

**Public Hearing: Saskatchewan Property Management Corporation**

**Mr. Chairman:** — I'll call the committee to order. Before I ask the new president of Property Management to reintroduce the officials, I think we as a committee need to get something straight. We are dealing with the *Special Report of the Provincial Auditor* and the item raised at the end of the last session by Mr. Cline dealing with the item with Mr. Hunter's magazine, *Sask Report*, was not mentioned in here to my knowledge. And I think it might behoove us to move through the recommendations as laid down by the auditor in this special report.

We have ample opportunity during the annual report to touch on those types of things. I think we just might be able to dispense with business a little quicker that way.

**Mr. Cline:** — If I might just say something about that, Mr. Chairman. I suppose the difficulty is — and I appreciate what you're saying — but I think the difficulty is that we are in the course of looking at the special report of the auditor, among other things . . . well generally speaking, looking at, what I would term, wrongful spending by departments or agencies of the government, including the request of the Provincial Auditor that we look at instances where goods and services have been provided to other government organizations without charge.

And I think what we see in a case like the arrangement with H & W Publishing is a situation where, in my view at least — and I hope it would be shared by other members of the committee — the Property Management Corporation is doing something that it seems to me does not fall within its mandate. So that we're talking about things that are similar to the instances of that kind of spending identified by the Provincial Auditor. And I suppose what bothers me about being overly restrictive is that while we're on the topic of looking at wrongful spending, that if there are instances we know of . . . and Ms. Haverstock had made reference a few weeks ago to some things she had heard which would not necessarily have been covered by the *Special Report of the Provincial Auditor*, and then the arrangement with H & W Publishing is another example.

If we don't go into those while we're on the subject, it seems to me that we're compounding a problem that perhaps the Provincial Auditor had, that is that there may be things that happened that were not disclosed to the Provincial Auditor by the government departments or agencies or perhaps weren't even known to the people that are presently there. And I can appreciate that it might be . . . I suppose one way of doing it would be to say that if there are such instances then they too should be examined by the Provincial Auditor.

But in the long run, I'm not sure that we would save a lot of time in the sense that if we're on the subject of certain instances of wrongful spending and there are situations in the same category that could be looked at, I guess from my point of view it seems somewhat logical to bring them up in the course of our deliberations, and hopefully we would get through it somewhat quicker.

And I guess my difficulty is it seems to me if we can't raise things like that, that we almost put blinders on ourselves which we ought not to be doing when we're discussing this subject.

**Mr. Chairman:** — Well, Mr. Cline, you're absolutely right with your entire analogy. These are the very things that in the auditor's general report you can go off in all sorts of directions. You aren't restricted at all. You can ask any question that you like and hypothesize about anything that happens to strike your fancy.

What I'm saying, as chairman of the committee, we generally set an agenda and we follow it. And the thing on the agenda is the auditor's special report. It deals with some very specific recommendations on how government should function. And I would think that we would want to go through this report, put the recommendations in place so that they're there as quick as possible. And then we can get on to his report, which we normally would have started on some time ago, and you can be as wide-ranging in the year under review that you want to be.

**Mr. Cline:** — I noticed just . . . it's been pointed out to me, Mr. Chairman, that the *Special Report of the Provincial Auditor* did follow a motion by Mr. Van Mulligen of January 10, 1992, wherein the auditor was requested to review — and then there's a lengthy list of what should be reviewed — and to report all instances where these practices described above are observed for the fiscal years ending March 31, 1990 and March 31, 1991; and whether, in his opinion, *inter alia*, public money was applied to a purpose or in a manner not authorized by the legislature.

And it seems to me that if there are instances where that occurred in those fiscal years which can be raised by members of the Public Accounts Committee, then it seems to me that it's a very helpful thing; that I guess what this committee's about is public accountability, and if there are events which fall within the parameters of the motion, then it seems to me, with respect, that it's probably our responsibility to raise them.

**Ms. Haverstock:** — Thank you, Mr. Chairman. I guess I feel compelled to get into this primarily because last week when the acting president was asked if he indeed knew of the contract with *Sask Report*, he answered in the affirmative.

And given that I then have to . . . I mean it raises the question, for how long did he have this information; why is it that it was you that — Mr. Cline — who raised the question in this committee and not the acting president giving that information to either the Provincial Auditor or the Public Accounts Committee?

So it is somewhat curious to me the way in which this was brought forward. And I would hope that if there is information that either a member of this committee has, particularly if there is an official that has this information, that that information would be given to this committee directly or given to the Provincial Auditor.

**Mr. Kujawa:** — Mr. Chairman, isn't it this simple: we are looking at point (a) and we run into something which is logically and chronologically connected to it to say, ah ha, that wasn't specifically on the list by someone else so therefore we can't touch it now, would make us look like we're not inquiring into it at all.

That's my whole point. If it's chronologically and logically attached, we should look at it. Whether we are going too far afield, we may have to stop and re-examine as times goes on.

**Mr. Chairman:** — Ms. Haverstock, do you have a point?

**Ms. Haverstock:** — Yes, my point, Mr. Chairman, is this, that I do think that there is something to which we should all be adhering, and that's proper process in order to have public accountability. And I guess one of the things that I don't want to see is an undermining of the work that we're doing for whatever . . . political brownie points or whatever. And I think that proper process is important.

I don't think that we should ever hesitate to raise things in this committee. I don't think we should wait. But I do think that there is a proper procedure to be followed. And if officials, whether it's Sask Property Management Corporation or others, have information that is going to be of great benefit to the Provincial Auditor, then that's to whom they should be giving this information.

I was quite surprised last week to have the acting president not the least bit surprised by Mr. Cline's comments. And so it just raised questions in my mind about how long how have you had this information? Who else has this information?

The Provincial Auditor appeared not to have this information. And the Public Accounts Committee didn't have this information until it was raised by Mr. Cline. So if there are other incidences like that, I think what we should be doing is having proper process followed. And I would like to think that, particularly, officials are going to bring that to the proper forum.

**Mr. Cline:** — Well I guess what I would say, Mr. Chairman, is that as a member of this committee, I'll have to carry out my responsibilities in a manner that I think appropriate. And I think all members of the committee can do likewise. But the point is that if there are instances that we become aware of in whatever manner, that are appropriately to be raised in this committee, then I think we should raise them in this committee.

**Mr. Muirhead:** — Thank you, Mr. Chairman. Question to the auditor. This here information that Mr. Cline brought forward, did you have any knowledge of that before?

**Mr. Strelieff:** — Mr. Chairman, Mr. Muirhead, no I didn't.

**Mr. Muirhead:** — Was it the president, or who should have got it? Should they have given you that information?

**Mr. Strelieff:** — Mr. Chairman, Mr. Muirhead, the purpose of our study was . . . one of the elements was to determine whether there were payments made to advertising agencies for goods and services not received.

And a second one was were organizations provided goods and services to other government organizations without charge. Those two points under this study relate to this issue.

I would be assuming that the corporation, when we asked for the information, thought that they were receiving goods and services for the amounts paid to the news magazine, that they were receiving goods and services directly to that corporation.

Now I never got a clear answer to that question, or I don't know if that question was asked at the last meeting, but when we asked the corporation whether they made payments for goods or services not received . . . and they would no doubt have looked at these kind of transactions and made the judgement that they had received goods and services. Now if they made an incorrect judgement, maybe that . . . well that's for the committee to debate. Or whether they missed that transaction in their review is another question. Those types of questions perhaps could be asked the corporation.

The next question is, do they feel that purchasing that type of advertising is beyond the legislative authority of the corporation? That's another question that I think pertains to this issue.

**Mr. Muirhead:** — Were those questions, to the auditor, were they asked to the association? Were they asked? It was their . . . did they have authority to do what they were doing? Did you ask them that, or did they just automatically supply that to you?

**Mr. Strelieff:** — Mr. Chairman, Mr. Muirhead, for the purpose of this study we weren't asking questions about legislative authority. We do ask that question in our normal course of audits. But for this study, it was focussing in on where organizations were paying for goods and services that they didn't receive.

**Mr. Muirhead:** — Did you specifically in that directive for goods and services received, whether it was pertaining to that department or another department — or was it just goods and services received, period, any place? — was it made clear that the services rendered would be given to the department or could it have been any other department in government? Or was that made clear that it had to be their services, period?

Because I think a lot of our problem is here, is trying to get to the bottom of whether somebody received monies and never performed any duties whatsoever. That's my motive to find that out. Because if anybody did that and did . . . I don't care where a person got paid, as long as they did a service. If they didn't do a service, well then I think that's not right and proper.

**Mr. Strelieff:** — Mr. Chairman, Mr. Muirhead, one of the key focuses of our study was where one government organization was paying for a service or a good that was actually delivered to another government organization or service. And I think that was quite clear in the questions we asked to the various government organizations.

**Mr. Muirhead:** — Okay. Thank you.

**Mr. Anguish:** — Yes, Mr. Chairman, I was a few minutes late so I may have missed something in the statement that you're making. But as I understand the thrust of your statement was that possibly the questions that were being asked on this particular topic were more appropriate under the actual *Public Accounts* study.

**Mr. Chairman:** — Report of the auditor.

**Mr. Anguish:** — Or report of the auditor — either one. I appreciate you trying to move along the work of the committee regarding the special report, but I think that since Mr. Cline opened the questioning on this, if he'd be allowed maybe to conclude the questioning he has.

I think it is, in my opinion, appropriate to the report. I suppose one of the things about SPMC (Saskatchewan Property Management Corporation) answering questions is that they've been hiding stuff for so long over there, it's a different mind change to have to come forward with all the information that people may not even ask for but just to disclose it.

So I'd maintain that Mr. Cline can go ahead and conclude the questions he has on this particular topic. And I think we've pretty well concluded with SPMC and get on to the next item on the report, which is Executive Council, if you're agreeable to that.

**Mr. Chairman:** — Ms. Haverstock had some . . . she was first on my list from last week.

**Mr. Cline:** — I actually had not concluded my questioning in this area. And then I had some other questions for SPMC as well.

**Mr. Chairman:** — Well I have no problem with Mr. Cline concluding. I'm just wondering, are we going to deviate from the special report from the auditor in other areas? That's why I brought it up. Because we could be here a long time.

**Mr. Anguish:** — We don't expect to deviate a whole lot from the *Special Report of the Provincial Auditor*. I suppose this is a rare case rather than the rule, of which Mr. Cline — and obviously I wasn't here last week — had some information that he felt was pertinent to the special report. And unless we have some surprises from Mr. Kujawa or Mr. Van Mulligen or Mr. Lautermilch, I don't think there will be a number of items that you would consider to deviate from the actual study of the special report.

**Mr. Chairman:** — No, I was probably remiss last week in not at the very beginning bringing it to the committee's attention at that time.

**Mr. Anguish:** — So who have you got on your list then? Is Mr. Cline continuing or Ms. Haverstock has the floor?

**Mr. Chairman:** — Well from last week I had Ms. Haverstock, because when we cut the clock off at 5 after 11 she had the floor, so . . .

**Mr. Anguish:** — Okay. So if you could put Mr. Cline back

on the list then for . . .

**Mr. Chairman:** — Perhaps we should have Mr. Woodcock, the new president, go through the officials again, just to remind them. And I guess because Mr. Woodcock hasn't been here before, I should . . . Well go ahead. Introduce your officials and then I'll read the official litany.

**Mr. Woodcock:** — Thank you, Mr. Chairman. Barrie Hilsen, assistant vice-president of human resources; Norm Drummond, controller; Rob Isbister, director of financial services.

**Mr. Chairman:** — Thank you. Witnesses should be aware that when appearing before a legislative committee, your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as the subject of a civil action. In addition I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that, in part:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings . . .

The witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, I ask that 20 copies be submitted to the committee Clerk who will then distribute the document recorded as a tabled document. You are reminded to please address all comments through the Chair. Thank you.

**Mr. Cline:** — Thank you, Mr. Chairman. Mr. Woodcock, have you had the opportunity to read the transcript of what Mr. McMillan has told this committee thus far?

**Mr. Woodcock:** — I briefly skimmed it, yes.

**Mr. Cline:** — Because last week when we were here and Mr. McMillan was here, and of course you weren't here at that time, we were discussing this contract with H & W Publishing. Are you familiar with that issue?

**Mr. Woodcock:** — I've also perused the contract.

**Mr. Cline:** — Okay. And Mr. McMillan mentioned that although the contract itself called for six editions, May to October of 1989, to include inserts paid for by SPMC, there was a seventh insert — I believe he said in November of 1989 — as well. Are you aware of that?

**Mr. Woodcock:** — No, I'm not. I'm informed we did make a seventh payment.

**Mr. Cline:** — And my question is whether there was any written agreement with respect to that seventh insert, or whether that was simply a verbal arrangement?

**Mr. Woodcock:** — There is no agreement.

**Mr. Cline:** — There was no written agreement?

**Mr. Woodcock:** — Correct.

**Mr. Cline:** — So do you know if a verbal arrangement was arrived at, and if so, who would have made that arrangement?

**Mr. Woodcock:** — Mr. Chairman, there was direction given from senior management to process the last invoice. Other than that, we're not aware of any other form of agreement.

**Mr. Cline:** — There was nothing in writing in any event. And was it Mr. Cutts, the then president of the corporation, that made these arrangements with H & W?

**Mr. Woodcock:** — Yes, the contract was signed by Mr. Cutts.

**Mr. Cline:** — And would it have been Mr. Cutts who would have made the arrangements to pay for the seventh insert not covered by the contract?

**Mr. Woodcock:** — We have no way of knowing that.

**Mr. Cline:** — Okay. Mr. Woodcock, pursuant to the agreement, *Sask Report* was to mail the magazine to a list of 20,000 people who were provided by SPMC. And I don't expect you to know the names of all of those people of course, but do you know in terms of classification the sorts of people that the magazine would have been mailed to?

**Mr. Woodcock:** — We have no knowledge of that.

**Mr. Cline:** — Okay. Do you have any documentation with respect to the list that was provided to H & W or any idea whatsoever what SPMC would have said to H & W in that regard?

**Mr. Woodcock:** — No.

**Mr. Cline:** — No records at the corporation?

**Mr. Woodcock:** — No records.

**Mr. Cline:** — Okay. And, Mr. Chairman, those are all the questions I have with respect to that particular matter. And I do have some questions in other areas, but I know Ms. Haverstock wanted to ask some questions at the end of last day and they may relate to this area, so you may want me to pause and allow others to proceed.

**Ms. Haverstock:** — Thank you, Mr. Chairman. Good morning. Last week Mr. Cline asked Mr. McMillan whether he was aware of the contract with H & W Publishing Co. which Mr. Cline had brought to the attention of the committee, and Mr. McMillan stated that he was aware of the contract. Now in light of that information, I'd like to know why it is that Mr. McMillan or his officials did not bring this matter to the attention of the Provincial Auditor or to the Public Accounts Committee in its entirety prior to last week when it was raised by Mr. Cline.

**Mr. Woodcock:** — Mr. Chairman, in response to the question from the Provincial Auditor regarding goods or

services provided without charge to other government organizations, there was a list of payments that had been made. And then at the bottom of the page there was an item called: other items. And perhaps I could just read that — other items: the President of SPMC had the mandate for various economic developments/Buy Saskatchewan activities prior to being transferred to the economic development co-ordination group which became Saskatchewan Diversification Corporation in December of '89. As discussed with Brian Atkinson in your office, the costs incurred for these activities by SPMC were felt to be part of the corporation's responsibility at the time and have not been included.

And this H & W contract was part of these economic development activities that weren't individually identified.

**Ms. Haverstock:** — Thank you. Mr. Woodcock, in your opinion, are you in agreement that that's something that should be followed by SPMC, the kind of contract that they undertook with H & W Publishing Company?

**Mr. Woodcock:** — No.

**Ms. Haverstock:** — Am I to understand then that it was known for some time by the present officials that this contract had been with H & W Publishing Company?

**Mr. Woodcock:** — Yes, we were aware of it since April 1989.

**Ms. Haverstock:** — Thank you. To whom, if anyone, had SPMC officials provided information about this contract?

**Mr. Woodcock:** — The information was provided to the president . . . the acting president, I'm sorry.

**Ms. Haverstock:** — The acting president, Mr. McMillan?

**Mr. Woodcock:** — Yes.

**Ms. Haverstock:** — And do you have an idea to whom Mr. McMillan had gone to regarding this contract?

**Mr. Woodcock:** — No.

**Ms. Haverstock:** — Thank you. What procedures are now in place at SPMC to ensure that similar contracts will not take place in the future?

**Mr. Woodcock:** — Well, Mr. Chairman, as you can appreciate, this is hour two of me starting in a new job and I haven't really had a chance to talk to my people about this. But what agreement . . . or what I will be talking to them is that they will have the right to question any kind of contract that comes forward in the corporation, to bring it forward to the audit and finance committee of the board of directions without prejudice. And they have full authority to question any one of my actions.

And on the other hand, if they entered a contract like this, I also have full authority to question their actions. And it's an understanding unfortunately we haven't had a chance to talk about yet, but we were going to.

**Ms. Haverstock:** — Thank you. I have one last question. I think one of the things that people are most concerned about here is not just wise expenditures of taxpayers' dollars, but that there be mechanisms in place to measure the way we spend our dollars. I mean it's easy on the broader plane to say we should have spent these dollars differently, but it's also important in an ongoing way to measure whether or not we're getting the biggest bang for our buck.

Do you think that the people of Saskatchewan benefitted in any way from the use of tax dollars in H & W Publishing Company?

**Mr. Woodcock:** — Mr. Chairman, at this point in time I really couldn't say whether it was an effective . . . or comment on the value received on the contract. I just don't have the information.

**Ms. Haverstock:** — Thank you. That's all I have.

**Mr. Cline:** — Thank you, Mr. Chairman. Mr. Woodcock, in the *Special Report by the Provincial Auditor* there is reference made to payments by SPMC to Dome Advertising Ltd. and Roberts and Poole Communications Ltd., among others.

And there are contracts arrived at between SPMC and Dome Advertising, and SPMC and Roberts & Poole, and I believe the contracts were executed at the same time. And in fact while the witness to the signatures from SPMC are the same, the witness for the signature of Roberts & Poole and Dome appear to be different. But in any event, under those contracts — which on my copies are not dated but I believe they were entered into in the summer of 1987 and they're identical contracts — Dome Advertising in the first case and Roberts & Poole in the second case were to be paid \$10,250 a month for a period of three years commencing August 1, 1987. And each was, in addition, to be paid \$5,000 for the period July 15 to August 1, 1987.

Now it is my understanding from what has been asked already in this committee and what the special report of the auditor says, is that SPMC actually was receiving nothing for these payments. Is that correct?

**Mr. Woodcock:** — That's correct.

**Mr. Cline:** — And is there any documentation at SPMC, which would indicate why SPMC would be agreeing to pay out \$10,250 per month to each of these companies for a three-year period while receiving nothing in return?

**Mr. Woodcock:** — There is no written documentation, Mr. Chairman.

**Mr. Cline:** — Is there any information forthcoming from anyone at the corporation as to why this was done by SPMC?

**Mr. Woodcock:** — No, Mr. Chairman.

**Mr. Cline:** — So as far as SPMC is concerned, the money would go to the two advertising companies but the present officials of SPMC have no information what the

purpose of the payments was.

**Mr. Woodcock:** — That's correct.

**Mr. Cline:** — I won't you if you find that somewhat strange, Mr. Woodcock, because I'm sure you do. And there is no information at SPMC as to exactly what these companies did in return for these payments?

**Mr. Woodcock:** — No.

**Mr. Cline:** — Now I'm looking at letters dated October 16, 1989. Like the contracts themselves, they are identical and went out at the same time, signed by Mr. Cutts.

These letters which are in the material filed by SPMC with this committee, say that the contracts will be terminated as of August 31, 1989. So the letters retroactively terminate the contracts after some two years, although it says the last payment will be made September 30, 1989, which seems curious in the sense that the contracts are supposedly terminated the end of August. But the last payment is made September 30, 1989.

But in any event, do you have any information as to why these contracts for non-existent services were terminated at that particular time?

**Mr. Woodcock:** — No.

**Mr. Cline:** — So there's no misunderstanding. I'm not complaining about the fact that they were terminated, but I just wondered if there was any information about why then.

The other area that I would be interested in is, normally when parties have a contract, even a contract of this strange nature, the payer party, Dome Advertising or Roberts & Poole, who are entitled to be paid the money on a monthly basis for a three-year period, normally expect that they will in fact be paid for the period of the contract, although this did have a strange termination clause on notice, but that relates to the date August 1, 1988.

Part of the problem with these contracts from SPMC is that they never make any sense, and it's very difficult to tell what is intended. But in any event, normally people expect to be paid under their contracts, even contracts like these. And I would think that when this gravy train came to an end for some unknown reason when it did, that Dome and Roberts & Poole would have expected something in return.

I mean usually there's a quid pro quo for giving something up. And so it leads me to wonder what they got in return and what other arrangement may have been made with these companies or some other company. And I wonder if you have information whatsoever with respect to any new arrangements between SPMC and these companies or a related company that may have arisen.

**Mr. Woodcock:** — There was no arrangement that we're aware of.

**Mr. Cline:** — So nothing you're aware of. So there was no complaint from Dome or Roberts & Poole on the files of SPMC or any new contract when the payments came to an end?

**Mr. Woodcock:** — No.

**Mr. Cline:** — And is the documentation that SPMC filed with this committee, that is the contracts and the letters and some invoice statements, the only documentation that SPMC has with respect to these matters?

**Mr. Woodcock:** — Other than invoices which affected payments, nothing else.

**Mr. Cline:** — Okay. Did anyone at SPMC, to your knowledge — and by your knowledge I mean having had the opportunity to confer with other officials, including the officials who are here — ever raise any questions during the period of the payments as to why SPMC would be making these payments when it wasn't getting anything in return?

**Mr. Woodcock:** — Mr. Chairman, at this point in time we're not aware of whether the issues are raised or not. If I might add that the executive in place at the time is no longer with the corporation. And just on my early assuming the position, I can see that it was difficult for officers of the corporation to know when they were following a cabinet direction or a senior management direction. And there was no translation of authority down to lower ranks, which made it difficult for officers to know what particular direction was being followed.

**Mr. Cline:** — So that what you're saying is sometimes directions would come from the, well, the highest levels of the government or the Executive Council to the highest levels of SPMC. And the persons below the office of the president of SPMC, say, would not necessarily be aware of what was going on?

**Mr. Woodcock:** — That's correct.

**Mr. Cline:** — And from what you've said, I take it there is a problem in instances like this with respect to documentation of what occurred as well.

**Mr. Woodcock:** — Yes.

**Mr. Cline:** — So that whoever from the government, the cabinet or wherever, and the president of the corporation made this arrangement, they didn't sit down and make sure that SPMC would keep a file about what they were doing.

**Mr. Woodcock:** — That's correct.

**Mr. Cline:** — Or if there was a file, it's no longer at SPMC.

**Mr. Woodcock:** — Yes.

**Mr. Cline:** — Okay, thank you. And those are my questions, Mr. Chairman.

**Mr. Anguish:** — Just a few brief questions along the same lines Mr. Cline was going on. The advertising that was

done by SPMC during this period, was any of it tendered? It was automatically awarded; the minister told the president this is who you're going to deal with for advertising, or was there a tender process?

**Mr. Woodcock:** — For routine such as job ads and normal-type advertising, there was a tender policy in effect.

**Mr. Anguish:** — And did Roberts & Poole and Dome Advertising also receive some of that work?

**Mr. Woodcock:** — We would have to check and confirm that.

**Mr. Anguish:** — Did SPMC at the time view Roberts and Poole and Dome Advertising as competing firms? For example, if you put out a tender, each of those companies would likely place a bid to try and secure the work. I'd like to determine whether or not you saw them as competing companies.

**Mr. Woodcock:** — Really, Mr. Chairman, with the people we have here, we're not in a position to say whether we saw them as competing agencies or not.

**Mr. Anguish:** — How many firms did you do advertising with at SPMC? Maybe you could read them into the record, Mr. Woodcock, who the firms were.

**Mr. Woodcock:** — In '90-91, SPMC did business with Dome Media Buying Services, Dome Advertising, and The Marketing Den. And there's various other smaller newspapers and graphics firms, but those would be the advertising firms that are on this list.

**Mr. Anguish:** — And what year is that you're talking about?

**Mr. Woodcock:** — 1990-91.

**Mr. Anguish:** — What about the years of the special report? That's what I'm more interested in.

**Mr. Woodcock:** — We don't have '89-90 with us, but we could get that information if you wish.

**Mr. Anguish:** — In the years under review does anybody here that you have with you recall having a contract with a company called Blue Wave Advertising Ltd.?

**Mr. Woodcock:** — No.

**Mr. Anguish:** — I would have thought that someone with you ... I anticipated a different answer than you gave earlier, actually. I was wondering why it wouldn't be natural that you would assume that Roberts & Poole and Dome Advertising would be two separate entities that would be competitors in the advertising field. Like I've always viewed them as being competing firms. And when you have competing firms out there, the entrepreneurial spirit dictates that you should get lower bids. But I imagine on a major contract, you would get a bid from Dome Advertising, you'd get a bid from Roberts & Poole, and you would take the best — having political interference aside — you'd take the best bid and that's

what keeps the cost of advertising down due to competition.

And I was surprised at your answer that you don't . . . didn't have anybody here that felt they could answer whether or not Dome and Roberts & Poole were competing firms or one and the same.

**Mr. Woodcock:** — Mr. Chairman, we're just trying to be very correct, I guess, in our answer. In my past experience outside of SPMC, certainly I viewed them as competing agencies. It's just that we would be making an assumption here since nobody here was directly involved in placing advertising in the years under review.

But our feeling was, was that in terms of feelings, was that they, yes, they were competing firms. But in terms of direct knowledge, no we didn't have direct knowledge during the time . . .

**Mr. Anguish:** — There's at least a perception, Mr. Woodcock, that they're competing firms. That they're separate entities.

**Mr. Woodcock:** — Correct.

**Mr. Anguish:** — That would be expected to be able to keep prices down because of competition in the orderly market-place.

To your knowledge or the knowledge of the officials here, when you had contracts with companies like Roberts and Poole or Dome Advertising, if they subcontracted work, would you want to know who they had subcontracted the work to?

If I was to hire a professional firm like Dome or Roberts & Poole, I'd expect them to do the work, and if they were doing tendering out to another advertising firm, I'd certainly want to know about that to make sure I was getting the quality of work that I was paying for.

**Mr. Woodcock:** — Mr. Chairman, that would depend on the terms of the contract and some contracts did allow for subcontracting of the work.

**Mr. Anguish:** — Now if this work was subcontracted out, you would have knowledge, or the corporation would have knowledge, as to who it was subcontracted to?

**Mr. Woodcock:** — Depending on the terms of the contract specific to the instances, yes.

**Mr. Anguish:** — Well in these competing firms that we have, I first want to look at the incorporation certificate for Roberts & Poole — Roberts & Poole Advertising Corp. — and it shows the president and the sole director, as of this date in 1991, as a Stuart P. Poole. When you look at the certificate of incorporation for Dome Advertising Limited, there is a Spencer Bozak and a Phil Kershaw.

Then I look at this company, Blue Wave Advertising Ltd., and having thought up until this point that there was competition between Roberts & Poole and Dome Advertising, but I find that the directors of Blue Wave Advertising Ltd. are a combination of the principals of

Roberts & Poole and Dome Advertising. Because Blue Wave Advertising Ltd., it appears that the president is Spence Bozak who is the same as the Spence Bozak in Dome Advertising, and Phil Kershaw, who is also the same Phil Kershaw that was on the incorporation documents of Dome Advertising.

Also, under Blue Wave Advertising Ltd., uh-huh, we have Stu Poole, who happens to be the same Stu Poole who was the president of Roberts & Poole Advertising, and a Jim Roberts who doesn't appear anywhere, but I assume is the Roberts from Roberts & Poole.

And to me it would seem that there's a possibility of price fixing going on here where you have two firms that are supposed to be in competition with each other form a third company called Blue Wave Advertising Ltd. And I'm wondering whether or not it wouldn't make you curious within SPMC at some point — whoever the controller is or who is responsible for this — to look into companies that are subcontracted with.

And I would like you to search your records and determine whether or not Blue Wave Advertising had some involvement with SPMC, and I'd be interested in your comments how these two firms that are supposed to be competing in the market-place to keep prices lower, all of a sudden appear on the same company as Blue Wave Advertising Ltd.

And it raises in my mind some questions as to either, one, was there price fixing going on; or two, was this a slush fund where money that was paid to Roberts & Poole and Dome was channelled into a third company for some other uses. And I'm interested in your comments on how this could have . . . how you think it affects the advertising costs at SPMC.

**Mr. Woodcock:** — Mr. Chairman, we have no knowledge at present of any involvement at all with Blue Wave. We will undertake a thorough search of our records and advise Public Accounts of our findings. Having said that, until this morning I was not aware of any such connection. And being unaware of that, you would naturally assume you were dealing with the two separate bodies.

**Mr. Anguish:** — Well I'm very concerned about it when the principals of each of these companies appear in a joint company, Blue Wave Advertising Ltd. It makes my political suspicions rise as to what was happening with your money from SPMC and where it eventually got to. And so I'd appreciate you checking into that.

I'm also wondering, maybe as a final question, Mr. Chairman, as to whether or not in your review of this you will be looking at it in regard to the possibility, if it's deemed necessary, of a civil action to recover some of your money that was paid out but no service was received.

**Mr. Muirhead:** — I have some questions to ask. Should we start now, Mr. Chairman, or wait till after we have . . .

**Mr. Woodcock:** — Mr. Chairman, we'll seek some legal advice on this.

**Mr. Anguish:** — I have no further questions.

**Mr. Chairman:** — Okay. By agreement of the committee, we'll take a five-minute break.

The committee recessed for a period of time.

**Mr. Muirhead:** — Thank you, Mr. Chairman. Mr. Chairman, Mr. Woodcock, I have a few questions I'd like to ask you. Some of my questions are kind of duplicated. I understand that Roberts Poole and Dome Advertising received money from SPMC and no services were ever rendered to that department. Is that correct?

**Mr. Woodcock:** — Specific to these contracts, that's correct.

**Mr. Muirhead:** — Specific to this contract. Did they ever, to their knowledge, the officials' knowledge?

**Mr. Woodcock:** — We had other contracts, with Dome in particular, where services were rendered.

**Mr. Muirhead:** — In the year under review?

**Mr. Woodcock:** — Yes. In '90-91 SPMC did 185,558.26 worth of business with Dome Media Buying Services which was all documented and services received. Dome Advertising \$2,407.30, likewise, with documented services received.

**Mr. Muirhead:** — Were they — maybe you're unable to answer this question, sir, because of being new in your position, but maybe you can ask the officials — were they satisfied with their services as far as you know?

**Mr. Woodcock:** — I guess we have no negative comments, so therefore we would assume there was satisfaction.

**Mr. Muirhead:** — All right. What's bothering me here, and I think it's bothering all members of the committee, is if Roberts Poole or Dome Advertising did any work for government, got paid . . . or I mean, didn't do any work for government and got paid, that's what's bothering us all, I believe.

Now what we've been discussing here the other day and this morning, there's a contract that they didn't do any services for SPMC but they got paid. Now is that correct? Do I understand that to be correct? On this particular contract I mean, sir.

**Mr. Woodcock:** — Yes, in the contracts, the two contracts you're referring to, SPMC made payments and SPMC did not directly receive . . . we're not aware of the services received.

**Mr. Muirhead:** — Okay. I don't just know how it works here. Who in the department would actually pay the cheques to them? Who would be . . . Is it from your department or does it come from some other department of government that they'd be getting paid? Does SPMC actually pay the cheque?

**Mr. Woodcock:** — Yes.

**Mr. Muirhead:** — And it never came to anybody's . . . any officials, it didn't come to their mind at all that we're paying out money and not getting any services? Does any of the officials know anything about . . . there must be something here that triggered somebody to talk about it in the department. It just can't be hushed up that easily.

**Mr. Woodcock:** — I'm informed that the practice has been, is that monthly payments were made on the basis of the contract, much like lease payments on office space. And as such, an invoice would come in and be signed off as a matter of routine.

**Mr. Muirhead:** — So, Mr. Chairman, Mr. Woodcock, nobody in the department would know where that money was actually going, what it was paying. Now we're getting some place. Before I understood you didn't have any idea where it was going. Now it's coming down to we're talking about maybe it's going out as lease money. So maybe there's more that your officials know. Do you know what that was actually paying for then?

**Mr. Woodcock:** — We have no record that . . . The lease reference I made was just to be a comparable type of treatment. And payments are made routinely on where there's a contract for three years on office space and there's monthly payments made, those payments tend to be routine and invoices processed. That is the same manner in which these contracts with Dome and Roberts & Poole were handled.

**Mr. Muirhead:** — So what you're saying is that it's handled in that manner, but it doesn't say the funds were to pay for lease space, just handled in that manner. But it doesn't . . . I don't want to insinuate that that money was going for lease space unless it was. Just handled in that manner, is that what you're saying?

**Mr. Woodcock:** — That's correct, just handled in that manner.

**Mr. Muirhead:** — So really the officials does not know what their contract money that they received or whatever, where it went. They have no idea. Even if it's not on the record, has anybody got any suspicions whatsoever where they might have rendered their services?

**Mr. Woodcock:** — No.

**Mr. Muirhead:** — In the department now . . . It's fine for a new government to come along and say, well now we're not going to do this. We're not going to allow this, and you as president wouldn't do this. Did the past president, did he do something illegal if he allocated these funds out in this manner, some service from some other part of government? Or have you still got your right to do that? That's actually two questions.

**Mr. Woodcock:** — Mr. Chairman, our feeling is, is that the corporation had the authority to enter into the contracts. The question is, is were the goods received, and that that would be inappropriate or improper to make payments for which goods were not received. As to



whether that was illegal, at this point in time I really can't say.

**Mr. Muirhead:** — Mr. Chairman, Mr. Woodcock, perhaps . . . and to the members of the committee, I think the question come down here, did Roberts Poole and Dome Advertising, did they do work for the government even though they got paid from SPMC? I think that's the question here.

And I'd like to now ask my question to the auditor. Mr. Chairman, Mr. Strelloff, has Roberts Poole or Dome Advertising ever been asked? Everybody seems to have these aspersions — maybe they did or they didn't do any work, period. Because I said before, I think in this committee, that I was brought up in a family that you always have to do a day's work for a day's pay. And that's what I want to get at here. I don't care whether we were in government or whether we weren't. I want to know if these people did a day's work. So would they have been asked themselves, what work did you do for the monies received from SPMC? Have they ever been asked directly?

**Mr. Strelloff:** — Mr. Chairman, Mr. Muirhead, in our study we didn't go to the suppliers or the individuals and ask them what work they did.

**Mr. Muirhead:** — Okay then, maybe it's time to make a motion or an agreement that this committee contacts Roberts Poole and Dome Advertising and clear this up one way or the other. Either they did the work or they didn't. And we can find out where they did their work.

**Mr. Anguish:** — Can I respond to that?

**Mr. Chairman:** — Are you done, Mr. Muirhead?

**Mr. Muirhead:** — No, no, I'm not done, but he could respond.

**Mr. Anguish:** — I just want to respond to that. I think that that's likely a good idea. Before we got to the point of calling the principals from Roberts & Poole and Dome Advertising, I would think that we'd want to first call Otto Cutts, who was the president of SPMC during this time, and he could maybe fill in some of the blanks in terms of how these payments were made and the purpose of the payments.

So if you and Ms. Haverstock would be in agreement with that, we certainly would call Otto Cutts before the committee to answer some of the questions that apparently the current employees of SPMC cannot answer because they do not have all the information.

**Mr. Muirhead:** — Well right at this moment I'm not going to comment on that because my suggestion is that first — and maybe you're right; maybe we have to get Otto Cutts here — but I would like to get an explanation . . . I think you should always . . . We're sitting here discussing two companies, and we don't know whether they're guilty of anything or not. I think that just to be right and proper and treating everybody correctly, that maybe they should be asked for their explanation in writing first.

**Mr. Anguish:** — Gerry, I was just thinking though, to help us understand the process by which these payments were made — and I'm not disagreeing with you; I think we should get an explanation from the companies — but I would think the first person we'd want to have here to explain to us . . . and maybe once we've received an explanation it wouldn't be necessary to call these firms, but I think Otto Cutts who was the president at the time would have answers to these questions, since he was the president and took direction from the board of SPMC.

And as I recall, the board of SPMC at that time were four cabinet ministers. There were no private individuals on the board. But Otto Cutts could certainly be the person that we're looking for to fill in the blanks before we ask the companies.

I'm not disagreeing with you, I think the order of calling other people, I would maybe have some disagreement with you.

**Mr. Muirhead:** — Well, Mr. Chairman, I feel that if the now president was asked to sign for payment to some company that's doing work, he would probably feel that maybe they'd done it.

How would Mr. Cutts think . . . we maybe have to end up there. But I think you need to start out with Roberts & Poole and Dome Advertising and get them on the record and say: here's the department we did the work for.

How would Mr. Cutts know whether they did or they didn't or not? He'd be given a directive from somebody — pay the money out. Somebody's got to find out whether they did or they didn't. And I'd like to have Roberts & Poole and Dome Advertising say they did work or they didn't do work.

I mean, and I'm not . . . I'm as willing as you people to get to the bottom of these things, because I know what can happen — I say to all members of this room — what can happen in government. It doesn't make any difference whether we're in government or the NDP, because I can take the newer members back to when I first came in here. It's a little off the subject, but it's something for us to think about. When a good friend of mine, Mr. Bowerman, he was the minister of Northern Affairs, and he did absolutely nothing wrong, but some things in his department did go amok. They were paying out for houses in the North and for plumbing being done that never occurred. And I was quite satisfied in this House that Mr. Bowerman was innocent as could be, but there were some people through the department . . .

So if there's somebody while we're in government that did something wrong, I want it out as much as everybody does. And I sincerely mean that. If somebody did something wrong . . . but I want them protected as long as they can until we find out they did. And maybe we'll bring Otto Cutts in here and maybe he's involved in other things; you don't know what he might say.

I'd like to . . . even if we do that, that would be up to the committee, Doug, if they want to bring Otto Cutts in here. I'm not even going to remark on that. I would just like to have a letter sent by the committee to these people saying

we don't know where your work . . . (inaudible) . . . I just can't see where that would do any harm in the mean time. And go ahead and do what you want.

**Mr. Anguish:** — Who are the people you're thinking of calling, Gerry? Who are you suggesting?

**Mr. Muirhead:** — Well I don't know, Mr. Chairman. I don't know. It would be whoever the officials were at the time; the owners of Roberts & Poole and Dome Advertising. You'd have to find out those two . . . are these companies . . . they're not both . . . I think they're still in . . . one of them are still in business.

**Mr. Lautermilch:** — Mr. Chairman, I would like to speak to Mr. Muirhead's points.

**Mr. Chairman:** — I'm next on the list. I want to get this straight. As a chairman, I have sent letters to various organizations requesting information on behalf of the committee. In the special report by the auditor here we have questions pertaining to a total of 162,942 we're dealing with, with Property Management. And as I take it, Mr. Muirhead, what you're asking is, of that money, were there services performed for government.

**Mr. Muirhead:** — Right.

**Mr. Chairman:** — And that's what you would like.

**Mr. Muirhead:** — Any place in government, and where. So we can go and deal . . .

**Mr. Chairman:** — There's three agencies. Dome Advertising, Roberts & Poole, and Dome Media Buying Services listed here.

So what you're asking then of the committee is for me to write a letter to them requesting the information pertaining to these contracts?

**Mr. Muirhead:** — That's right.

**Mr. Chairman:** — Okay, just so that I've got it exactly straight — what services they performed for that 162,942.

**Mr. Muirhead:** — Yes I would like that. And I'm not saying I'm against what . . .

**Mr. Chairman:** — Okay, because there's two different issues here and I want to make sure . . .

**Mr. Muirhead:** — But I'm just saying — that's fine — there's two different issues and if we want to bring him forth, that's up to the committee. That's . . .

**Mr. Chairman:** — I got it on the record exactly what you're asking.

**Mr. Muirhead:** — Right. It's just what I'm asking the committee to do. What have we got to lose by asking the people that are just a little loose out here what part of government did they work for when they got paid from SPMC?

**Mr. Lautermilch:** — Mr. Chairman, it's my understanding

that these corporations, at least part . . . or one of them is no longer in business, and I think it would make it awfully difficult to bring in the former principals of these corporations. And perhaps it might be helpful if we were to ask Mr. Cutts to make a presentation to this committee.

The reason that I would say that is because clearly, as the chief executive officer of the corporation, he would have been privy to and be in a position to give us explanations with respect to the expenditures that this committee has been questioning. I would want to say as well that the amount that's referred to specifically in the *Special Report of the Provincial Auditor* may in fact be part and parcel of the amounts that were questioned by this committee.

But I think Mr. Muirhead is right with respect to suspicions regarding the contracts to Roberts & Poole and Dome Advertising and the possibility of a tie to a third corporation.

I think we want to allay any suspicions that may be there, and I think we want to deal with facts. And my suggestion would be to this committee that the chief executive officers of the corporations, as I have said before, would be in a position to give us as detailed information as we could get from either Dome or from Roberts & Poole. And I would suggest, in order to facilitate the work of this committee — and I do believe a motion would be in order — that this committee request Mr. Cutts to appear before this committee to deal with the questions the committee has asked thus far.

Clearly, the existing officials are in no position to answer the questions. There appears to be no paper flow. We're dealing with a contract and a cancellation of a contract — no specifics. And I would suggest that the former chief executive officer of the corporation clearly would be in a position to give us any of the details that we may require.

I guess I'm asking if a motion is in order.

**Mr. Chairman:** — I believe we're dealing with two separate issues here. Mr. Muirhead's request is that the committee . . . and I would surmise, Mr. Muirhead, that's in writing, a request in writing to these three agencies asking for what services they provided for the expenditure money. Is that correct?

**Mr. Muirhead:** — That's right.

**Mr. Chairman:** — Okay, that's one issue. You also have an issue, Mr. Lautermilch, dealing with this committee subpoena-ing Mr. Cutts. As I see it, they're two different issues.

**Mr. Lautermilch:** — Could they not be done concurrently, Mr. Chairman?

**Mr. Chairman:** — Well sending a written request to these agencies for what they did with contracts and talking to Mr. Cutts, in my mind, are two different issues.

**Mr. Lautermilch:** — They may be, but I'm asking if they couldn't be done concurrently and why there would be a problem.

**Mr. Chairman:** — No, I think there would be a problem. They're definitely two separate issues and they should be dealt with in a separate fashion, the same as the letter that was sent to ISM (Information Systems Management Corporation) that this committee did under my signature.

**Mr. Lautermilch:** — Well let's deal with Mr. Muirhead's recommendation, and I would support correspondence asking for a response, and then we can deal with the Cutts matter.

**Mr. Van Mulligen:** — Mr. Chairman, it's not clear to me . . . or what is clear is that advertising companies billed the Saskatchewan Property Management Corporation. The officials of the Property Management Corporation that are with us here today are not sure as to what goods and services, if any, were received for those payments.

And it may well be that the billings were done because the advertising agencies were providing goods and services, but not goods and services that were received by SPMC. That is to say, it might have been for advertising services elsewhere in government but that SPMC was fingered, along with other corporations, to pay part of the bill.

If that's the case, then to me there is no particular good reason to call in the chief people of Roberts & Poole or Dome Advertising. If it's clear from our review of the witnesses who may know about this that in fact yes, there were goods and services, there's no question about that, that the billings were proper billings in so far as the companies providing goods and services doing the work but it was just a question of accounting, that the bills were sent in this case in part to SPMC and perhaps to other corporations because that's how the government preferred that the payment be made, then it seems to me there's not much point in calling . . . at least in terms of these payments, in calling Roberts & Poole or the people who were involved with Roberts & Poole and Dome before us.

If, on the other hand, our questioning of government officials, and at this point the officials that are here don't know the answers, perhaps other officials of government, whether it be Mr. Cutts or Ms. Raab or people from the previous Executive Council, those people may well be able to answer the questions that we have. And if that's the case, then we need not go any further.

But if . . . You know, I guess the question . . . There's no suggestion, I don't think, that somehow these corporations were simply billing and not receiving any . . . or simply billing for things that they didn't do. The question we should determine, first of all, is this simply a question of accounting? That is to say, were the things that they were billing for being accounted or being paid for in the proper place?

If that's the question, then that's a whole different line of inquiry than asking these people about, you know, sending in billings for goods and services they never provided. I mean if our questioning of previous officials, whether it's Mr. Cutts or people from the Executive Council, determines that in fact none of them were aware or knew of what goods or services were being provided,

then we may want to turn to Dome and to Roberts & Poole, it seems to me.

**Mr. Muirhead:** — Mr. Chairman, if I could just have you read out my motion, then I'd like to speak on the motion.

**Mr. Chairman:** — Moved by Mr. Muirhead:

That a letter be sent to Dome Advertising Ltd., Roberts & Poole Communications Ltd., and Dome Media Buying Services Ltd., over the signature of the chairman to determine: (a) when their services were provided to SPMC for the sums listed on page 17 of the *Special Report by the Provincial Auditor Saskatchewan*, April 21, 1992.

**Mr. Muirhead:** — Thank you. In response to Mr. Van Mulligen, you're correct. In this motion I'm not asking to call them here at all; just that we'll send them a letter. They either answer or they don't. I figure we've got nothing to lose by just sending a letter. And then the next motion will be in the line of what you're talking about there.

My point is, just send the letter, give them the first chance to say . . . That might head us off into another department in this committee. They may give us some information. Yes, I did some work, or we did some work in department A, B, or D, or whatever. Then we can start looking at that department too. So while this is happening . . . And I do agree. It could happen concurrently.

**Mr. Chairman:** — Anyone . . . Mr. Anguish, speaking to Mr. Muirhead's motion?

**Mr. Anguish:** — Can you read that motion? Who are the three companies that he mentions?

**Mr. Chairman:** — Dome Advertising Ltd., Roberts & Poole Communications Ltd., and Dome Media Buying Services Ltd. — the three that are listed in the auditor's special report, page 17.

**Mr. Anguish:** — Well if we're going to pursue this properly, I don't have a big problem with the motion. I just think we're going about it the wrong direction. I think that we should have Otto Cutts and Ron Dedman here first, before we have these private sector companies appear.

**Mr. Chairman:** — They're not appearing. The motion was just asked for a written . . .

**Mr. Anguish:** — But there's a chance at least that two of them will be returned to sender, address unknown, because Roberts & Poole, to my understanding, no longer exists. Under some circumstances that a number of people have questioned in the province, Stu Poole departed after his empire of Roberts & Poole, for some mysterious reason, went bankrupt. I'm not sure that Dome Media is still in the market-place. I do believe that Dome Advertising is.

So instead of having a written response, I'd much prefer that individuals be asked to come before the committee to answer questions. Because as you know with your experience as a member of this legislature, that the

answers they give in written form may well stimulate more questions that the committee members would want to ask. And I believe that if they do not come willingly as witnesses before the committee, they should be subpoenaed before the committee.

I think this is a serious issue. You've indicated that yourself, Mr. Muirhead. And we should get to the bottom of it so that this type of activity can no longer happen in government, regardless of the government's political stripe. Because it's certainly not in the best interest of the taxpayers' dollars.

So I think if you would accept some friendly amendments and maybe a change in the order, we could come to some agreement. But just to send them a letter and hope that they respond to it, I don't think quite goes far enough. And I question the strategy of bringing in the principals of the private sector companies before we get the full story from the former presidents of SPMC.

**Mr. Muirhead:** — Well let's be very clear. Mr. Chairman, Mr. Anguish, be very clear that I'm only suggesting in my motion, was just to send the letter. If it goes to the dead-letter office and don't get back, well we can't do anything about it. We can soon find the names, and they live in the city, of the Roberts & Poole that have gone belly-up. We could send them a letter. And if you support my motion . . . The chairman has said it's a separate motion. I have no problems maybe in doing this concurrently, and maybe one would happen before the other.

I mean what is wrong if we get a letter back to this committee and they're saying, if we don't hear at all it isn't going to look very good, is it? If they don't respond to the letter that our chairman would send to them, we don't get a response, then I'm going to be awful suspicious too. Maybe I am now. But I don't want to put any aspersions on it. I just say I want this cleared up. And I have no problem with it going on concurrently.

**Mr. Anguish:** — Well how about sending a letter to that Blue Wave Advertising Ltd. as well? Since the same principals are there, maybe that company should receive a letter as well. Maybe they're in existence.

**Mr. Muirhead:** — Well you could amend it . . .

**Mr. Anguish:** — No, I'd want it to be a friendly amendment. You know, this committee wants to work in a non-partisan way with co-operation.

**Mr. Muirhead:** — You put the amendment in and I'll support it then.

**Mr. Van Mulligen:** — Sometimes if you don't know which front to proceed on, it's best to proceed on all fronts. So I agree with Mr. Muirhead that we should proceed as he does. I'm not sure that we need at this point to be asking companies to go to a great deal of trouble to peruse all their records, because it may not be necessary. But if he wants to do that, then that's fine with us. But we may also want to give some further direction as to whether there are officials we want to call in this vein.

**Mr. Cline:** — Just so I'm clear and we're all clear, as I understand it, Mr. Chairman, this figure at page 17 of the report that Mr. Muirhead has referred to, the 162,942, that is what those companies listed would have got during the two fiscal years under review. But pursuant to the contracts with Dome and Roberts & Poole, they would have been paid starting in July of '87, so that I take it what is here is the end of those contracts.

And I wonder, with respect to those two contracts, the question Mr. Muirhead has asked of course relates to what they did for this money. But to make the information full and complete, perhaps when they're dealing with the end of those two contracts anyway, they should relate to us what they did for the amounts of money they got under those contracts but which occurred prior to the beginning of the 1989 fiscal year, if you see what I mean. Because they each got \$71,750 under the contracts within the period, but altogether they each would have got something approaching a quarter of a million dollars.

And I think while we're asking about those two contracts, we should get a total report of everything they did under those two contracts.

**Mr. Chairman:** — Well I, as I said at the beginning, would like to deal with this particular item and get through it, do the recommendations and get into the general report of the auditor, where anything is fair game.

And the practice of the committee, Mr. Cline, is that you can go back for ever if you wish to talk about things in Property Management. But as chairman, I would like to deal with this.

The item Mr. Muirhead has brought up is in this report; it's specific to it. And I would prefer that we deal with these items. I presume there's going to be a motion coming that deals with this. And we can do that and get on with the life of the committee. Is that . . .

**Mr. Cline:** — In that regard, Mr. Chairman, is it . . . like when we get into the *Report of the Provincial Auditor* for the year ending 1992, then what I'm talking about, the payments starting in July of '87 which went to October of '89, those would not arise in that report of the auditor for the fiscal year ending 1992, March 31. So that when we're dealing with that report, you will properly tell me that . . . to ask . . .

**Mr. Chairman:** — No, no. The practice of this committee . . .

**Mr. Anguish:** — No, you can go back. He'll not call you to order then.

**Mr. Cline:** — Well I stand corrected then, and I appreciate what you're saying, Mr. Chairman.

**Mr. Chairman:** — That's what I tried to explain earlier.

**Mr. Anguish:** — You've got to be clear, you know, when you're explaining these things.

**Mr. Chairman:** — If we could, could we deal with Mr. Muirhead's request as per page 17 of the auditor's special

report. Is it agreed? Good, thank you.

**Mr. Lautermilch:** — Mr. Chairman, with respect to our previous conversation, and I had indicated that I felt it may be helpful to call upon some of the former officials of the Property Management Corporation to deal with some of the concerns and some of the questions that this committee had raised. And so I will move a motion:

That this committee call Mr. Otto Cutts, Mr. Ron Dedman, and Ms. Shirley Raab as witnesses to answer questions in regard to topics referred in the *Special Report of the Provincial Auditor* and other topics raised by the committee during the study of that report.

**Mr. Chairman:** — The motion by Mr. Lautermilch:

That this committee call Mr. Otto Cutts, Mr. Ron Dedman, and Shirley Raab as witnesses to answer questions in regard to topics referred in the *Special Report of the Provincial Auditor* and other topics raised by the committee during the study of that report.

I'm informed by the Clerk that the process that goes with a motion like this is that there is a letter sent to the individuals inviting them to attend. The legislative Law Clerk informs me that people who are not residents of the province of Saskatchewan don't have to accept these letters.

**Mr. Anguish:** — Well then let's just . . . (inaudible) . . . right?

**Mr. Robert:** — No. You can't subpoena beyond your jurisdiction.

**Mr. Anguish:** — Well what about this Bill on the Nerland case?

**Mr. Van Mulligen:** — It's an inquiry.

**Mr. Cline:** — I think we should get the advice of the Legislative Counsel about that, Mr. Chairman, because there would be a question as to . . . I mean whether this committee or the committee of the legislature is a court within the meaning of that, The Interprovincial Subpoena Act. And that may be a bit of an open question. And it may be also a legal point that the Legislative Counsel would have to research as opposed to answering right now. It may be possible to subpoena. We'd have to get an opinion as to . . .

**Mr. Van Mulligen:** — I also think that we should proceed, and I don't think we should take the point of view at this point that public-spirited former public servants, such as those people, would not want to appear.

**Mr. Chairman:** — Okay. You've all heard the motion. Is that agreed?

Now do we have any other questions of the officials from Property Management? If not, I'd like to thank you, Mr. Woodcock, for appearing today.

We have another item of business that we need to attend to. There's one item of business that in the few minutes that the committee has left today that I'd like to deal with. The auditor, as we know, has requested legislative changes to his Act to allow him to do certain things that he has raised over the last couple years in his reports. And I'm wondering if it's appropriate that this committee have copies of that proposed legislative change.

I know as chairman I would like to be able to see those proposed changes. And I think it's only right and proper that the committee request them rather than I, as an individual of Public Accounts.

**Mr. Van Mulligen:** — Well, Mr. Chairman, the last time that there were changes proposed to the Act governing the Provincial Auditor, the Legislative Assembly referred the Bill to the Public Accounts Committee for clause-by-clause study. And I agree that at the time that there's further changes to the Act governing the Provincial Auditor, that that process also be followed.

I think that it's entirely appropriate that the Public Accounts Committee be called upon by the legislature to comment on any proposed changes to the Act that governs the Provincial Auditor, which in a major way, you know, indicates the affairs of the committee in public accountabilities.

**Mr. Chairman:** — Would you care to make any comments?

**Mr. Strelieff:** — Mr. Chairman, members, in our annual report we refer to the need to change the legislation governing the Provincial Auditor's office and that we have proposed legislation to the government that we think should be moved forward, and the legislation deals with two main thrusts.

One, it deals with the previous changes to The Provincial Auditor Act introduced by the previous government under Bill 53 that, as Mr. Van Mulligen said, were referred to this committee by the Legislative Assembly and this committee recommended those changes to the Legislative Assembly. And then the legislature prorogued before the changes were made.

The changes in our current proposal deal with another thrust that a year ago I said that many people asked me whether changes were needed with our . . . to our relationship with appointed auditors, and I said that I had just recently been appointed and I'd like to study that issue another year.

And I have done that study. We have reported in our annual report that was tabled in April that changes are needed, and have proposed changes to the Minister of Finance who deals with our legislation. And I certainly would appreciate the comments and support of this committee and discussion by this committee on those changes.

**Mr. Van Mulligen:** — We agree that once the legislation is tabled then, you know, I think as a committee we would want to be involved in a review of that. But we can't, you know, sit here and write legislation. That's just not our

doing.

**Mr. Chairman:** — I guess what I was asking, do we have to wait until those changes are tabled in the legislature? Or can they . . .

**Mr. Van Mulligen:** — Yes.

**Mr. Chairman:** — Can this committee have access to those proposed legislative changes?

**Mr. Van Mulligen:** — I guess, as the Minister of Finance would say, at the point that I'm ready to proceed with legislation then you have an opportunity to review it.

And, you know, I mean as members we can certainly inquire of the Minister of Finance what his intentions are concerning the government's legislative agenda. And as you know, it's an agenda that has not been moving very quickly, so the government may not be particularly encouraged at this time to proceed with any legislation that they feel, well you know, we're well into the fiscal year, as it were, so it may not make any difference and we'll wait till the next year to put forward some legislation that otherwise might have proceeded this year.

But I think as members we can certainly inquire of the minister.

**Mr. Chairman:** — I think as chairman of this committee, it was something that was fundamental to the way the auditor operates. I would like to have a look at this draft legislation. And I would like the backing of the committee to allow the auditor to give that to me.

**Mr. Van Mulligen:** — To have the auditor . . .

**Mr. Chairman:** — Allow me to have his proposed draft legislation of the changes that he needs.

**Mr. Anguish:** — This is The Provincial Auditor Act we're talking about. It would seem to me that that's working a bit backwards to the previous workings of the committee. I would think that the normal process is to . . . in the report of this committee to the legislature, if we wanted certain things to appear in a Provincial Auditor's Act, we would ask for those through our normal process.

And the normal process being, when we report to the legislature, I may be assuming a bit much, but I think that there'll be a report to the legislature on the *Special Report of the Provincial Auditor* and then there will be our normal report that we give to the legislature. And in that normal report that we give to the legislature, we could ask for specific changes. I see nothing wrong with that as long as the committee's in agreement with the changes that occur, in terms of having draft legislation that may or may not be tabled, I don't know that that's been the practice of the committee in the past.

**Mr. Muirhead:** — Thank you, Mr. Chairman. Yes, if we're talking about changing the legislation to The Provincial Auditor Act, I think we should have his proposals in a package so we as a committee can look it over, approve it, and then recommend it to the Legislative Assembly. Am I off base what you're talking about here?

**Mr. Anguish:** — That's the process that I've understood in the past. If we want something to happen from this committee and there's agreement on the committee, it's made mention of in our report to the legislature.

**Mr. Muirhead:** — I think whatever the changes . . . I don't know exactly what the complete package would be. I think we need to have your package and pass it or not, in this committee. And if we pass it in this committee then it goes to the legislation . . . or to the Assembly to be made into legislation. I don't think . . . You could check into it. I don't think we have a right to change legislation in this room. I think we have to recommend it and then go to the Assembly with the recommendation from the committee. Unless somebody can clarify it different, that's the way I think the process would work.

**Mr. Chairman:** — Like I thought as chairman of this committee, it would be right and proper to sort of look at his proposed changes, and then when we go forward to the Assembly as a whole, you have the ability to have discussed it in here, and as chairman, to make a recommendation to the Assembly that you think this is a good move or a bad move or whatever. Not the other way around, where the Assembly would have it and sort of dictate to this committee what the changes would be. It should be this committee first, then to the legislature. But maybe I'm wrong.

**Mr. Van Mulligen:** — Well, Mr. Chairman, I think what you're suggesting would be unorthodox. I think we've always taken the point of view that in our review of the auditor's report, that if there's recommendations we want to make to the Legislative Assembly, whether it's concerning, you know, the Act that governs the auditor or any other Acts, that we'll make those recommendations to the Legislative Assembly who will then make those recommendations to the government. Then the government is given an opportunity to act on those things. And the government may or may not want to put forward legislation.

What you're suggesting now is that draft legislation which is produced by the government, and the government enters into discussions with the auditor's office on draft legislation, should then also become part of a public discussion in the committee. So that the committee becomes then not part of a discussion between the government and the auditor as to what should be happening in the Bill but that the committee becomes part of that discussion. That then becomes a public discussion. And it seems to me the government, you know, may have some reservations about that. It certainly would be unorthodox. It's not something that's been done before.

The point that we have taken is that at the point that the government knows what legislation it wants to pursue, it puts it forward before the Legislative Assembly and the Legislative Assembly has — at least the last, how I remember — has referred that to the Public Accounts Committee.

**Mr. Anguish:** — I think enough has been said in terms of draft legislation coming first to this committee before it's

even tabled in the legislature. I just don't think that's proper.

I'd like to know what the auditor's list is at some point as to . . . If there's legislation possibly coming forward at some time, I'd like to know what the auditor's office would like to see in that legislation. What additions, what deletions, what changes, that you would like to see in the legislation that governs your office.

In terms of the possibility of a Bill coming before the legislature, I don't think that we would have a problem once that Bill comes before the legislature, when it reaches committee stage, that we get the House to refer the Bill to the Public Accounts Committee so that the Public Accounts Committee can have a review of it and have full consultation with the auditor and the comptroller and the people who would normally attend this committee. So that's the proper procedure.

We should at some point know what the auditor wants. And when a Bill comes forward to the legislature and reaches committee stage, we ask as a committee that the Bill at committee stage be referred to the Public Accounts Committee so we can have that full review at that point in time, Mr. Chairman.

**Mr. Muirhead:** — Yes, just to clarify. I didn't mean draft legislation, if you thought that's what I meant when I . . . (inaudible interjection) . . . Oh, I'm sorry. I just meant so we have an outline of what he's asking for so we can discuss it.

**Mr. Chairman:** — Yes.

**Mr. Muirhead:** — What Mr. Anguish is saying is fine with me.

**Mr. Chairman:** — Yes. You know maybe the committee took it wrong, the idea of draft legislation. I just wanted to know what the recommendations were. I don't need a draft Bill. That's always the government's prerogative, whether they put out draft legislation or not. That's why the word draft is on the top. Governments are always selective, whether they put that out or not. But there's . . .

**Mr. Anguish:** — Then the opposition picks it up and says it's gospel.

**Mr. Chairman:** — Right.

**Mr. Anguish:** — I understand the process too.

**Mr. Chairman:** — But there are some recommendations that have been made on . . . (inaudible) . . . particularly on private sector auditing and the changes that were agreed to by the committee previously, but because the House prorogued didn't go through. And I just thought it might be proper for us to have those recommendations. If you don't think so, I'm not going to push it and have the government members vote it down.

**Mr. Anguish:** — Oh no, we don't want to vote anything down. I think that what we need to know as a committee, first off, is what the auditor's office would like to see changed or added or deleted from The Provincial Auditor

Act. And if there's any consequential changes to other Acts, I'd like to hear that from the Provincial Auditor. And at that time, we can reference it in our report. If there has been legislation tabled by the time we give our report and it reaches committee stage, then it should be referred back here and we study that and incorporate it with the changes that the Provincial Auditor would like to see and make our recommendations back to the Committee of the Whole in the legislature.

**Mr. Strelloff:** — Mr. Chairman, members, I'm certainly prepared right now to present to you the proposals that we have on the table for making changes to our Act and why we think they're needed. And as an officer of the Legislative Assembly and working with this committee, I see this group as a key group in discussing and debating and considering those changes, or those proposals. I can provide you that information today, if you'd like.

**Mr. Van Mulligen:** — You're inviting the committee to get involved perhaps in a dispute between yourself and the government, and it's something which no decision has been yet taken. I guess I don't understand the way you operate, or your suggestion.

**Mr. Strelloff:** — Mr. Chairman, Mr. Van Mulligen, Mr. Anguish just requested from me, I think, the proposals that our office think are needed . . .

**Mr. Van Mulligen:** — The draft legislation.

**Mr. Chairman:** — No, no. No draft.

**Mr. Muirhead:** — Just proposals.

**Mr. Anguish:** — All I'm asking — I think we agreed — is what changes the Provincial Auditor feels are necessary to fulfil his mandate in the best possible means to serve the members of the legislature.

**Mr. Muirhead:** — And then we can discuss it from there.

**Mr. Van Mulligen:** — Table that for the next meeting.

**Mr. Chairman:** — If something happens that this committee didn't meet again because of elements in the House, then what?

**Mr. Anguish:** — Well at the next meeting . . . and if something happens that the legislature wraps up, I'm sure we're going to have to have an intersessional meeting or two to conclude the work of the committee, and we'd have to work out a schedule. I'd suggest that the Provincial Auditor provide a written text as an information item, as to what changes he feels are necessary and all members of the committee can peruse that and we'll have a discussion.

**Mr. Chairman:** — Could he send them around before the next meeting?

**Mr. Anguish:** — Oh yes. I think that the auditor should feel free to provide that information to us.

**Mr. Muirhead:** — Agreed. Right away.

The committee adjourned at 11 a.m.