

STANDING COMMITTEE ON PUBLIC ACCOUNTS
January 21, 1994

The Chairperson: — We need to deal with four items. Page 201, Department of Social Services, there are a number of recommendations by the . . . or one, I guess, by the auditor and we'll allow him the opportunity to address us on that issue.

Mr. Strelloff: — The issue is still outstanding and it relates to preparing a written contingency plan and testing the plan for the major information systems that the department relies on to function. They also advise that the department is working on this; they're not just ignoring it or something. They are moving towards it but it's still not done. Part of the working towards it is relooking at their contracts with their outside service bureaus.

The Chairperson: — Is this the computer that runs all of their client database?

Mr. Wendel: — Yes, Mr. Chairman.

The Chairperson: — Is it difficult for them to do that, or why does it . . . I can remember this being a part of reports for a long, long time already and I haven't been on the committee for seven years maybe. But that's what I see as a part of what they have had to address all through the years.

Is it difficult to get a plan together and to make it available so that it can be done?

Mr. Wendel: — Well there would certainly be some difficulty to it, but it's something we think is very important, that they do have it, because there's a large risk here if this goes down. I think what they're wanting to do is they have a service bureau that does most of their work and they were wanting to negotiate a new contract with them, and part of that would have this contingency plan in it. That's my understanding of where it's at now.

The Chairperson: — Have they ever told you about what the cost of that would be?

Mr. Wendel: — No, we haven't been advised of that.

Mr. Paton: — Mr. Chairman, my understanding is that the department has been trying to address this over a number of years. It's not an issue that they've been ignoring. Some of the initiatives that they have undertaken haven't been successful in the way of getting the thing organized and getting the funding in place. But I understand it is one of their current priorities. My latest notes indicate that they were looking for funds for the '93-94 budget year, that's the current year. I don't have an update as to whether or not they've got those funds, but they do see it as a priority and are continuing to address it.

The Chairperson: — Okay. Are there any other questions?

Mr. Cline: — Well I just would like to say it certainly is a sensible recommendation. I think it speaks for itself. And we might want to report that we certainly

encourage the department to continue to proceed to comply with the recommendation.

The Chairperson: — Okay. Is that the feeling of the committee? Okay. We'll note that and we'll see that it gets in the report.

The other area is the legislation which deals with the Board of Internal Economy, and that is page 209. There are a number of recommendations there. I think there are three points, I guess, in item no. .15. But we'll ask the auditor's office to go through that with us.

Mr. Strelloff: — Thank you, Mr. Chair, members. My staff had advised me that the recommendations in paragraph .15, that there are now directives in place that cover our recommendations under paragraph .15. The last sentence in that recommendation is something that we are examining now. Given the directives in place, is there a system in place to make sure that the detailed description of the goods and services are being provided? And we're examining that right now. But the substance of the directives . . . or the substance of the recommendations have been handled by directives that are now in place.

Mr. Cline: — I think we should so note in the report, Mr. Chairman, that the recommendation is being complied with.

The Chairperson: — Okay. Any other observations on that one? Okay, then we'll move to the Saskatchewan auto fund, page 213.

Mr. Strelloff: — There are two recommendations in chapter 24. The first one, my understanding is that the Act has now been changed and it does authorize the plan; and that's paragraph .06, that there has been a change now.

And paragraph .13, I don't know whether this has been handled. In our work this year, or this past year, we did not examine the SGI (Saskatchewan Government Insurance) . . . or the Saskatchewan auto fund.

The Chairperson: — So they took a subsidiary company and . . . or they acquired a real estate investment for the fund by taking a loan on the security of a mortgage and . . .

Mr. Strelloff: — We can go through it.

The Chairperson: — Would you mind?

Mr. Strelloff: — Okay, so paragraph .08 says that under the Act SGI must register all its investments of the auto fund in SGI's name, and then in October '85, SGI acquired a real estate investment for the fund by making a loan on the security of a mortgage.

During '91 the mortgager defaulted and then SGI established a new company called 598704. This company holds the title to the property; in our opinion the title to the property must be registered in the name

of SGI because under their Act SGI must register all investments of the fund in SGI's name. So right now the investment is registered under the name 598704 — or at the time of this report.

SGI believes it has the authority to register the property under the name of the new company and we disagree, thinking that it should be registered under the SGI name. And I don't know if it has been changed or whether SGI continues to hold the position they can hold the investment under the numbered company. Gerry, do you have any update on this one at all?

Mr. Kraus: — No, because this is Crown Investments Corporation's responsibility so I really don't have any facts on it at all.

Mr. Cline: — It strikes me as a rather curious situation, but that doesn't mean that it isn't a good thing for SGI to do. But the reason I say it strikes me as curious is because SGI is administering the auto fund which is what we all pay into when we buy our licence plates, which includes our insurance. And in 1985 they're making an investment with part of that fund into real estate. And I believe that . . . and so that raises a question in my mind in terms of, you know, whether that's the appropriate sort of investment for the auto fund. I'm not saying it isn't, but it certainly raises a question.

And then I think in 1991 they invested \$10 million in real estate in Regina, and I wonder about that too. I wish . . . it would be interesting to hear from SGI with respect to the reason for that kind of investment. And also, you know, their rationale for placing the security, the real estate, whatever it is, into the name of a numbered company, presumably a company incorporated under The Business Corporations Act. I guess obviously it would be.

I wouldn't mind hearing more from SGI with respect to this matter. I don't know how other members of the committee feel.

The Chairperson: — I have a question as it relates to that. Does the auto fund have the legal ability to hold real estate as a part of its investment portfolio? Maybe it's a question we should ask them.

Mr. Cline: — Yes, I have to assume that they do. I don't know that they do, but one would think that they would have advice from their own legal department or outside legal advisers but . . .

Mr. Strelloff: — Mr. Wendel says that if they didn't have the authority, we would have noted that.

Mr. Cline: — But it does . . . it seems like something that we might want to inquire into because it certainly arouses my curiosity, especially when I'm aware that they invested \$10 million in real estate in '91. And I'm not saying it's necessarily bad, but it's something that certainly might get our attention.

Mr. Strelloff: — Just a comment. One thing that I find always intriguing is when I see numbered companies.

I always wonder. But that's just a wonder.

Mr. Van Mulligen: — Well that's why they're numbered.

Mr. Strelloff: — To make me wonder?

The Chairperson: — We could leave this as an item that we could deal with under review for the next session that we have. Or do this some time when the session is on and call them in and deal with it, and leave our report open till after that day that we do that.

Mr. Cline: — I think we might want to do that, because just for my own part, I'm not to satisfied to kind of gloss over it; I'd like to hear from them. And I have to apologize to the committee for not raising that earlier because it just . . . we would have called them in this week.

The Chairperson: — Okay. We will note that in our minutes and then we'll deal with it in the early part of the session, I would say, at a meeting. Then that postpones that item.

Saskatchewan Forest Products, page 113 . . . or 215.

Mr. Strelloff: — Chapter 25. The issues that we raise to do with the Sask Forest Products Corporation, remember in the first paragraph they've earned revenues of 23 million and held assets of \$20 million.

The first issue relates to the board meeting regularly to conduct business. And there is a minimum amount of meetings that are required by order in council. My understanding is that that still is not happening and it still is a problem, and that the head office requiring . . . or obtaining an order in council to relocate the head office in Hudson Bay, my understanding is that that has not happened as well.

The Chairperson: — I am awaiting the committee's recommendation regarding these two items.

Mr. Cline: — Has the Provincial Auditor, Mr. Chairman, received any contrary opinion from the Saskatchewan Forest Products Corporation with respect to the necessity of an order in council?

Mr. Strelloff: — Members, no we haven't.

Mr. Cline: — Well I think we should note what the auditor said with respect to paragraph .06 and note the auditor's recommendation with respect to paragraph .09, and that it has not been complied with.

The Chairperson: — And that we would like to see the Saskatchewan Forest Products adopt the recommendation that the auditor has suggested.

Mr. Cline: — Yes.

The Chairperson: — Okay.

Mr. Strelloff: — There are two recommendations there.

The Chairperson: — Yes. That deals with both of them.

There is a second item that deals with chapter 3, item .18. That was tabled to be addressed again today. And the recommendation says:

The Government should record its liability for pension obligations.

And we've had quite an extensive discussion over the last five days regarding pensions. What's the committee's recommendation for . . . or suggestion for a recommendation to the Legislative Assembly?

Mr. Van Mulligen: — Mr. Chairman, just speaking to chapter 3, paragraph .18, I was interested to receive a letter from the auditor, as did all members of the committee in November, which attached an update on recent activities of the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants.

The auditor states in this letter that the update identifies the jurisdictions that now book their unfunded pension liabilities, i.e., British Columbia, Alberta, Newfoundland, and Canada. I'd just like to take a moment to look at that. It is my understanding that B.C. (British Columbia) does in fact book a pension liability of \$445 million as compared to an approximate \$3 billion pension liability in Saskatchewan. So in relative terms his \$445 million is . . . I wouldn't say it was insignificant, but in relative terms is not as significant as the pension liability that we have in Saskatchewan. B.C. does not — does not, Mr. Chairman, let me underline that — does not book a much larger pension liability for its teachers' pension plan in the amount of some \$2.2 billion.

Alberta, is my understanding, will in fact book a pension liability of \$4.8 billion. In relative terms I guess that's a little bit less than what Saskatchewan has, but nevertheless Alberta is booking that liability.

Newfoundland apparently, or as I understand it, booked a liability of \$1.8 billion in their '91-92 *Public Accounts*, but I understand is now reviewing this in terms of their '92-93 *Public Accounts*. So whereas they did book it for the '91-92 *Public Accounts*, I am not clear as to whether this will be booked for the '92-93 *Public Accounts*.

Canada does book their unfunded pension liability. So unreservedly we have Alberta and Canada which book their pension liabilities. To a limited extent and in relative terms, B.C. does to some small amount. And Newfoundland is currently reviewing their decision to have booked these pension liabilities in '91-92.

Manitoba does not book this, Ontario does not book this, Quebec doesn't book this, New Brunswick doesn't book this, Nova Scotia doesn't book this, Prince Edward Island doesn't book this, and Saskatchewan doesn't book this.

I'm concerned that having said that, that members are clear as to how this decision to book an unfunded pension liability will affect the reported deficits of the province. What happens by booking the liability is that, say, that if your liability today is \$3 billion, if next year because of changes in assumptions about the pension plan it is then deemed that the pension liability — whether its because of mortality rates or whatever causes, actuarial fluctuations in pension plans, interest rates too, I suppose — that the next year it is deemed that the unfunded liability is then \$3.5 billion, then the reported deficit for the year would increase by \$500 million.

Now it's not a cash liability as I understand it, but it would increase the reported deficit; that is to say, it doesn't mean that the province is then going to have to borrow an extra . . . or would have had to borrow \$500 million in the year to cover that liability, but that it's a book entry, but does increase the reported deficit for the year.

All of that doesn't necessarily cause me any great concern by itself, if it weren't for the impact that all of that might have on the province's ability to borrow and to borrow money when it needs to at a reasonable rate of interest. Credit rating agencies or at least the serious credit rating agencies are very aware of our unfunded liabilities now and read the notes and know what our situation is. But if we change, as one of the few that were to make this change, it would put us at a disadvantage because there is a tendency to focus on deficit as opposed to an overall picture of a province's finances.

It's not entirely clear to me, and judging from the auditor's own comments when I asked him about this some months ago, there certainly is no unequivocal assurance that to book the unfunded pension liability in the manner suggested by PSAAB and the auditor won't have some negative impact on the province's credit rating or ability to borrow.

I think at this point that anything that confuses people vis-à-vis the province's stated objective to balance the budget, even if this is for accounting changes and accounting purposes only and not because of any decisions made by the province or any reflection of the economy of the province and the like, but if this is just even done for accounting changes, the opinion that I have is that it could potentially hurt Saskatchewan in the financial market-place.

Now this serious credit rating agency won't necessarily affect you, but there are some that I sense are somewhat less than serious. Also those who are in a position to borrow, how will they be impacted by . . . on the day that some two jurisdictions or three jurisdictions are floating bonds at relatively equal interest rates and equal terms and conditions, but having just read a headline from the *Leader-Post* or *The Globe and Mail* that Saskatchewan's balanced budget plan sidetracked by accounting changes, or sidetracked? And I have no control over how the media will choose to report these things, if at all.

But my guess is that because it is some departure from what it is the government planned, even if it's for no reason on the part of government action or anyone else's, that the reported deficit would change, how is news such as that . . . how will that affect the people in the financial market-place on any given day? If Nova Scotia floats exactly the same bond as we do, the same terms and conditions on that day, but having just read that headline, what will that trader do? Where will they purchase?

And I guess that's the concern that I have. And I don't know how to quantify that. I mean I suppose one could quantify and go ahead and do it and see what the impact would be. But in my opinion, at a time that the province's credit rating is now at a BBB, because of the magnitude of the reported . . . or the accumulated deficit and debt that the province has, I really have to question whether this is the appropriate time to book this rather large, unfunded liability.

And having said that, the unfunded liability is reported. I mean it is there in the *Public Accounts*. And it's not as if people don't know about it. I mean there has been a great deal of discussion about this unfunded liability, so the people are generally aware there's a liability. Those who make it their business to study the province's financial affairs to any meaningful extent are aware of it. It's not as if we're hiding this; people are aware of it.

But I really question whether at this point, to book it in the way that the auditor suggests, whether it's really a good time to do it. It seems to me that the province, again given its credit rating and its need to be able to borrow money in a market-place at the same time as other jurisdictions, and at a time that its credit rating is lower than, it's my understanding, than other jurisdictions, according to some credit ratings, and at the low end of the scale with others, I really question whether this is the right time to do it. And whether it might be more advisable for the province to see how it is that the other provinces, no doubt based on the advice that they get from their provincial auditors to do exactly the same, to see how these other provinces that are in somewhat a better financial position, choose to deal with this matter. That would be one concern that I have.

It seems to me also that the province may want to be in a position of having some upgrade in its credit rating, and so that there is some satisfaction on the part of the credit rating agencies just what Saskatchewan's financial position is and that there is no doubt about the province's ability to handle its finances.

Because these things take time to turn around. One does not take a taxpayer-supported debt, which has grown dramatically over a period of nine or ten years, to such a huge extent that it causes the credit rating agencies to lower your credit rating, this is not something that's turned around in a couple years' time. Credit rating agencies want to see some demonstration that the province is actually . . . that the province has the ability to want to recognize that debt

is there and secondly how it proposes to deal with that.

So there may be a better time to book this unfunded liability, but I tell you I would not want to do it at this point and take the chances of whatever implications that might have for the province's ability to borrow. And therefore, Mr. Chairman, I don't have any problem theoretically with the recommendation, but I would certainly want to add to that the words "at an appropriate time".

Mr. McPherson: — Thank you. Mr. Chairman, listening to Mr. Van Mulligen's argument, he came full circle almost twice. What he's saying to us is that, on one hand he's saying that we don't want to book the plans because we don't want the investors to be afraid of investing in the province. And on the other hand he admits that everybody knows what our situation is, those that are investing in the province, those that are lending to the province, and also he admitted that the people of the province knows. So I'm not sure what his argument was. He made a great case on both sides of the fence.

However the job of Public Accounts, as I see it, is to make things more accountable. I think the people of the province are quite able to accept the situation that's before us and put it out front. If we owe them money, why not have it out front if, as Mr. Van Mulligen says, everybody knows it's there any ways?

What is a bigger problem is what we were talking about the other day and that would be whether we reported by law or in the fashion of ad hoc as in SaskPower and SaskTel. That's what we should address, not whether or not we should report it. Of course we should report it. But we should report them all the same.

And when SaskPower can have a difference in their pension plan just in reporting of \$80 million, well why do you want to hide this from the people? Open it up. I mean you're talking the talk that you're opening up government, and you sit here and say you don't want to report it because it's best if the people don't have it in front of them. I can't agree; I think we should report it, and report it in the way the auditor recommended.

Ms. Crofford: — Thank you, Mr. Chair. I'd like to report some of the things that Mr. Van Mulligen said because I do talk a lot to . . . (inaudible) . . . the public. There's huge confusion over even what is deficit as compared to what is debt. And people are now on a very fragile plane where they're waiting to see whether the current deficit that they already know about can be balanced, and I mean obviously it's to some advantage to us to be able to have that picture of the figures not change in any substantial way. But I also think we have a fairly fragile electorate in terms of people's . . . only in the last really two or three years have they really gotten involved in the language of debt and deficit and trying to figure out what all this stuff means.

So as long as it's accounted for, I think that's what's

important. And I don't think it's necessarily important that it be reported in this particular way that's being recommended. I do think it's important that it's there because it is an obligation that we have, but I do think the additional confusion it would cause to include it at this time would make it not the best timing to change the way that it's recorded. And so my opinion would be to leave it the way it is, and that just comes from my experience in talking to people and their grasp of the particular accounting procedures that are used. I think it's to a point where everybody more or less understands where the province is at and the current way it's defined. And it would be nice to leave something just the way it is for a little while until people have enough of a sense of security and confidence that it doesn't throw them for a loop again.

I mean, again when you talk about people in Saskatchewan in the business community just starting to gain a little optimism, just starting to feel like things are improving a bit, it's helping the business community that that optimism is there. To throw people for a loop again by lumping another bunch of deficit into the pile, when in fact it is clearly identified in the accounts as pension liability, I don't think it would be helpful to the overall atmosphere in Saskatchewan, and I don't think we would necessarily find a lot of the business cheering that change at the moment either, accounting principles aside. So that's basically my view on it.

Mr. Van Mulligen: — Mr. Chairman, I just reiterate that what booking the unfunded pension liability will do is change the reported deficit that the province has in its public accounts, and given the tendency for people to focus on deficit, given the lack of certainty we have about how that accounting change will change the treatment of Saskatchewan in the financial market-place . . . But perhaps there are those who are wiser and smarter and more knowledgeable and have more experience in these matters, Mr. Chairman, who would unreservedly say that it will have no impact at all on Saskatchewan's ability to borrow in the market-place, notwithstanding a credit rating that is lower than other provinces and notwithstanding the fact that we make this change at the forefront of other provinces or many other provinces.

But I certainly am not encouraged to make such an unreserved claim, Mr. Chairman, but perhaps there are those who are better schooled in these things that would do so. Certainly the auditor himself wouldn't commit to such an unequivocal assurance, and I would not.

Mr. Cline: — We have had a lot of discussion in this committee before with respect to this issue, and I think there are two basic problems here. The first problem that actually the auditor and others discussed quite extensively earlier this year, is the method by which you actually arrive at a figure to calculate the unfunded liability.

The auditor himself says in paragraph .16 that the unrecorded liability is estimated to be \$3 billion. Now problem number one is if you want to put a number on

the unfunded pension liability in a financial statement, I think there's some controversy — well you couldn't put an exact number on it — and that there's some controversy as to the manner in which you calculate the amount of the liability because the liability relates to obligations that are going to accrue over the next how many years.

We heard the other day that in the case of the teachers' pension plan, that I believe it was over the next 35 years, that new liabilities might be taken on. I forget the details but certainly the liabilities would become due over the next three decades, I think the witness said.

That's the first problem. So how exactly do you do it? And there is not universal agreement on that, I think, based upon discussions we had earlier in the year.

The second problem, which is also, I think, a very practical problem, is that it seems to me that there should be consistency as between the various governments in Canada in terms of how they arrive at their bottom line, how they arrive at an estimation of their accumulated debt.

It doesn't make sense to me that you should have one province doing it in a certain way; and you've got one province reporting some of its unfunded pension liability but not all of it; most of them recording none of it; and another province reporting its finances in a completely different way. I mean to me that makes no sense whatsoever when the bond rating agencies should be able to look at the provinces of Canada and compare apples to apples instead of comparing apples to oranges.

And it would seem to me that what would make more sense than Saskatchewan proceeding in a certain way all by its lonesome, would be for the provinces to get together and the federal government and to come to some kind of national agreement to record these liabilities, once there's consensus on how you calculate the amount of the liability, in a consistent manner. I mean to me that is just simple common sense.

So I am in agreement with what Mr. Van Mulligen says, that yes this issue should be dealt with, but it should be dealt with at an appropriate time. And what is an appropriate time? An appropriate time is when, number one, everybody agrees on how you calculate the unfunded liability. That's basic. And, number two, everybody agrees to do it the same way. Anyway to me that makes good common sense.

And I agree with what Mr. Van Mulligen says, that the recommendation is fine, but until such time as there is consensus on the issue in the province and among the provinces, I think it makes sense to say, at an appropriate time and have those issues properly dealt with.

The Chairperson: — I have no more on the speaking list, so I'll raise a point or two that I think are important to address.

The question that I have: does the auditor have a choice but to address the unfunded liability? Does he have a choice? And I would say, no he does not. If he is placing the financial position before the people of the province and the Legislative Assembly, I believe he doesn't have a choice. He has to put it there, and I think he ought to. He ought to have the guarantee of the province placed before the Legislative Assembly in a report that he provides. I don't think he has a choice. And I don't even think under his Act that he has a choice but to report it. That's point number one.

The second point is that as I listened in Toronto to the representative from Standard and Poor's talking to us about the methods that they use in rating governments, rating Crown corporations, rating various business corporations, all of these things are taken into consideration. They're never, ever excluded from the considerations given. And that's not my words; that was the representative of Standard and Poor's.

If you misrepresent that to them, then I look at it in this way. I had a constituent of mine, while I was minister responsible for Ag Credit Corporation, went to get a loan for \$2,500 for hogs. And when he was asked to provide his credit position, neglected to put a \$4,000 overrun on his credit card down as a part of the credit that he had outstanding. And he was refused his application. And he never got that \$2,500 and he kept complaining to me about fighting in the Second World War and doing all those kinds of things, but he never got it. And subsequently he never voted for me after that either.

However that is a part of what this is all about. Are these people going to believe you if you only tell them a part of what is there? Lay out all of it, and have the credit be what it is supposed to be. That's what I would say that we need to do.

And I'd say that acknowledging the debt on the part of the auditor is not really what this discussion is all about. I don't think he has a choice. Acknowledging the debt as a part of the Legislative Assembly, I think we have acknowledged it to some extent but we haven't grappled with it entirely. And I'm not sure that . . . well I am sure that we should. And I believe that.

People understand today more than ever what the implications of borrowing are. So having said those few things, I believe that it should be — the criteria should be — established for the relevance of the pension plans in relation to each other in the province of Saskatchewan.

And what other provinces do really is probably their business, not mine. And why say that . . . if we would have said that in health care in the sixties, we wouldn't have been anywhere in health care. We've got a whole lot of things that Saskatchewan people have done through the years that have been leaders. And I think, why not do it again?

Personally I believe, as I said right at the start, I don't

think the auditor has a choice, and I believe that he should be doing it. If he is accurately reflecting what I believe his responsibility is, it's to tell the people exactly what's there and what isn't there. And that's what I believe.

Mr. Cline: — Well just so there's not misunderstanding, I don't disagree that the auditor may have no choice but to report it. And the auditor does report it in his calculation of the position that the province is in. I mean there's no question about that.

With respect to the criteria that is used, you yourself, Mr. Chairman, said that, you know, you had to develop a criteria to arrive at an appropriate figure. And to me that goes into what Mr. Van Mulligen was saying about working toward this and doing it at an appropriate time. But I just think it should be done in a proper way.

And I also, I don't disagree that the bond rating agencies are aware that there's an unfunded pension liability; I mean they of course are, as Mr. Van Mulligen also said. I mean that is certainly true, and the role of the Provincial Auditor is clear. But the question is, I think, how you properly arrive at a balance sheet for the province of Saskatchewan and how that financial statement ought to be prepared. And I disagree with you that there shouldn't be nationally accepted standards with respect to the preparation of the balance sheet. I think there should be some consistency in terms of the way the governments put these statements together.

Mr. Sonntag: — Just very briefly, with all due respect to your comments, I think there's a huge difference in the analogy that you made, first of all in the case that you used, your client who misrepresented himself, in our case when the province is not at all. I mean I looked through all the auditor's reports and I see everywhere that there is an approximated or estimated \$3 billion liability and there was nothing being hidden at all. I think the whole issue is simply a matter of how it's recorded. And I'll leave it at that; that's the only point that I wanted to make. There's nothing being hidden by the province at all on this issue.

Mr. Van Mulligen: — I'd like to, if I could, in terms of the recommendation, is that the committee would want to add the words: at an appropriate time.

Mr. Goohsen: — Thank you, Mr. Chairman. I sat here this morning and I have to share with you the first thought that I had when I listened to the discussion, whether it be right or wrong, but I thought, how the worm turns.

Just a few months back — a year back, in that period — the Premier of our province did everything in his power to convince everybody in this province that we had to have absolute, total accountability, that we had to pile the pension liability as high as it ever could possibly be so that we could be prepared to pay it off; we had to pile up all of the loan guarantees that were ever made that might possibly ever have to be paid off.

And right or wrong, we came up with a tremendously high figure.

In his wisdom he did everything possible to get this information to the general public by manipulating and using the media in every possible way to get that message out. I don't know if that's good economics or just good politics at that time that he was considering, but the reality is that's what happened and it happened because it was orchestrated and driven by the government. The news media did not pick up on this issue by themselves; they picked up on it because it was driven.

Now it seems to me that all of a sudden it has become politically expedient that the debt must in perception fall in order for this government not to fall in the next election. And so now we have the same people arguing that the deficit and the debt are different. Good point, because it has always been that. But suddenly you are the people who are espousing this great, phenomenal philosophy. It's not so phenomenal and it's not so great because a lot of folks had it figured out before.

But I say that as far as your BBB rating and using that for the excuse, using that for the excuse not to do what you set out saying was right, is in itself wrong because the creditors in this world are not so stupid that they won't know what your unfunded liabilities are. They could probably give you a figure closer to what it really is than anybody else, whether it be 3 billion or 5 or 2. And that's the point we have to make here.

The auditor has said he wants to have this thing checked out with the best-guess estimate, and of course that's the best you're ever going to get in this situation, but nobody has ever done that, that I can see. All I see is people throwing around a figure of \$3 billion that I haven't really seen any particular amount of research go into, that proves that this is really a best guess. It could be 2.9, it could be 3.1, it might be 5; I don't know.

Now maybe I've missed something here. And I hope if I have that somebody will clear that part up. But it looks to me like the creditors are the only ones that really know what our debt is or isn't.

As far as being consistent with other jurisdictions, I do agree with that philosophy. In that one thing all of us, I think, must agree that we cannot be an entity unto ourselves, especially in the financial world. We have to be consistent not only in the way that we come up with our recording and reporting, we also have to be consistent in all other jurisdictions of government because we cannot be an island in the middle of the country by ourselves. We have to consider what other people are doing and not be too far out of tune with them.

I just want to say, in wrapping my little thing up here, is that I was very much impressed with the work done in this committee over the past week. It is the first time that I've been a participant in this committee work in Public Accounts, and I was very much impressed with

the good that I think it can do and the sensible and reasonable way that all of you conducted yourselves. And, Mr. Chairman, I compliment you particularly.

Thank you.

Mr. McPherson: — Thank you, Mr. Chairman. I agree with your remarks earlier that the Provincial Auditor has a role to fulfil on behalf of the people of the province and not the New Democratic government.

What he's asking us is that we allow him the ability to report the true debt of the province. Mr. Van Mulligen of course makes an argument that we should hide it as the people can't handle it, but then maybe later make it public at an appropriate time; I take that to be after an election. Mr. Cline wants the true debt of the province to be hidden; he made that quite clear.

And I feel strongly that our position is correct and in line with what the auditor has been asking, is that we do report the actual debt of the province and follow the Gass Commission recommendations, the Financial Management Review Commission, that all debt to the province be recorded, and that we should record it in a fashion that all departments record it in the same manner.

I also noted that other provinces . . . Mr. Cline notes that we shouldn't act until all other provinces are synonymous. However I hear from the auditor that there are a few provinces that do report their unfunded liabilities. Did I hear that correctly? So somehow other provinces can come up with a bottom line, but we can't. Somehow other provinces can have a way to deal with their gaming issues, but we can't. I don't agree with that.

Mr. Chairman, I want to wrap up my comments by moving a motion that . . . Can I have motion paper? And I will write it out before I give the verbal.

Mr. Van Mulligen: — Mr. Chairman, don't we have a motion before us, or something?

Mr. Vaive: — What we have before us is the auditor's recommendation. It stands in the report. Has anyone moved that it be adopted?

A Member: — No.

Mr. Van Mulligen: — I think that's . . .

Mr. Vaive: — But has it been formally moved to that effect? The last official intervention of the committee on it was that it be tabled, which was in October. And now the committee is, you know . . . the recommendation was tabled.

Mr. Van Mulligen: — Well then the appropriate thing would be to . . .

Mr. Vaive: — . . . just to move that it be adopted or to move that the government should record the pension liability obligations. And that would be . . .

Mr. Van Mulligen: — I would then, Mr. Chairman, that . . .

The Chairperson: — I have Mr. McPherson on the . . . (inaudible interjection) . . . He said he was.

Mr. McPherson: — Mr. Chairman, I would like the motion to read in this way:

That we accept the recommendation of the Provincial Auditor, the Canadian Institute of Chartered Accountants, and the recommendations of the Financial Management Review Commission that the provincial Government of Saskatchewan record the liability for pension obligations and that this reporting be consistent across all government departments, agencies, and Crowns.

I so move.

The Chairperson: — Do you wish to speak to that?

Mr. McPherson: — No, I think it's quite clear.

Mr. Van Mulligen: — Could you just read that one more time?

The Chairperson: — If you write it out, Mr. McPherson, then I will read it to the . . .

Would you read it, Mr. McPherson. Because if you . . . what I need to do is have you read it, because if you've changed a couple of words in there, then this is the official document and that will go on the record. And then I will read it after that.

Mr. McPherson: — All right. Mr. Chairman, the motion reads as this:

That this Public Accounts Committee accept the recommendations of the Provincial Auditor, the Canadian Institute of Chartered Accountants, and the Financial Management Review Commission, that the provincial Government of Saskatchewan record the liability for pension obligations and that this reporting be consistent across all government departments, agencies, and Crowns.

The Chairperson: — I have a motion.

Mr. Van Mulligen: — Mr. Chairman, I don't know what the point of the exercise was when the motion differs in no respect from what's in paragraph .18, except to add a preamble that I mean is part of the report already. I just . . . I don't know what the purpose of the motion is, but it doesn't differ in any fundamental respects from that. And again we don't have any problem with the recommendation of the auditor. It's just a question of what's an appropriate time. And so, as we would have done with that, I guess in this case we would move an amendment, that we add the words:

and that the government do so at an appropriate time.

Can I have the main motion itself?

The Chairperson: — Yes, you may.

Mr. Van Mulligen: — Mr. Chairman, the amendment would just read, that to add the words:

but that the government do so at an appropriate time.

I don't think we need any further discussion; we've gone through that, I don't think there is any sense on our part that we don't agree that ultimately that that's what should be done. Or perhaps ought to have been done earlier, Mr. Chairman, when the province's credit rating and ability to borrow was much less implicated than it seems to be these days. And if perhaps there might be a better time in a few years time to do so, but I wouldn't want to go out on a limb and do it today.

Mr. McPherson: — Yes, I would like to just speak to Mr. Van Mulligen's comments. I think — and I believe the Provincial Auditor believes this and the people of the province believe this — that the appropriate time is now. So I think in the eyes of everyone except the members opposite that this should be brought forward immediately.

Mr. Van Mulligen: — Mr. Chairman, at an earlier meeting I asked the Provincial Auditor, would he give this committee his unequivocal assurance — based on his knowledge of how the credit rating agencies work and how the financial markets work — would he give us his unequivocal assurance that this recommendation, if acted upon now, would not in any way implicate the province's ability to borrow. And his answer was, never say never. Now it's heartening to know that there are other members of this committee that would give us that unequivocal assurance. He wouldn't, many others wouldn't, I certainly wouldn't. And that's the reason for the amendment. Question.

The Chairperson: — The question before the committee is the amendment to the motion and that amendment says:

but that the government do so at an appropriate time.

The question before the committee is, all those in favour?

A Member: — Of the amendment?

The Chairperson: — Of the amendment, yes. Those opposed? It's carried.

And now the motion as amended:

That this Public Accounts Committee accept the recommendations of the Provincial

Auditor, the Canadian Institute of Chartered Accountants, and the Financial Management Review Commission, that the provincial Government of Saskatchewan record the liability for pension obligations, and that this reporting be consistent across all government departments, agencies, and Crowns, but that the government do so at an appropriate time.

The question before the committee is the motion as amended. All those in favour? Those opposed? It's carried.

I guess that is the recommendation of the committee, as I would take it, under point no. 18, that that is the way the committee views that point. So having said that, that takes care of point no. 18. We can't discuss it any longer so we won't.

There's one other item that . . . there were probably two that we should talk about some, and one of them is this. Some members had suggested that a committee consider the reporting relationship of northern enterprise fund incorporated and their accountability to the Legislative Assembly, items 27, 76, page 230. And that was to do with NEFI (northern enterprise fund incorporated) . . . (inaudible interjection) . . . There was some question in the discussion we had that there was not really an adequate accountability. No, I shouldn't put it that way. There was not really an accountability conducted between the Legislative Assembly and NEFI, and is the committee of the view that there should be? Is the committee of the view that they should come before this Public Accounts Committee? Which could be arranged as well. I guess maybe we need some discussion on that to finalize that. Item 76, page 230.

Mr. Van Mulligen: — The question was whether the financial statements should be tabled with the Legislative Assembly?

The Chairperson: — Yes.

Mr. Cline: — Well I don't have any problem with financial statements being tabled with the Legislative Assembly. But my question was — I was thinking about this the other day when it came up — what is the . . . I wouldn't mind getting an opinion possibly from the legislative Law Clerk because I was thinking, if there's no provision for somebody to table a document before the Legislative Assembly, then what is the legal position in that regard?

I mean there's a difference between circulating a report to members of the legislature, which I think the witness said the other day they were doing with NEFI's financial statement, and actually tabling something with the legislature. And I'm not clear on what the protocol and procedure would be and what the legal position would be and whether we can say that somebody should just table something with the legislature. Perhaps the Clerk will know.

The Chairperson: — If the Clerk would phone Mr. Cosman and have him come down. We could deal

with the other item that we have and then he can visit with us about it and we can spend a few minutes today about it and then maybe reach a conclusion.

Mr. Cline: — Yes, I don't see why not. If the Clerk, you know, feels that he doesn't necessarily know the answer and the Law Clerk could assist us. It is a question that I have about . . .

Mr. Vaive: — Just one point — I'll see if the Law Clerk's available as well — one point is that I do know that, short of a statutory obligation, ministers do have the power or the possibility of tabling any document, you know, be they official departmental documents or correspondence and so forth. And therefore that power resides with the minister to table such documents at any time.

Mr. Cline: — Well it that's the answer then, I mean that's sufficient for my purposes. I don't know if we need to hear from the Law Clerk. If the minister can table the financial statement and it's a public fund of some type — although I think the witness the other day qualified that somehow but I can't give the details — for my part I don't see what the problem is simply asking that this statement be tabled with the Legislative Assembly.

The Chairperson: — Do you want to speak with Mr. Cosman?

Mr. Cline: — Personally, I'm satisfied with the Clerk's explanation.

The Chairperson: — Okay. Then we'll follow with that kind of a recommendation, assuming that it's the consensus of the committee to do that that way. Do I hear any reference otherwise?

Mr. McPherson: — I find this somewhat confusing, Mr. Chairman, because the question you put to us was, one, are we going to ask the members who are in control of NEFI — the three members — are we going to ask them to appear before Public Accounts? That was the question. The tabling of documents with the legislature was yet another issue in that.

And as I recall, the other day when I moved the motion in effect to have the document tabled through SaskPower because NEFI is a subsidiary of SaskPower . . . Page 16 of the northern enterprise fund financial document, The Business Corporations Act of Saskatchewan, as a subsidiary of SaskPower, it says it right in their financial document. But the members opposite voted that motion down.

Their argument when doing so was that it would be best that we call before Public Accounts Committee the three members of NEFI. And I think if Mr. Van Mulligen and Mr. Cline look back through *Hansard* they will see that they made that argument. I thought that would suffice. Hopefully at some point we do get it tabled in the legislature, But there's two issues here and now I hear them talking on the other side of the issue. Are we going to have the members of NEFI before us or not?

Mr. Cline: — We did have one of the members here, Mr. Kram, who is a member of NEFI. I mean if any member of this committee wants to have somebody called before the committee then have them called before the committee.

Mr. McPherson: — That's what . . . (inaudible) . . . was asking.

The Chairperson: — I think we can do both. They're not contradictory. And I await the discretion of the committee in that. If it's the committee's discretion that under the information that we have that the minister can table any kind of a letter, document and I believe that that's accurate — then he has the freedom to do that at any point in time.

Mr. Cline: — Sure.

The Chairperson: — We can make that as part of the recommendation. The second point that we can do is we can call . . . because we have some questions with SGI before we make our final report — we have some questions of SGI — we can call the witnesses before the committee to deal with that. And if the committee is prepared to do that, I'm prepared to ask the Clerk to arrange a time when that can be done sometime during the time when we're sitting.

Mr. McPherson: — I believe that's exactly what to do. . . (inaudible) . . . Mr. Chairman. I agree.

The Chairperson: — I don't know whether . . . Mr. Van Mulligen, yes.

Mr. Van Mulligen: — I just want to get this clear. We had here the director for NEFI, who is also an employee of SaskPower, to answer questions that we had in the auditor's report concerning this organization, and he answered questions that were put to him about, you know, what the auditor had to say and also answered some other questions. I am not entirely clear now, having dismissed that witness, why we'd want to call him here again. Now maybe there's a good reason; I'm not clear here why we want to do that.

Mr. McPherson: — Mr. Chairman, while that witness was in the room, I believe it was Mr. Van Mulligen that put forward the argument that we should have the three members come before the committee.

Mr. Van Mulligen: — No.

Mr. McPherson: — Well you did.

Mr. Van Mulligen: — No.

Mr. Cline: — But, Mr. Chairman, if there was some questions that Mr. McPherson wanted to ask that he neglected to ask for some reason or was unable to ask, I have absolutely no objection at a future time, you know, to someone . . . for Mr. McPherson or someone from his party having witnesses before the committee to ask further questions. As far as I'm concerned, if

there are questions that should be asked, we should accommodate that kind of request.

Mr. Van Mulligen: — Mr. Chairman, I'm just going to declare for the record: I have no further questions to ask of NEFI. I had the opportunity earlier this week to do so. I have no further questions to ask at this point. Should it transpire that in a year's time that I want to put questions to NEFI, then certainly the committee should have the right to call whoever it wants in the province of Saskatchewan before it. But I have no interest in calling NEFI at this point and I don't think I made any argument that the answers that you gave me today aren't satisfactory and therefore I want all your three directors here. I mean, what is . . .

A Member: — I think the Liberals have some questions.

Mr. Van Mulligen: — Well if they have questions that weren't addressed at that point, then by all means let's call them before the committee to see what questions they have.

Mr. McPherson: — Mr. Chairman, perhaps I misunderstood Mr. Van Mulligen the other day. So the point is yes, I do have some questions, Mr. Chairman, and I would like to have NEFI before the committee.

The Chairperson: — I take it then that there is agreement; not consensus necessarily about the perspective of calling them in, but the committee is in agreement that there is a legitimate reason to have him appear before the committee. And so I will ask Mr. Vaive to put together an opportunity sometime after the session is back in and we'll have a meeting to discuss that at that point in time.

I guess the question I have — it's only one, and I don't want to muddy the issue — is one member of that committee sufficient, or is it going to be your desire to have all three of them there?

Mr. McPherson: — It was my understanding . . . My desire would be to have all three, because I don't know if just one member is familiar with all aspects. So three would be preferable to myself.

The Chairperson: — Okay.

Mr. Van Mulligen: — Mr. Chairman, when we ask some agency or group to appear before us, we ask that group to send their officials who can speak on their behalf and answer the questions. We don't say to a deputy minister, you should bring this person, that person, this person, and that person. We leave it up to the deputy minister to determine who he wants to bring with him to answer the questions.

Now if members feel that it is imperative that in addition to simply calling the agency and having that agency put before the committee those people that can answer for it, that in fact they want to be specific about the people that should be brought before us, then I'd like to hear an explanation of that.

And I assume then that we are asking for specific individuals to appear before the committee. And if that's the case, then normally we make a case as to why certain individuals as opposed to agencies should be called before us. And there have been cases in the committee's past where we have asked for specific individuals as opposed to a group or an agency to appear before us because we wanted to ask those individuals specific questions. No doubt about that.

But I'm not clear on this case, or it hasn't been explained to me why it is that we want specific individuals to appear here as opposed to saying to NEFI, we want you to appear here and whoever it is that is authorized to speak on your behalf.

The Chairperson: — I believe there are three members of the board.

Mr. Van Mulligen: — Yes.

The Chairperson: — So Mr. McPherson . . .

Mr. McPherson: — Pardon me, I missed your . . .

The Chairperson: — There are three members on the board of NEFI. And I'm waiting the discussion . . . and you were next on my list. If you want to contribute to the discussion, you go right ahead.

Mr. McPherson: — Well I think it's only fair that the three members of NEFI appear before the board. And I guess the argument that I could put forward is that we haven't dealt with their financial record, statement. And this is taxes we're talking about. This money was raised from the people of the province . . . Are you on the speaking list, Mr. Cline?

Mr. Cline: — No. No, carry on.

Mr. McPherson: — Good, good. This money that is in this financial statement is raised through taxation and I think it's only fair that Public Accounts Committee deal with it. The fact of the matter is, is that NEFI has dealings with the northern economic development revolving fund which I take note — and I don't know where I saw this this morning . . . but the Provincial Auditor has noted that the financial statement for '91-92 from the northern economic development revolving fund has not been printed. It's not coming before the legislature, which means it's not coming until '92-93 which puts us two years behind. I think there's just too much meshing of the two. In fact we don't have any reporting of financial statements for any of the economic development in northern Saskatchewan. That's what you're saying.

And I disagree that we should allow that to go on. I think we should have the three members here. I don't believe I'm being unrealistic at all. We never made an issue of the fact that the financial statement for the revolving fund did not come before us, so I think it's only fair that we get on with this.

Thank you, Mr. Chairman.

Mr. Van Mulligen: — Mr. Chairman, this committee agreed some time ago as to its orders of reference and terms of reference and to how it is that we would operate. Among other things we agreed as to how it is that we would treat witnesses and which witnesses we would call before the committee. And we agreed that deputy ministers and senior officials are called before the committee with respect to their administrative duties and implementation of activities. Ministers should only be invited to the committee when public servants cannot provide answers or when ministers have been personally involved with the decisions under examination.

So it goes that when we invite Saskatchewan Power Corporation before the committee, we don't have the whole board of Saskatchewan Power Corporation come before the committee. So it goes that when we invite, or were we to invite Saskatchewan auto fund, we don't invite the whole board of the Saskatchewan auto fund before us. So it goes that when we invited Mr. Black, or we invited the Investment Corporation of Saskatchewan appear before the committee, we didn't invite all the boards, neither did we expect all of the board of the Investment Corporation to appear before us. No, they designated an official to speak on their behalf.

And when we, Mr. Chairman, asked that the Saskatchewan Water Corporation appear before us, we had the officials here from the Water Corporation to speak on their behalf and to provide explanations of things. We didn't have the board — if there is a board of Saskatchewan Water Corporation — appear before us. So it goes, Mr. Chairman. We have had SaskTel appear before us and I recall that when SaskTel was here, it was the officials of SaskTel that appeared before us.

So I am mighty curious to know why, in this particular case, we would have the whole board before us as opposed to simply saying, we want someone to speak on your behalf and to be able to provide answers to questions that we have, as opposed to putting on this rider that all the members of that board appear before this committee. Because to my mind that's contrary to the treatment that we accord other boards that appear before us.

And I want to know why it is in this specific case putting aside questions that there's taxpayers' dollars involved because there's taxpayers' dollars involved in all these boards, Mr. Chairman, which is why we call their officials before us — I want to know in this specific case why it is that all specific individuals have to be called before this committee as opposed to the common practice that we have, which is to extend an invitation to the agency in question and they designate the appropriate official to attend at this committee and to answer our questions. That hasn't been answered.

Mr. McPherson: — Mr. Chairperson, I was of the understanding that I had the right to call witnesses before this Public Accounts Committee. That's all I'm

doing.

Now to follow up on Mr. Van Mulligen's argument that I'm calling before us the board, I'm not. The board of SaskPower nominates three members to handle the NEFI, the fund. I'm not asking that the SaskPower board appear before us, Mr. Van Mulligen; I'm asking that the three members that control the finances of NEFI appear before us. I don't see what the problem is, but it's definitely a great concern to Mr. Van Mulligen and I don't know why. I'm just exercising my right.

Mr. Serby: — Mr. Chairman, it's my understanding, as Mr. Van Mulligen has outlined it, that in the past it's been the practice of this committee, at least over the period of time that I've sat on it, that it remains the discretion of the department to send whichever officials they choose to answer the questions of the committee.

Now I've also been on this committee during a period of time where there were particular issues that this committee wanted answered and asked specifically for individuals to appear before us, so that we might ask them those specific issues that were pertinent to clearing up an issue.

Now if Mr. McPherson is suggesting here that he needs to have all three of these individuals here, based on particular information that he wishes to have that haven't been answered by the person that was here, I don't particularly have a problem with that. But I certainly would like to know why it is that he would want all three. Is the suggestion that he's making here is that the information that was provided by the person that was here is incomplete or was incomplete on his behalf, or is he suggesting that the information that was provided to this committee was inaccurate?

And certainly, in my knowledge of sitting on this committee, those two issues were in question when we asked an individual to appear before us. But in preparing that individual to be here, we also requested from that particular department, in writing, the issues that we wanted before the committee presented.

Now if Mr. McPherson is prepared to put in writing the issues that he has that exemplify that the information that he was asking was either incomplete or inaccurate and then makes a request to have all three of the board members here or the three officials here, I don't have a significant problem with that. But it is, in my opinion, moving away from the practice of the committee, and that I have a concern with, Mr. Chairman. Because this committee, in the longevity that I've been a part of it, has set out a fairly specific and rigorous process in terms of how in fact we would be managing it; and if we're departing from that process, then certainly I would be interested in us having a discussion as to why it is that we're moving away from it.

Mr. McPherson: — Mr. Chair, unlike the members opposite, I'm more than willing to do whatever they would wish of me. If they would like this to be in

writing, I could give that in writing. I don't mind cooperating to my fullest. Because I think it's quite clear, the issues that we want to deal with. I don't remember verbatim what the fellow that was here the other day answering some of the questions on NEFI responded to, but I don't believe he was able to answer all of the questions we had. In fact we didn't have a financial report.

And as I recall, he made the statement that the three members of NEFI are under no obligation to report to anyone. They don't have to report to the SaskPower board, nor do they. So I have no need to talk to the SaskPower board; they haven't been reported to. However I don't recall us ever having one member of a financial group appear before us. I'm not being unrealistic by asking that the three members appear before us to deal with the financial statement that we are discussing — the '91-92 financial statement of NEFI.

It's no more complicated than that, but I could write that out, if you would wish me to write that out. Whatever you feel I can do to help you, I will do it.

Mr. Cline: — Well in the interests of time, since Mr. McPherson says that he's willing to write out the questions that he wishes to ask, and since Mr. Serby and Mr. Van Mulligen have made the point that according to the rules of the committee we really ought to consider those before we decide whether we need to have the entire board of NEFI appear, it would seem to me that the most sensible way to proceed would be for Mr. McPherson to prepare those questions and put them before the committee.

And the session will be on soon and we'll be meeting, and then a request can be made to the committee to consider those questions and then to deal with the issue of how many witnesses should be brought in and whether that should be left in the discretion of the department, or NEFI, or whether the committee should specify who needs to be here to answer these questions.

So since Mr. McPherson is willing to cooperate in that regard, I would suggest that we simply leave the matter until we meet again. And in the meantime, Mr. McPherson can prepare his questions so that we can look at them and assess the situation accordingly.

Ms. Crofford: — Well I'm just going back to point. 48 and trying to remember the discussion that we had about this whole thing. And I'm just wondering if anybody can remind me what the outcome of that was. Is NEFI, or is it not, still affiliated with SaskPower Corporation? Or is it a totally independent . . .

The Chairperson: — It's subject to interpretation whether it's attached or unattached. And SaskPower Corporation believe it's not attached and the auditors office believes that it is. Because . . . well I won't speak for him, but there are a number of areas where it is attached. The funds come from SaskPower Corporation. The control of the monies is by officials of SaskPower who are appointed on a board, and then

that's some of the connections. And if the auditor wants to elaborate on that, he can feel free to do that. But there are some attachments you might say.

Ms. Crofford: — I apologize for asking. I put a few notes on the . . .

Mr. Streliaff: — Mr. Chair, members. Mr. McPherson has read something from the annual report of NEFI that was quite relevant to whether they're attached or not. And I think what you said is that NEFI, in their annual report, says they are subsidiary of the SaskPower Corporation.

The Chairperson: — I have a speaking list. Mr. Van Mulligen is next.

Mr. Van Mulligen: — Mr. Chairman, just to make it very clear, if the committee wants to call NEFI, then we should do that. I have no problem if some member feels that he has to put questions to NEFI, that they should then be called before the committee at an appropriate opportunity.

But if the committee feels that designated people should be here, specific individuals have to be called before the committee, as distinct from our normal practice when those senior officials who are deemed by the agency in question to be able to speak for the committee and to answer the questions, then I think that a case has to be made and we should discuss that as to why that should be done and why we should depart from our normal practice.

Mr. Serby: — Mr. Chairman, my comments would be redundant. They basically were going to say what Mr. Cline has already indicated, and that's getting the written questions from Mr. McPherson and then proceeding on the route that Mr. Cline has suggested.

Mr. McPherson: — Mr. Chairman, what I really do want is to have someone who is accountable for NEFI to appear before the committee. If — I'm not going to debate this ad nauseam with the members opposite — for some reason which is unbeknownst to me, they're trying to protect something which I don't know what.

A Member: — The rules and procedures.

Mr. McPherson: — And in fact the three members are but financial comptrollers of NEFI and if they feel we shouldn't have them here, then I'm at the mercy of the committee.

However, I feel that I'm just requesting that the members of NEFI be here. I can't make it more clear than that. I want them here to answer questions regarding the financial statements in a general way. What is the problem with that?

The Chairperson: — There are two points that need to be concluded here. And one is that I think I have agreement from the committee to call NEFI before the committee — point number one. Point number two, that if Mr. McPherson has questions that he wants to

put to other members of the board that . . . or the representatives of NEFI that are in addition to whoever they send, then he should have the questions given to the Clerk's office and I will distribute them to the members and at our first subsequent meeting we will discuss that.

Is that in agreement with you, Mr. McPherson, and the committee? No, I shouldn't have put it that way. Is that in agreement from the committee?

Mr. Serby: — Well I guess my comment to your summary on that, Mr. Chairman, is that in advance of having the members of the committee arrive here, I think it would be prudent on the part of this committee and Mr. McPherson to provide the questions to ensure that the people who are arriving here would be able to address the issues that they weren't able to address at their last meeting with us. So that would just be my only condition to it.

Mr. McPherson: — Thank you, Mr. Chairman. At no point did I ever say that I was to write out specific questions. My question, I guess, is to the Law Clerk: has there ever been a situation where one of the members of the Public Accounts Committee had to write out every specific question before we could have agreement to bringing in members to deal with a financial statement?

Mr. Vaive: — Mr. Chair, in answer to Mr. McPherson's question, that really is . . . there's no procedural parliamentary rules that oblige a member to do so. And if it has been done in the past, it would be by committee decision and consensus of the committee to — and agreement of the individual member — to agree to prepare a list of questions and to distribute them ahead of time to the committee in order to decide whether a particular group or individual should be invited.

Mr. Van Mulligen: — Mr. Chairman, the committee operates on the basis that members should be allowed to ask such questions as they feel are appropriate. Members should be allowed to ask such witnesses to appear before the committee as they feel are necessary. And I might say that that's what happened in the case of the hearings this week, Mr. Chairman, that whatever agencies you wanted called or any member wanted called before the committee appeared here. And this wasn't done because the committee agreed that by vote or formal vote, that this was necessary. We take the point of view that that should simply happen.

But if a member, in asking questions, steps outside of the terms of reference of the committee, that is to say, for example, if a member wanted to pursue a line of inquiry with witnesses that had nothing to do with our terms of reference or were outside of our terms of reference, then it's incumbent upon the committee to look at that and to decide whether in fact the committee wanted to depart from its terms of reference. Likewise if a member wants to step outside what is the normal practice for calling witnesses before the committee, then it seems to me that should

then be a committee decision to do that, not an individual decision to do that.

And again if Mr. McPherson simply says, I want NEFI called before the committee, then I don't think there's any question. But if Mr. McPherson says no, I want specific individuals here, then I think a case has to be made why that's necessary as opposed to taking the position, as we do with all others, that the senior official designated by that agency appear before the committee.

Mr. Chairman, when you and the vice-chair sat down to say, you know, we want witnesses to appear before the committee to deal with the Department of Highways, or this department or that department or that agency, you say to the Clerk, get those departments before us. You don't say to the Clerk, and while you're having the Department of Highways, I want you to make sure that you've got the district engineer for the Swift Current district, or we want you to have the head maintenance guy for the Regina shop here, or we want you to have this person or that person.

You didn't say to the Clerk, when you call SaskPower before us, you know, because of the questions that are raised about SaskPower we want to have . . . I want you in addition to whatever officials they designate, we want you to have the board of SaskPower here. You don't say to the Clerk, in addition to the officials I want the minister here for that particular department — no. You simply say to the Clerk, you know, we want that department to appear before us.

And if the instruction is to the Clerk, the request is to the Clerk that NEFI appear before the committee, then it's done. But it should be up to NEFI to determine who it is that can most appropriately and best speak for them.

But if the committee feels that it wants to be specific about who it is that should appear before us from that organization, then the committee should make that decision.

Mr. Serby: — Mr. Chairman, I recognize the amount of time that we've spent on this issue, and I speak to it only again only from the point of view that I think we're departing from procedure and recognized process that this committee's establishing, and that is the calling of people specifically unless we have issue with questions that haven't been answered.

Now it isn't that this committee hasn't requested in the past through questions, written questions, to departments or agencies to provide us with specific questions. In fact that was our common practice through most of last year, where we in fact provided a written set of questions for the departments prior to them arriving here, to expedite the process and to ensure that the information that we were looking for would be provided to the best interests of the committee in a factual way that we could understand the situation that each of those departments were in. We made those requests last year and they were done

right. So to make the statement, I think, Mr. Chairman, that we haven't asked in the past for written questions from departments and agencies is not correct because we in fact have done that.

Now it seems to me that if we're moving away from the practice of wanting specifically people here, that questions should be placed in writing to that particular department to ensure that when they arrive here that they arrive here with the officials that can explicitly divulge the information that is required, and in this case it's NEFI. And I view that as being the complementary practice that we've established to function on as a committee here and I would be disappointed, Mr. Chairman, if we were to move away from that particular practice that we've spent a great deal of time putting into place, and it seems to me has worked very efficiently over the past couple of years.

Mr. McPherson: — Thank you, Mr. Chairman. Hopefully we'll bring this to a close. Never did I ask for anyone specifically to appear. What I ask is that the three members of NEFI who are not the board — SaskPower is the board that nominated them — to appear to answer questions on the financial statement in a general way.

If I were asking questions . . . or if I asked that certain members of the investment fund directors who live in the North — I'm not asking for those people to come and deal with specific cases or loans. I'm not asking that; I'm asking that the three members who control the financial picture of NEFI appear. It's no more complicated than that.

Mr. Serby: — Well, Mr. Chairman, could we have Mr. McPherson identify to us who those three people are?

Mr. McPherson: — I don't know who they are, Mr. Chairman. The fellow that was here the other day said there are three members on the board, three members of NEFI. Now I take it that you do know who they are and that you are very nervous, I sense, that somebody not show here.

Now you're raising many flags and doing it poorly. Can we not, Mr. Chairman, invite the three members of NEFI to appear and answer questions in a general way? I will not ask specific questions of the investment fund directors, if that's your concern. I'm trying to narrow this down to help you people out.

Mr. Van Mulligen: — Mr. Chairman, it's a matter of public record as to who the directors of NEFI are. Those names were disclosed in a Crown Corporations Committee that among others, I believe, you were a member of, Mr. Chairman, and you were there at that time and Mr. McPherson also attended, at which time the names were divulged. I don't think that's any secret; that's a matter of public record.

But again, I remain to be convinced that, that as opposed to simply asking NEFI to appear before us and letting them decide in their wisdom whether they want to send all three directors or whether they want

to send one director that in their view that can answer for NEFI, no case has been made to me to say that all three directors have to be called before the committee.

Now it may well be, Mr. Chairman, that if we call an official from NEFI, or one of these NEFI before us, that we're not satisfied with the answers and then we feel that we need to ask additional individuals. But that's not what came out of the discussions earlier this week when we had NEFI before us, to my knowledge.

And so again if the question is, should we invite NEFI before the committee because one member feels it's important to do so, agree. If the question is, no, we just don't want NEFI we want to be specific about who from NEFI attends here, then I need to be convinced why we need to be that specific because that would be a departure from the way that we normally operate.

Now if it's not clear as to how we normally operate then perhaps the committee ought to take a few hours to examine that question of witnesses and to come to some agreement about what the normal practice of the committee is and should be with respect to the calling of witnesses. Perhaps it's not clear enough. Perhaps the tradition and the history of this committee isn't clear enough. Perhaps we need to revisit that. Perhaps we should expand those terms of reference. I don't know. If there's confusion then perhaps that's what we ought to do first before we go any further.

The Chairperson: — I have two more people who want to talk on this but I think we've circled the issue a fair extensive amount and I don't think we're providing any new information to the discussion. We're just establishing our positions in relation to the discussion. However, I would like the committee to come to a conclusion.

I have just an observation by the Clerk's office that may in fact solidify the point. And that is that the committee has the right to call individuals, whoever they are, not individuals of the committee. The individuals constitute a part of the committee and therefore the committee has the right and the responsibility to call witnesses. And that can either be done by consensus or it can be done by a motion of the committee.

Now we have agreement by consensus on the basis that NEFI appear before this committee. That's one. And so let's leave that discussion aside. Let's pinpoint ourselves on the matter of who, and then we will . . . I don't feel comfortable in closing the discussion on that, so I leave it at the discretion of the committee to try to come forward with a motion to deal with that or to resolve itself into a conclusion by consensus.

Ms. Crofford: — Thank you, Mr. Chair. I was going to move that we invite NEFI to come before the committee and to send a suitable representative to answer questions that the committee may have to put before them.

The Chairperson: — We will have a paper for you to

write that out please and then we will deal with the matter.

While Ms. Crofford is concluding her written observations about the motion, at the conclusion of this discussion I'm going to ask the auditor to update us on item .03 and .04 of his special report and I believe that that will conclude our discussion. And that has to do with the group of people that he's putting together in relation to the audit and different things like that.

Ms. Crofford: — I don't know if that's exact.

The Chairperson: — It will be exact once it's put in the record.

Ms. Crofford: — I think I got a little better wording off the . . .

The Chairperson: — Move:

that the committee invite NEFI to come before our committee and that they designate officials who are able to answer any questions the committee may put forward.

Question. All those in favour? All those opposed? It's carried.

The Clerk will deal with that in the time of the new session.

Is it about this issue? Because if it is, I'll rule you out of order. Okay, go ahead, you have the floor.

Mr. McPherson: — Mr. Chairman, just so I can clear this up because it's been exhausted — I will be upfront with the members opposite — I'm not going to ask questions that goes beyond the guidelines of the committee.

The Chairperson: — I think I'll just . . .

Mr. McPherson: — But I will ask the questions that Mr. Van Mulligen saw fit when he was chairman of the committee . . .

The Chairperson: — No, I think we'll just suffice with the discussion and close the debate on the issue completely. I was thinking that I should have done that initially, and I was right.

We will deal with item .03 and .04 of the *Special Report by the Provincial Auditor* just as an update and then . . .

Mr. Strelieff: — Thank you, Mr. Chair. Recommendations .03 and .04, as you can remember, deal with the formation of a task force on the roles, responsibilities, and duties of auditors. An update on that task force is that I'm still waiting for a nominee from the Crown Corporations Committee. The representatives of CIC (Crown Investments Corporation of Saskatchewan) have advised me that they are going to handle that. The president of CIC and

I meet with John Brennan — who was here with us back in October — we meet with him on January 31 to continue to move this forward. I have met with the board of CIC and they support the task force. It is moving forward. I suggest that perhaps you set aside the recommendations .03 and .04 and when the task force reports, I will bring the issue back to you in the form of a report; and also provide recommendations that I have stemming from the report of the task force. Are there any questions about it?

The Chairperson: — I would say that that is a good suggestion, to have it set aside for the conclusion of the discussions in relation to item .03 and .04 and when that happens, you would then have the freedom to bring that forward at your discretion. Is the committee in agreement with that? Do I . . . okay, I have consensus on that one. Thank you very much.

And so when you feel comfortable in bringing that forward, you just notify myself and I will notify the rest of the committee.

Mr. Streliaff: — Okay.

The Chairperson: — Okay? There's a draft of the discussion and recommendations that were presented to you earlier. What I would like to suggest is that you go through them, note your adjustments and consideration, and then at the next meeting after we have concluded with the two items that we have before the committee, we will conclude with our discussion in adopting the report.

I believe it's fair to say that we have operated in a fairly straightforward way and I appreciate the way the committee has handled the discussion and the . . . building the report for ourselves during the period of time that we were going through the debate.

The second point I want to draw to your attention, is that the Clerk's office has done this and I think that we need to recognize and thank him for the extra time that he took in relation to that. And, Robert, if there were other than yourself who did this, then include them in our acknowledgement. Mr. Hunt, thank you very much. And we will . . . I think if there is no other item of business . . .

Mr. Cline: — I want to join with you, Mr. Chairman, in complimenting the Clerk and Mr. Hunt for preparing this draft report in such a timely fashion, because it's a considerable amount of work.

The Chairperson: — Right.

Mr. Cline: — And I can imagine that after we've had some long days here going over what we go over, they've been working in the evenings to review transcripts and their notes to prepare this report. And I'm glad you acknowledged that.

But also, I want to compliment the Clerk on the way in which this week was organized, because he made the suggestion when we met last time that rather than having the departmental officials waiting outside in

the hallway for us to deal with them, that he would have them on standby. And they would agree that they would be available on, I believe, 15 minutes notice.

And I thought that it was very impressive that although the proceedings were run in a very timely fashion and we were mainly on schedule, we didn't waste the time of the public servants. And I think it was a very efficient use of time. A good suggestion on the part of the Clerk — very well organized and smoothly run.

And also I join with Mr. Goohsen's comment, Mr. Chairman, in that complimenting yourself on the manner in which you conduct the proceeding. And for my part, I would sincerely hope that you will be the chair of this committee for many years to come.

The Chairperson: — I want to thank the committee for their cooperation. I believe that it is of interest to the general public that we thoroughly discuss and I think we had opportunity to do that. And I will look forward to that discussion continuing at a point some time to be acknowledged in February when we have the session beginning. And thank you for your time. The meeting is adjourned.

The committee adjourned at 11:17 a.m.