovering program costs over a business cycle.

13.15 Interest revenues calculated on the balance of the Account have also contributed to the growth of the accumulated surplus. For example, interest revenues for 2000–01 amounted to \$1.6 billion. At 31 March 2001, interest revenues accounted for \$3.9 billion of the \$36 billion accumulated surplus.

13.16 Interest revenues also have an impact on the setting of premium rates. The Chief Actuary estimated that break-even premium rates are lower at higher reserve levels because of interest credits to the Account. For instance, the Actuary estimated that the 2000–01 interest revenues of \$1.6 billion are equivalent to 20 cents of the employee premium rate. This represents close to 10 percent of the premium rate set at \$2.25 for 2001.

Exhibit 13.2 Evolution of the Employment Insurance premium rate for employees

Premium rate for each \$100 of insurable earnings
(in dollars)



Source: Audited financial statements of the Employment Insurance Account and reports of the Chief Actuary of Human Resources Development Canada

The Commission did not provide adequate justification for the size and rate of growth of the Account balance

13.17 In the Auditor General’s 1999 and 2000 reports to Parliament, we asked the Commission to clarify and disclose the way it interprets the Act in setting premiums. We found that the Commission had not defined and disclosed to the public and Parliament its interpretation of some key legislative terms related to setting premium rates, such as “business cycle,” “enough revenue,” and “relatively stable rate levels.”

13.18 In December 2000, the Commission set the premium rate for 2001 at \$2.25 per \$100 of insurable earnings. As the rate is greater than the upper-limit rate of \$2.10 that the Chief Actuary considers sufficient to cover program costs, the accumulated surplus is expected to continue growing. The 2001–02 *Report on Plans and Priorities* of Human Resources Development Canada indicates that the Account balance is expected to reach \$42.8 billion by 31 March 2002.

13.19 We expected the Commission to clarify and disclose the reasons for collecting \$21 billion more than the maximum reserve suggested by the Department's Chief Actuary. The Commission did not explain the reasons for not accepting the Chief Actuary's suggested maximum reserve. Further, it did not provide an adequate justification for the \$36 billion accumulated surplus at 31 March 2001. Therefore, we were unable to conclude that the intent of the *Employment Insurance Act* had been observed in setting the 2001 premium rates.

13.20 In our 1994 Study of Key Federal Social Programs, we indicated that a reasonable reserve in the Account would be desirable. At that time, we also raised questions on what constitutes an adequate reserve and how much time is required to build it. The Commission has not yet reached a decision on these two important issues.

13.21 It is the responsibility of the Canada Employment Insurance Commission to provide an adequate justification for the size and rate of growth of the accumulated surplus in the Employment Insurance Account. The Commission did not clarify what constituted an adequate reserve and how much time would be required to reach that level. Without that information, we were not able to conclude whether the intent of the *Employment Insurance Act* was observed in setting 2001 premium rates.

The government plans to review the rate-setting process

13.22 In May 2001, the premium-rate-setting process defined in section 66 of the Act was suspended for 2002 and 2003. The Governor in Council, rather than the Commission, will set the premium rate during that period while the government reviews the rate-setting process. The rationale for suspending section 66 during the review process is unclear.

Conclusion

13.23 It is important that the government clarify whether the objectives of fiscal integrity and relative stability of premium rates over a business cycle remain the guiding principles for determining the premium rates for 2002 and 2003. We also encourage the government to continue consulting key stakeholders, such as employers and workers, as well as the Department's Chief Actuary when establishing the premium rates for 2002 and 2003. Human Resources Development Canada advised us that its Chief Actuary's analysis, prepared annually to support the rate-setting process, has been provided to the EI commissioners to facilitate consultation with stakeholders. To help improve the clarity and transparency of the process, the Chief Actuary's report needs to continue to be made available on demand and to be accessible on the Department's Web site for these two years.

13.24 In reviewing the rate-setting process, the government may want to consider the following questions:

- What constitutes an adequate reserve and how much time is required to reach that level?
- What are the impacts on premium payers and on the purposes and intent of the Employment Insurance program in the short and long terms, where the Account balance exceeds the maximum reserve considered sufficient by the Chief Actuary of Human Resources Development Canada?
- What should be done with an Account balance that exceeds a reserve that the government's review finds adequate?
- What is the rationale for the current method used to calculate interest revenues on the Account balance, and how adequate is it? In the past, we have commented on the lack of rationale for the method of calculating interest on the Account balance.

13.25 In view of the growing size of the accumulated surplus, we urge the government to take all the necessary steps to clarify the rate-setting process and improve its transparency.

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Department of Finance

Parliamentary oversight weakened in poorly targeted relief for heating expenses

In brief

In January 2001, the government provided relief for heating expenses to recipients of the goods and services tax credit (GSTC). The amount of the relief was \$125 for individuals or \$250 for families. The House of Commons had approved a Notice of Ways and Means motion in October 2000 that included the proposed relief. However, Parliament was dissolved before the necessary legislation to amend the *Income Tax Act* was introduced, debated, and approved. The payments were authorized by an order-in-council, and the funds were provided by special warrants. Furthermore, giving the relief to recipients of the GSTC greatly reduced its effectiveness in achieving the government's objectives. Only about \$250 million to \$350 million of the over \$1.4 billion was paid to low- and modest-income households that faced immediate increases in heating expenses.

Background

13.26 In the October 2000 Economic Statement, the government announced that it wanted to provide some relief for increased heating expenses. It proposed that those eligible to receive the January 2001 payment of the goods and services tax credit would also receive the relief for heating expenses. The amount of the relief would be \$125 for individuals or \$250 for families. The total estimated cost was \$1.345 billion. On 19 October 2000, the House of Commons approved a Notice of Ways and Means motion that included the government's proposal.

13.27 On 22 October 2000, Parliament was dissolved for a general election, which was held on 27 November 2000. Legislation to authorize the relief for heating expenses was not presented to Parliament before it was dissolved.

13.28 On 12 December 2000, the Governor in Council approved an order-in-council to authorize payments for increased heating expenses. The recipients of the payments would be those eligible to receive the January 2001 payment of the goods and services tax credit.

13.29 On 13 December 2000, the Prime Minister announced that Parliament would be recalled on 29 January 2001.

13.30 On 9 January 2001, the Governor in Council directed that a special warrant be prepared to authorize the payment of \$1.294 billion for relief for heating expenses. On 23 January 2001, the Governor in Council directed that another special warrant be prepared to authorize the payment of a further \$227 million for the same purpose.

13.31 On 31 January 2001, the Canada Customs and Revenue Agency started mailing cheques to about 8.6 million recipients. The total cost of the relief for the year ended 31 March 2001 was \$1.459 billion. The payments

were charged to the Canada Customs and Revenue Agency's operating expenditures vote and are included in Other Transfer Payments in the *Public Accounts of Canada*.

Issues **Parliamentary oversight of new spending was weakened**

13.32 The relief for heating expenses was a new initiative introduced in the October 2000 Economic Statement. Through a Notice of Ways and Means motion, the government proposed to amend the *Income Tax Act* to obtain the authority to make the payments. Such an amendment required Parliament's approval. The House of Commons approved the Notice of Ways and Means motion on 19 October 2000. However, Parliament was dissolved before legislation to amend the *Income Tax Act* was introduced, debated, and approved.

13.33 The government decided that it was important to get the relief into the hands of eligible recipients as quickly as possible during the winter months. To do so, it chose to give the relief in the form of ex gratia payments, authorized by the Governor in Council. No legal obligation exists for an ex gratia payment. Instead, it is made at the government's discretion as an act of benevolence in the public interest. It was necessary to use ex gratia payments because Parliament had not approved any changes to the *Income Tax Act* to cover payments of relief for heating expenses.

13.34 Although the government has the authority to make ex gratia payments, Parliament has to appropriate the funds for them. During Parliament's dissolution, when there is no appropriation for a payment that is urgently needed for the public good, Parliament has authorized the use of special warrants. Therefore, the government received the Governor in Council's approval to issue special warrants in order to provide the funding. The special warrants were reported to Parliament on 12 February 2001.

13.35 We are concerned that parliamentary scrutiny of this initiative was weakened because the government chose an approval process that did not involve Parliament. The government decided that it was important to deliver the relief quickly, and there were few avenues available while Parliament was dissolved.

13.36 We appreciate the importance of delivering the relief quickly to those who urgently needed it. However, the Department knew on 13 December 2000 that Parliament would be recalled on 29 January 2001, two days before the Canada Customs and Revenue Agency began issuing the cheques. In our view, a delay of no more than six weeks would have allowed Parliament the opportunity to debate and approve the spending of public funds before the spending took place, and without compromising the government's objectives.

The relief was poorly targeted

13.37 The relief for heating expenses was provided because the government was concerned about the impact of rising energy prices on home heating costs to low- and modest-income Canadians. However, it did not have information

to directly target the low- and modest-income Canadians who were facing increased heating costs.

13.38 The Department considered several options for providing the relief. Most of them were rejected because they would have been costly to administer, or they would have taken too long to deliver the relief, or they would not have been limited to low- and modest-income Canadians. The goods and services tax credit (GSTC) was the only existing mechanism in the tax system that targeted low- and modest-income Canadians. Therefore, the Department concluded that it was the quickest and most cost-efficient mechanism for providing relief to the targeted population.

13.39 The next regular payment of the GSTC after the October 2000 Economic Statement was 12 January 2001. The recipients of that payment would have applied for the GSTC when they filed their 1999 income tax return. The Department of Finance originally hoped to include the relief for heating expenses with the January GSTC cheque, but this was not feasible.

13.40 In our view, while the administrative simplicity of using the GSTC allowed the government to get the cheques out quickly, it greatly reduced the effectiveness of the relief for heating expenses. Overall, there is a weak relationship between those who received the GSTC and those who needed assistance for increases in their heating expenses.

13.41 The Department of Finance ran several simulations, both before and after the payments were made, to determine the effectiveness of the GSTC in providing relief for heating expenses. After analyzing data from the Department and from Statistics Canada, we made several observations:

- Between 15 and 25 percent of the households that received a payment were facing an immediate increase in their heating costs and were considered low- and modest-income households.
- Between 25 and 35 percent of the households that received a payment might have needed assistance in the future. These were low- and modest-income households that did not face immediate increases in their heating costs for one of two reasons: Either they paid rent that included heating costs, and any increase in rent to cover higher heating costs would happen in the future; or they heated with electricity and lived in a province where the price of electricity might increase in the future because of increases in the cost of fuels used to generate the electricity.
- At least 40 percent of the households that received a payment either were not low- or modest-income households or would not likely face higher future heating costs related to the 2000–01 energy market conditions. This included, for example, households that were heated electrically and were located in a province where electricity was mostly generated by hydro power.

13.42 Using reasonable approximations, we estimate that of the more than \$1.4 billion paid in relief for heating expenses, the total amount paid to those who faced an immediate increase in their heating costs was between \$250 million and \$350 million.

13.43 Furthermore, the Department's documents showed that some 600,000 low- and modest-income Canadians did not qualify for the relief because they were not eligible to receive the January 2001 payment of the GSTC, based on their 1999 income. The Department's documents also showed that the cost of extending the relief to these individuals would have been about \$75 million. At least 90,000 of these people needed immediate assistance to help with increased heating costs.

13.44 Paying the relief for heating expenses to GSTC recipients also resulted in some anomalies. About one million of the 7.6 million households that received the relief could have received more than one cheque because more than one GSTC recipient lived in the household. At least 4,000 Canadian taxpayers who did not live in Canada and 7,500 deceased people received cheques. While it is difficult to calculate how many prisoners received the relief for heating expenses, based on available data the Department estimates that about 1,600 prisoners could have received cheques. These anomalies occurred because of the rules related to the GSTC. For example, a recipient's income or status could have changed between the time the GSTC was applied for and the time the GSTC was received. The January 2001 payment was one of four installments of the GSTC that recipients applied for when filing their 1999 income tax returns.

Conclusion

13.45 In its haste to provide relief for heating expenses, the government got approval from the Governor in Council and funds were provided by special warrants. Except for a Notice of Ways and Means motion, it did not provide Parliament with an opportunity to approve this spending of public money. Furthermore, our analysis shows that only about \$250 million to \$350 million of the payments were made to Canadians who faced immediate increases in their heating expenses. At least 90,000 Canadians who needed immediate relief did not qualify for it because they were not eligible to receive the January 2001 payment of the GSTC, based on their 1999 income.

Department's response: The government's objective for this measure was to provide relief from higher heating expenses to those who needed it most, low- and modest-income Canadians, during the peak heating season. The use of the goods and services tax credit (GSTC) to deliver the relief and the legal process that was followed ensured that this was accomplished in a timely manner and with minimum administrative cost.

The relief for heating expenses was announced as part of the government's \$100-billion tax reduction package in the October 2000 Economic Statement and Budget Update. On 19 October 2000, a Notice of Ways and Means motion that included the proposed relief was concurred in by the House of Commons. Parliament was then dissolved. The government used existing legal mechanisms to authorize the issuing of cheques. An order-in-council was passed on 12 December 2000 and special warrants were issued in January 2001, allowing cheques to begin going out to recipients at the end of January.

The audit observation raises concerns with respect to parliamentary oversight and the targeting of the relief for heating expense measure.

On the first concern, the audit observation states that a delay of no more than six weeks would have allowed Parliament the opportunity to debate the measure before the spending took place, and without compromising the government's objectives. The passing of an order-in-council on 12 December 2000 allowed payments to be sent to recipients starting 31 January 2001. If the government instead had waited until the 29 January 2001 return of Parliament to introduce legislation, and even if the legislation had been passed almost immediately, relief payments would have been delayed until mid-March, at the earliest, beyond the peak heating season. Moreover, because the Canada Customs and Revenue Agency begins processing large volumes of individual tax returns in March, the delivery of heating relief could have been delayed further, possibly until July.

As to the second concern, the audit observation appears to conclude that the use of the GSTC mechanism resulted in poor targeting of the measure. However, this would interpret the government's objectives too narrowly, suggesting that the goal was to provide relief only to those low- and modest-income households facing immediate increases in heating costs from higher prices for fuel (for example, heating oil and natural gas). In fact, the objective was to target low- and modest-income Canadians who faced higher heating costs immediately as well as those who would face higher costs subsequently (for example, those affected indirectly through higher rents or utility costs). In these circumstances, it was proper to choose the GSTC as the delivery mechanism because it would deliver relief to the target population, and do so quickly and cost-efficiently.

The audit observation also notes anomalies in the delivery of heating relief. For example, relief was provided to 13,100 Canadian taxpayers who did not live in Canada, deceased people, and prisoners. However, it is important to note the following:

- These particular anomalies represent less than 0.2 percent of the total number of 8.6 million payments made.
- The relief provided to these groups was about \$2 million. To change the GSTC system to eliminate these anomalies would have cost \$50 million and delayed the delivery of the cheques until after the winter months.

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Parc Downsview Park Inc.

Parliamentary control of programs and spending

In brief In October 2000, we reported that the Government of Canada had not requested—and accordingly Parliament had not provided—clear and explicit authority for the creation and operation of an urban park. Nor had Parliament authorized the related spending of public funds, estimated at more than \$100 million.

In the current year, we noted that, while Parliament’s authorization had still not been obtained, the Government of Canada had undertaken a significant transaction whose effect was an infusion of approximately \$19 million in cash to Parc Downsview Park Inc. for its program activities.

Background **13.46** Parc Downsview Park Inc. (Downsview Park) was established following the closure of Canadian Forces Base Toronto. In April 1997, the government issued an order-in-council authorizing Canada Lands Company Limited (Canada Lands) to set up a subsidiary corporation to develop an urban park. Canada Lands incorporated Parc Downsview Park Inc. as a wholly owned subsidiary Crown corporation in July 1998, and Downsview Park began operations in April 1999.

13.47 As we noted in our October 2000 Report, the government met all of the applicable administrative and legal requirements in establishing Parc Downsview Park Inc. During 1999–2000, National Defence had paid \$2 million to Downsview Park for expenditures related to the development of the Downsview Park site. In our view, these expenditures were not a valid charge against National Defence Vote 1, which Parliament had authorized to be used for the Department’s operating expenditures.

13.48 Normally, when a new Crown corporation is established, it receives a mandate from Parliament through legislation establishing a parent Crown corporation. The government chose to set up Downsview Park as a subsidiary, which had the effect of leaving Parliament out of the decision-making process.

13.49 In our 2000 Report, we concluded that the government had not requested clear and explicit approval from Parliament for the creation and operation of this urban park. Furthermore, Parliament had not authorized the related spending. The total costs to develop this park are estimated at more than \$100 million.

Issues **13.50** The government acquires land to meet its need to deliver a program. When the land is no longer needed for program purposes, it is declared surplus and is sold. The proceeds from the sale are returned to the Consolidated Revenue Fund (CRF). Parliament then votes on its program priorities and appropriates money for them from the CRF through the Estimates process. This process is intended to ensure that spending of public money is authorized by Parliament.

13.51 During 2000–01, Downsview Park undertook the following transactions:

- On 15 August 2000, pursuant to the authority granted under an order-in-council, Downsview Park acquired about 32 acres of land from National Defence in exchange for a \$19 million promissory note, payable in 2050. The note bears no interest, is unsecured, and is subordinated to future indebtedness of Downsview Park.
- In September 2000, Downsview Park sold this piece of land to a private sector company and received a net consideration of \$19.9 million. The proceeds were deposited in Downsview Park's bank account. No repayment was made to the Government of Canada, and the proceeds are intended to be used for the operations of Downsview Park.
- In its March 2001 financial statements, Downsview Park recorded the promissory note as equity of the Government of Canada, as the note bears no interest and is not repayable for 50 years.

13.52 Normally when the government transfers properties to Canada Lands for disposal, the corporation issues promissory notes payable to the government in consideration for the acquisition of real estate properties. The government receives payment on the promissory notes on whichever date is earlier, their maturity date (two months to eleven years) or the date on which net proceeds become available from the corporation's sale of the properties for which the notes were issued. The payments to the government are deposited in the CRF.

13.53 In this case, National Defence transferred the land to Downsview Park under the terms of the promissory note. This fact and the subsequent sale of the land by Downsview Park to a private sector company mean in effect that the government indirectly transferred \$19 million in cash to Downsview Park to fund new program activities.

13.54 The government has informed us that these land transactions were undertaken in compliance with the law. Given the importance of this project and the nature of the transactions—an infusion of approximately \$19 million in cash from the sale of a federal asset—we believe that formal approval by Parliament would have been preferable.

Conclusion

13.55 Although the government had still taken no steps in 2000–01 to obtain Parliament's authorization to set up the urban park, it entered into significant transactions for which, in our opinion, formal approval by Parliament would have been preferable. We believe there is a pressing need for the government to remedy the situation so that the role of Parliament is fully respected and Parc Downsview Park Inc. is able to carry out its mandate effectively.

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