

STANDING COMMITTEE ON PUBLIC ACCOUNTS

April 12, 1983

Mr. Chairman: — Okay, I guess there are no preliminaries. I call the meeting to order. We began the process of . . .

Mr. Katzman: — Before you start that, Mr. Chairman, for the benefit of the staff, I make the motion that Tuesdays' meetings be at 10:30, as has been agreed to by the two parties.

Mr. Chairman: — Okay. I understood it was 10 o'clock. I'm not hung up on it, Ralph. I understood we were meeting at 10 . . . (inaudible interjection) . . . All right, the Provincial Auditor says he had 10:30, so I must have misunderstood . . . (inaudible interjection) . . . Okay, well, I think what we want to do is accommodate government caucus, and if 10:30 is the time that you can make it then . . .

Mr. Katzman: — That's Tuesday. The other days, 8:30 is fine — except for tomorrow; I need the . . . We should delay. One motion at a time.

Mr. Chairman: — All right. Is that motion agreed to — 10:30 on Tuesdays until further notice?

AGREED

Mr. Chairman: — Does the member from Rosthern have another motion?

Mr. Katzman: — Tomorrow, because of special circumstances, I would say 9:30 rather than 8:30.

Mr. Chairman: — Okay, if the government caucus has something that is on. All right. Okay, 9:30 to 11, tomorrow only — unless you want to go 9:30 to 12.

Mr. Katzman: — That doesn't bother me, if you want to do that.

Mr. Chairman: — Why don't we plan on that for tomorrow — maybe going 9:30 until such time as it appears convenient to finish, maybe closer to 12 o'clock? Okay? All right, that's agreed as well.

AGREED

Mr. Chairman: — It is noted that we have two new members. Welcome to the committee, and we hope you find it as interesting and as worthwhile as the rest of us have — most of the rest of us have.

Okay, when we left off a week ago, we were proceeding to the *Report of the Provincial Auditor* . . . (inaudible interjection) . . . Yes, indeed. You'll recall that when we left the other day we were considering the question of what the right of the committee was to review the legislation. We were thinking particularly of the act which would set up the Office of the Provincial Auditor. We asked our Clerk for a ruling and I think our Clerk today has a report which he will give to us.

Mr. Mitchell: — Yes, Mr. Chairman. This report was prepared by the Clerk to the committee who will be away this week. Perhaps I could read it into the record:

At the last meeting of the committee on March 29, 1983, the committee

requested procedural advice on how proposed legislation for the Office of the Provincial Auditor could be brought before the committee for consideration.

References to proposals for new legislation for the office of the auditor are contained in the Provincial Auditor's report on pages 3-9. These references bring the topic of the need for legislative amendments within the purview of the committee. The committee could discuss the general subject and call on witnesses if it chose to do so. However, the Provincial Auditor's reference to legislation that he has proposed to the minister is not sufficient to put the actual government bill before the committee once it is introduced in the House.

In order for the committee to consider the proposal, as tabled in the House, the House itself must refer the matter to the committee. This could be done at either of two stages, as follows:

(1) Referral of subject matter after first reading: the bill itself cannot be referred at this stage but the subject matter could be referred to the committee for debate. The committee could report its general findings and recommendations to the House but could not deal with specific clauses of the bill nor propose specific amendments.

(2) Referral of bill after second reading: the bill itself could be referred to the public accounts committee after the adoption of second reading, before referral to the committee of the whole. The committee could call witnesses, would review the bill clause by clause, and could make amendments to the bill. The bill would then be reported back to the House with or without amendment.

If the committee wishes to have the legislation referred to it, the committee could make this recommendation in a report to the House where it could be debated. The referral motion after second reading would still be necessary.

If the committee did not choose to make the recommendation to the House, any member of the House could still move the referral of the bill after second reading.

Mr. Chairman: — I just want to comment on this. I've had an opportunity to discuss this with Gwenn Ronyk before it was actually read, after the report was written, and it's exactly what it is now. Relying on this, yesterday, I tried to move five bills to this committee after second reading, and I got shanghaied by the Speaker, who indicated I was out of order. And I'm wondering . . .

Mr. Katzman: — Where did you try to move them to?

Mr. Chairman: — This committee. I just tried to do exactly what was suggested here. I only did so after discussing it with the Clerk, Gordon Barnhart. I wonder if maybe my mistake was taking this too literally. Should the bill have been referred . . . What he said . . . Were you in the House?

Mr. Mitchell: — Yes.

Mr. Chairman: — Okay, what went wrong?

Mr. Mitchell: — The problem was then, Mr. Chairman, was that the bills had already been referred to the committee of the whole. They were no longer in the hands of the House at that point. Second reading had been agreed to, and the bills were referred to the committee of the whole. They had already been referred to the committee of the whole House. Therefore, your motion to refer them to the public accounts committee was out of order.

Mr. Glauser: — It was after the fact.

Mr. Katzman: — . . . The moment that the Clerk would stand on his feet and say, that's second reading, 'When should these bills be dealt with in committee?' and the minister stands up, 'Later,' that's it; it's all over. If he jumps up between, before the cabinet minister gets to his feet, and says, 'Mr. Minister, I recommend these be sent to public accounts,' rather than the minister's motion going to committee of the whole, that's the only time you can wedge in between.

Mr. Chairman: — Well, that's a foolish procedure, if that's in fact the situation the rules have put us in. You see yesterday, I thought (it will be interesting in *Hansard* today) I thought what the Speaker said was, 'When will this be read a third time?' And I thought Mr. Andrew said . . .

Mr. Glauser: — No, no that isn't in fact what happened. What happened there was that we were on Bill No. 3 or 4 when you went back to Bill 1 which had already been read a second time and then referred to the committee of the whole.

Mr. Chairman: — You may be right, Mr. Glauser. You may be right, you may be right.

Mr. Katzman: — We're not being sassy, Ned. We've learned the rules of order in parliament.

Mr. Chairman: — Well, I was not aware that you had to be so quick. That's an unfortunate way to have to do it. I guess that's what you have to do though, is just try and . . .

Mr. Katzman: — That's how we had to operate in opposition when Roy started to play games.

Mr. Chairman: — Now listen, Ralph, you know we didn't do that.

Mr. Katzman: — Oh, come on, I've been around as long as you have.

Mr. Engel: — Mr. Chairman, if I may make a comment on that, I don't think it's a matter of playing games or not. If the government would have wanted to have these bills in public accounts, they would be here. And for some reason the Minister of Finance . . . If you read *Hansard*, we requested it during second reading on the debate. And if the minister would have thought it was a good idea, he would have co-operated.

Mr. Katzman: — I would suggest, Allen, the simple solution is, if your member would have suggested to the minister ahead of time, rather than trying to play silly — you know, bringing it at the last minute — there would have been some discussion and an

agreement could have been made. But you don't all of a sudden just, whacko, decide you're going to change the procedure. You normally say, 'Hey, I would like to do this.' That's how it worked in opposition, and you usually get some kind of agreement.

Mr. Chairman: — Well, I thought I had put it to him in a relatively conciliatory fashion, when I made the suggestion to him. I just asked him to consider it. I thought I put to him in a relatively conciliatory fashion. I wasn't intending to play games, if that's how he interpreted it.

Mr. Katzman: — I think my comment to you, Ned, is very simple. You'd already got to the point where you couldn't do it.

Mr. Chairman: — With all due respect, Ralph, that was not when the discussion took place. The discussion took place during second reading and before the vote was taken on Bills 2 and 3, which could then have been referred to the committee at that point in time. Anyway, I think that's by the way.

Mr. Glauser: — I don't like to leave that like that, Ned, because the way I explained it here is in fact the way it happened.

Mr. Chairman: — Yes, I recognize your point that after Bill No. 5 I went back to deal with Bill No. 1.

Mr. Glauser: — The minister was not the party who intervened at that stage. It was the Speaker. The minister didn't . . .

Mr. Chairman: — No. I recognize your point may be well taken with respect to Bill No. 1. With respect to what actually happened, now that I think about it, is we finished no. 5 and then I went back to no. 1. Is it necessary to give notice of such a motion then? If it is, how do you manage that?

Mr. Katzman: — No, it's not necessary to give a motion, from my understanding, Mr. Chairman. The Clerk can correct me if I'm wrong. My understanding is basically is you have to stand in your place; any member can. But, normal procedure in the House is the Speaker will be watching for it to be moved to committee of the whole. And if you're going to change some procedure, if he at least has an eye to look for you, it makes it easier. Am I correct?

Mr. Chairman: — So there is no need to give notice of such a motion? Okay. I think that what is actually suggested here is actually a sounder procedure and that is, if we want to do it the committee could so report, and then the government would be given some warning and could fully consider the matter.

Mr. Katzman: — On that point, Mr. Chairman, are you suggesting after first reading, after second reading?

Mr. Chairman: — After second reading.

Mr. Katzman: — Just so we know what we're . . .

Mr. Chairman: — After second reading. I'm looking at what is stated here. I think the committee will want to deal with it . . .

Mr. Katzman: — Clause by clause.

Mr. Chairman: — Yes, deal with the detail as well.

Mr. Katzman: — Okay, if you go clause by clause here, are we going to work on the normal rules for the custom and usage of other areas where we then don't bother doing clause by clause in the House? It's got to be a gentlemen's agreement, because we're just returning the same ground again.

Mr. Chairman: — I did not understand that this process would be a complete substitute for the committee of the whole, although it may be. I hadn't tied my mind to that. I just thought it should come here, because of the peculiar (if not expertise) interest of this committee in the subject matter of it. I guess I was assuming that it would do both: that it would be considered by this committee, this committee would report to the House with recommendations re amendments or recommendations that it proceed as it is, and then we go to committee of the whole for the usual clause by clause study with the officials.

Mr. Katzman: — On that comment, anything after March 31, 1982, without special permission, we don't have permission to handle in this committee. We are asking for special permission of this committee to handle something that is happening after our mandate time. Our mandate time is the April 1, 1981 to March 31, 1982, and if the officials decide to answer questions what's preceded because of what happened following that or before, they have that choice.

Mr. Chairman: — Yes, I'm not arguing with you. I was, in fact, urging upon the committee the procedure set out in this report, and that is that we report to the House, if that's what we want to do, and then a referral motion is made to the committee. It may be that all of this should be deferred until such time as we actually see the printed bill in the House and it's given first reading. I don't know how you feel about it — you may want to report the matter now to the House. I don't know. But it struck me that until the bill is actually given first reading and we have a printed bill, any report to the House that the committee would like to review it would be premature. So my suggestion to the committee is, we've got the report, we kind of know what the procedure is, I think. The committee reports to the House; the House refers the bill to the committee after second reading, and thus we can now, I think, just leave it until these bills are given first reading and then make a decision as to whether we want to report to the House, and whether the House wants to refer it back to us.

Mr. Katzman: — You're not suggesting we report this document to the House then?

Mr. Chairman: — Not until we see the bill.

Mr. Katzman: — For the benefit of the officials, this is Mr. Dutchak, who is a replacement on the committee.

Mr. Chairman: — Is that agreed upon or not?

Mr. Glauser: — I don't find anything wrong with it, but . . . (inaudible) . . .

Mr. Chairman: — I don't know how we can make the report now. The bill may never come before the legislature who knows, we may lose the courage . . . (inaudible) . . .

Mr. Katzman: — Well I know if you guys were government it never would but we don't want to discuss partisan politics here, Ned.

Mr. Chairman: — I do want to urge upon the members of government caucus for you to pass on to the members of the Executive Council the desirability — I said this yesterday in the House; I'm going to say it here again in committee — the desirability of getting this legislation before the Legislative Assembly just as soon as possible. I don't know what the problems are with particular pieces of legislation, but there's nothing before the House now, and anything that you people could get before the House, so we can start dealing with it and considering it, it will be much appreciated by the opposition. And that is probably out of order, so . . .

Mr. Katzman: — I must remind the chairman, seeing as he took that privilege, that under the former government we were totally . . . (inaudible) . . . that we would ever see in this kind of legislation, and I must remind the member that in due course and due time the government will proceed as it has said it would.

Mr. Chairman: — I was just urging upon the members of government caucus that they urge the ministers to extend the usual courtesy to the opposition, and give us the legislation as soon as it is ready.

Mr. Engel: — On that same topic on the legislation, Mr. Chairman, is there a recommendation this committee wants to make with the five bills that are presently in committee of the whole? Do we want to . . .

A Member: — We have no right.

Mr. Engel: — Is there any procedural . . . I can speak for myself, Mr. Katzman. Is there any procedural review that we can do in this committee while it's in committee of the whole as far as looking at the bill and making recommendations to the committee?

Mr. Mitchell: — Not while they're before the committee of the whole, I don't believe, Mr. Chairman. They could be, I suppose, referred to the House by . . . (inaudible) . . . them to the House from the committee. It would be awkward but it would be possible for the motion referring them to the committee of the whole to be rescinded, and the House could then send them to this committee. But basically they're in the hands of the committee of the whole as it stands right now.

Mr. Engel: — In other words, if the committee of the whole would make a motion that that material be further studied by this committee, it could be done from there.

Mr. Katzman: — On item one.

Mr. Engel: — We could move a motion in the committee of the whole suggesting that we study that bill here, and then refer it back to the committee?

Mr. Katzman: — You, as an individual member can. The committee can't.

Mr. Chairman: — The committee can report to the . . .

Mr. Katzman: — No, no. But he, as an individual member, gets up and moves a

motion. The committee must incur, and if the committee incurs, then it can come here. But this committee cannot make a recommendation to that committee if that's what you're trying to do.

Mr. Chairman: — No, Ralph. But this committee can file an interim report in the House if the committee thought it desirable to deal with those five bills.

Mr. Katzman: — Without turning the topic, Mr. Chairman, am I correct — those five bills are either consequential to something that you discovered, or you discovered? I'm not sure which one of you. Either the auditor or the comptroller. Could we have an answer?

Mr. Kraus: — Well, perhaps Mr. Lutz should speak to it, Mr. Chairman, as he had reported on it in his report.

Mr. Katzman: — That's what I assumed.

Mr. Chairman: — We're getting into the subject of the bills itself without having them before us. I'm not trying to rule you out of order, Ralph. I'm just wondering if you're . . . (inaudible) . . .

Mr. Katzman: — The reason I'm doing this, is this committee in its . . . I'm sorry. The auditor, in his report has flagged these items as to be corrected by the government. The government is now taking the action of this committee which recommended the flagging, so what I'm trying to say is we've already dealt with those in some fashion here prior. We've recommended a cure; you may say that the cure may not be right, but this committee has recommended, because of the auditor's statement, that something had to be done.

Mr. Chairman: — I think you were right until you got to that last paragraph, Ralph. This committee, as I understand it, did flag the problem. I don't think this committee ever recommended but for those bills which are now before the House. I think that what this committee did was to do no more than recognize the problem and ask the government to deal with it — find a solution; there was not one recommended.

Mr. Katzman: — I think, yeah, I agree to that. I pull back on that.

Mr. Young: — I have a question for David, really, and it's procedural and thus I direct it to him. We all are members of the committee of the whole and, as I understand it, when things are of great importance they are dealt with by all members of the legislature, and only committees become active when the subject matter is such that the House does not have time to deal with it as a whole and refers it to a committee. Unless the auditor's suggestions and recommendations with respect to legislation are so vague and ambiguous that it needs further study, wouldn't it be the case that it would be quite plain for the committee of the whole to comprehend the recommendations and his report and deal with it in the committee of the whole item by item? Whyfor do we need it recommended: refer it back to this particular public accounts committee?

Mr. Chairman: — I'm not sure that's a fair question of the Clerk, because it's not the Clerk that . . . (inaudible) . . . the opposition caucus.

Mr. Katzman: — Can I make a comment here, Kim? If you would have had — and I don't think you have, and that's because you'll get them today — if you had the

management reports, it goes a little further than what his report says. That may help you a little. I think that's what you've missed. We call each of these people in on these letters, and they explain to us why the letter and so forth.

Mr. Young: — I'm not talking about letters, though. I'm talking about the recommendations vis-a-vis legislation.

Mr. Chairman: — Can I respond, Kim, please? I'm not sure it's a fair question of the Clerk, because you're asking him to agree or disagree with the proposition that I put forward in the House yesterday and which Mr. Engel's putting forward here today. I'm not sure it's a proper question of the Clerk whether or not the bills should be referred to the committee.

Mr. Young: — I thought it was a procedural question.

Mr. Chairman: — I think it's substantive. What we were saying yesterday in the House was that this committee has a particular expertise available to it in terms of staff, and a particular interest and experience would be useful to bring to bear on that particular legislation. Not many bills, I think, you'd want to refer to this committee, but one dealing with advance accounts strikes me as one that this committee might have particular experience and expertise.

That did not commend itself to the Minister of Finance yesterday in the period of time given to him, and what Mr. Engel is urging today is that we, the committee, report to the Legislative Assembly that the motion to refer it to the committee of the whole be rescinded and that they be referred to this committee.

Mr. Young: — My point then was that this committee can have no more competence or capability than the committee members, leaving the auditor out of it, than the committee of the whole because we are all members of the committee of the whole. So, thus, the fallacy in what you say.

Mr. Engel: — If I may speak to that, Mr. Chairman. The difference for me sitting in the committee of the whole, or sitting here, is that we can have an informal discussion with staff members and the Provincial Auditor's staff that can chime in and talk about what the actual outcome of a certain piece of legislation will be.

Whereas if I'm asking questions in the committee of the whole, I ask the questions of the minister who would direct them to some staff. Might even be you people. It's possible that you could be called in with the minister, and then just the minister would be responding, rather than having a general discussion. And I think that when you get something as major as changing that kind of funding, I'd like to be able to question in detail and talk about it and have their explanation, in front of an auditor that can respond back and forth.

I think we get to the place here where we can all work together to come up with an idea; where it becomes more political in the Chamber. And it's just the minister answering rather than having a discussion like we're doing here this morning. And I feel that it's important.

When you're switching over to a revolving fund like that, there's some questions I have, and I'm sure these people will tell me that that's maybe the way they recommend it to go. Because that's what you're doing. But I'd like to hear their explanation on some of the

questions that are there that we can't get in the House. It's impossible to get that kind of discussion.

Mr. Chairman: — Okay, I just have one comment before I recognize the member from Rosthern. The member for Rosthern isn't going to believe me when I say this, but I was half persuaded that Andrew maybe half right. And that's when I thought, well, if it is this technical and difficult, let's refer it to the public accounts committee, where we can all come to an understanding of what's being done, and deal with it from a knowledgeable basis.

The difficulty with the committee of the whole is that it's a highly partisan body. In all likelihood government members would not be involved in an open way in the discussions. You make your contribution in caucus. And it's not common for government members to get involved in committee of the whole.

As far as the opposition members go, we don't have the benefit of any staff for what is a very technical subject. And that was why I thought it might be useful to refer it to the committee of the whole. It's just the different venue.

Mr. Katzman: — Except Ned, you know, the point is, you've picked a bad example to work with — these particular nine bills. There's five still on the Table; four of them already have gone through the House and approved, identical. There was nine of them in the package. They were originally recommended by the Blakeney government to start with, which we are just carrying over. I mean, you've picked a bad example to say that, you know . . .

Mr. Engel: — That's why it's a good example. All the arguments you're making is why it's a perfectly good example for that kind of legislation to be discussed here.

Mr. Chairman: — Allan Blakeney certainly doesn't believe that he was ever part of a government which recommended these. I remember he was adamantly opposed to them in the fall and I think not for partisan reasons.

Mr. Katzman: — But Allan, himself, said, 'Yes,' that they had been planned under his government, before they fell.

Mr. Chairman: — But I think his objections were sincere. I may say so to the member from Rosthern: this is simply not a partisan issue. I would be surprised if I walked into a bar in downtown Regina and found people fighting over this issue. It's just not this sort of an issue. It isn't a partisan issue, because they'll never . . .

Mr. Katzman: — That's right and I say . . .

Mr. Chairman: — . . . seems to be all the more . . .

Mr. Katzman: — But you're into policy decision of which method something is to be handled. When you get into a policy decision there is a decision made by the former government. And if I remember correctly, I read Romanow's statement into the House that if we're going to get into policy and so forth in public accounts, then we're going to have the minister there, not the deputy minister, answering questions. No, but as I said, the minister answering questions rather than deputy ministers answering questions. That was Romanow's statement in the House, and if you want me to quote, made April 21, or April 20, 1981. But the point is that you're now into the politics of something, or

the policy of something, rather than numbers and votes and so forth, and past history rather than present.

Mr. Chairman: — I don't think there's any politics in this issue, and that's one of the reasons why I think it's an appropriate issue to refer to this committee. I just don't think there's any politics in the darn issue.

Mr. Katzman: — Well, I would rather start the procedure with something that's clean-cut, simple, rather than something that's fuzzy and I think we're playing around with a fuzzy issue, and if you're going to start a new procedure let's do . . .

Mr. Chairman: — I will admit to the member from Rosthern that it may have been that this should have been done last fall when these bills were first introduced. And we may be just a tad late in dealing with them. I didn't really think of it till yesterday when I was, as I say, sort of half persuaded that Andrew may be right. I just had these nagging doubts. Anyway, do I gather Mr. Engel's motion, as brilliantly put forward as it was, and as well thought out as it was, doesn't meet with universal approval?

Mr. Katzman: — You've got it. Mr. Chairman, I have a complaint about this committee, and I have said nothing to this time. But seeing as today we're not going to, by the looks of it, get into any meat issues, I'm going to voice a complaint. I think it's about time the chairman realized that he is the chairman, and that he does not own the place. Neither do I. And when any member is speaking he doesn't put himself, puts himself down on the list the same as all the rest, and comes in on timing as all the rest. I do not think it is fair that Mr. Chairman decides to put himself in between speakers each time when he so desires. We all are equal members, and I think the chairman should recognize us as we ask to be recognized, and in order, including himself.

Mr. Chairman: — Well, I say to the member from Rosthern, I normally do that. When we are discussing estimates I normally do that, and I don't think I have (maybe I'm wrong), but I don't think I have been particularly aggressive when we're dealing with estimates. I may have been doing that today. I've been doing that in an attempt to answer Mr. Young's question, but I don't think I've been doing . . .

Mr. Katzman: — . . . (inaudible) . . . up later on this thing, Ned.

Mr. Chairman: — Pardon me?

Mr. Katzman: — You started doing it near the end of the last group meeting. I don't know if it was intentional.

Mr. Chairman: — All right. I shall take that as some constructive criticism.

Mr. Engel: — Mr. Chairman, if I may, if the same rule would apply to the mover of that suggestion, I'll go along with it.

Mr. Katzman: — I said at the same time that I'm just as bad.

Mr. Engel: — Well, you're still doing it. You've interrupted me every time I've tried to say something, Mr. Chairman. And I feel that if he wants you to obey by that rule, maybe you should be a stricter chairman and call us to order, and one person would have the

floor at a time. If you would exercise that prerogative along with restraining the amount of times you contribute, I'd go along with that.

Mr. Chairman: — Okay. Just take it as . . .

Mr. Katzman: — My comment was to both of us, not just to him.

Mr. Chairman: — Okay. Let us then get on with the *Report of the Provincial Auditor*. We had dealt with legal assistance on page 14. We had, I think, got to conditional grants and loans, if I'm not mistaken. And we agreed to call the department, with respect to that, on page 15. And we were then on mortgage subsidies — public . . .

Mr. Katzman: — No, we had not agreed to 14. We were debating that, I believe, or did we finally agree at the end?

Mr. Chairman: — Well, it says here: item no. 5, minute no. 1, March 29, 1983 — the last two sentences of that minute reads: '2.1.4, conditional loans and grants — the committee agreed to call the Department of Industry and Commerce.' It's fine with me if the member wants to reconsider it, but I think that's the minute.

Mr. Katzman: — I lost you, Mr. Chairman.

Mr. Chairman: — Page 15.

Mr. Katzman: — Page 15. What did we do with the legal assistance thing? Sorry, that's the one I was on; I apologize. I thought that one we hadn't made a decision. Sorry, Ned, but that was left up in the air.

Mr. Chairman: — Yes, I'm trying to find it. '2.1.3, legal assistance — the committee agreed to call the officials at an early meeting.'

Mr. Katzman: — 2.1.2(c)?

Mr. Chairman: — 'Committee agreed to call the officials at an early meeting.'

Mr. Katzman: — On 2.1.3, I see, the whole issue. Okay, I thought we were there still. I apologize.

Mr. Chairman: — Mortgage subsidies — public housing.

Mr. Katzman: — I think we've got a policy decision to make here. And I just look at DNS and decide, with the changes made, are we going to pull them in? Like, I don't think there's many officials left.

Mr. Chairman: — I was wondering the same thing. I assumed that you would want to call DNS to some extent. I was wondering how thoroughly you want to go over it again. I was just kind of making the assumption that DNS was an automatic call — almost automatic.

Mr. Katzman: — Well, it has been an automatic call, and I'm just wondering if we're . . . The department has got two, branches left in it. All the rest has gone to departments of governments. If we were to call them, basically for this one we're pulling in Sask Housing, we're pulling blah, blah, blah. Why don't we get some direction, in this case,

from the minister, and I would ask the Clerk to send a letter to the minister. Would it be feasible for the departments that have been transferred to be handled with their new departments rather, because I assume that's where the bodies all moved. In most cases they did. And I think it's impossible otherwise to touch staffwise.

Mr. Chairman: — Well, I certainly don't think the member . . . (inaudible) . . . or I have any particular desire to call . . . (inaudible) . . . I think there may be some merit in what you say.

Mr. Glauser: — If I remember correctly, I made some comment the last time we met that I didn't think it would serve any useful purpose to recall them. I mean just rehashing . . .

Mr. Chairman: — Okay, let's agree to that then. If that's your view, I think that's our view. It's not a passion of ours.

Mr. Katzman: — Well, give us till tomorrow, but I'm of the opinion that I don't think we would need to call DNS. But we have one or two members missing that may have some specific questions they want. I don't want to rule that out.

Mr. Chairman: — All right. We will tentatively agree we're not going to call them, the decision to be confirmed tomorrow when the rest of your members of caucus have had an opportunity to be apprised of the decision.

Mr. Katzman: — Okay. Now, when I say that, I do not refer to 2.2.2 because that still is part of DNS. Do you follow me, Ned? Economic development is still in DNS, if I understand. It's still an existing department. Am I correct, or wrong, or can anybody correct me? It still is there. So, I mean that is still functioning as DNS. I'm talking about the stuff that's been moved to the line departments in my first comments.

Mr. Chairman: — All right. So what you're suggesting is that the DNS be called . . .

Mr. Katzman: — No, no, I'm saying that economic development department and — what's the second department? — municipal are the two departments basically left, and they have full staff and full history. There is nothing for the rest, because it's all moved to the line departments. So you'd have to handle those with the line departments, but these you could still handle with DNS, if we wish to touch them. Did you follow me?

Mr. Chairman: — Yes, I follow you. The second question is: do you want then to call DNS with respect to economic development loans and municipal affairs?

Mr. Katzman: — I think we could ask that — did DNS go off that? — tomorrow. But I just wanted to point out that this is the two different ones.

Mr. Benson: — If I might add a question, Mr. Chairman: is Industry and Commerce coming in to this position . . . (inaudible) . . . ?

Mr. Chairman: — Yes, that was my assumption.

Mr. Katzman: — Was it an agreement or was it just an assumption?

Mr. Chairman: — No, it was in the minutes. If you look at March 29, at the end of minute number 5, you'll see it. You're on the wrong page.

Mr. Katzman: — I'm back to 214.

Mr. Chairman: — Oh, I see.

No, I think we're not calling any of them now. He just was making the comment that, if they were going to call any, they may call . . . (inaudible) . . .

All right, construction of northern schools, Department of Northern Saskatchewan — I guess that falls into the comments.

Saskatchewan Computer Utility Corporation .

Mr. Katzman: — So moved.

Mr. Chairman: — Okay, any demur from that? Green column.

Saskatchewan Housing Corporation — I assume this is kind of an automatic call.

Mr. Katzman: — I would think this is a repeat of last year. Yes, we told them they'd be called back. — 2.2.6 are you referring to who again?

Mr. Chairman: — 2.2.6 — I think this is something we should pursue. It seems to be a continuous problem. I was wondering if we shouldn't be calling the Department of Finance.

Mr. Kraus: — I believe that would be appropriate. You may wish to wait until Finance has been called. We can say, generally, that many of these 15 departments that are cited, and I'm not sure whether they're cited again individually as departments here from time to time, but we have dealt with a number of these. I'm not sure what . . . I don't think the number's 15, but it's certainly eight or nine. We have been resolving them as they've been mentioned by the auditor, but it may be appropriate to discuss them, if you're going to call Finance in at that time.

Mr. Chairman: — If we're going to call Finance at what time?

Mr. Kraus: — Well, if you are going to call Finance in, it may be appropriate to deal with the cash handling procedures which . . . Finance has the Comptroller's office within its department, or it did at the time of this report. So, it could be.

Mr. Chairman: — Okay, is that generally agreed to?

Mr. Katzman: — How is it reading — if we call Finance, we'll have them; otherwise, we'll have the departments?

Mr. Chairman: — No, I may not have put that very clearly. My suggestion to the committee was that we should call the Department of Finance. We may want to discuss other things with them as well, but the cash-handling procedures, problems, seem to be spread to too many departments to call individual departments. It struck me as being more sensible just to call Finance.

Mr. Katzman: — Question to the auditor, if I may. I'm assuming that these are not again indicated in all the different departments. Just the one note for these, or are they noted in all the . . . (inaudible) . . . I know they're in the management letters, I assume,

but not in your report again under individual . . . (inaudible) . . .

Mr. Lutz: — No. In that compendium there should be versions of letters to 15 different departments where we have dealt with the matter of cash-handling procedures, and non-compliance with treasury board . . .

Mr. Katzman: — But in your report, the Provincial Auditor report, 31st '82, you only mention them in the one spot?

Mr. Lutz: — We would not probably be precise if the lack of compliance did not result in a loss of funds. But still the lack of compliance is there and we will continue to report thereon.

Mr. Katzman: — How many years have you reported this now? About four?

Mr. Lutz: — Without going back, Mr. Chairman, Mr. Katzman, I couldn't really answer that, but I think in most years, I would say of my 12 years in the job — likely eight or nine of those twelve, I would guess. It's a fairly steady thing. Mr. Kraus, can you help me?

Mr. Kraus: — Yes. Mr. Chairman, I should say that some of these are repeaters, and we are either asking the departments, or ensuring that the departments are indicating in their responses that they are going to either comply with the regulations or, in a couple of cases, they in fact may be given exemptions and there may be special procedures instituted to overcome the problem. But I could say that I suspect from time to time the auditor would report this type of thing occurring, not necessarily always the same agency though. This is the kind of thing that somebody is doing a reasonable job this year, and then, two years down the road they're not, and it's not always the same offenders.

Mr. Katzman: — Here's my problem with it. I guess it's from sitting on this committee for seven years. That in most cases, the third year it seems to get cleaned up, the departments we've seemed to spike. The system takes that long.

Mr. Kraus: — Two or three years, it seems, by the time, the first time the auditor reports it. By the time we get at it we're almost through the next year, so he reports it again.

Mr. Katzman: — That's right. So the third year, basically, she's supposedly cleaned up. If that is continuing, we could make a basic policy if that's continued, that other than in the . . . if it's not cleaned up by the second or third year, then we want those guys in here, to know why. But if it's pretty well getting cleaned up on the second or third year . . . Timing, of course, is important. They're doing their darndest best, unless the law has been broken, and I don't know if there's a need to repull them back in here because they're cleaning it up.

Mr. Benson: — If I could make a comment, Mr. Chairman. From a practical operational standpoint, many of these are small offices where they can't comply in many cases with the treasury board regulations. By the same token, by legislation, the Provincial Auditor is required to report on these, and I don't think there's anything wrong with that. I think what's wrong, is if they're being reported and then nothing is being done, that we strive to look after the things as practically as we can. But if it's a recurring situation, then I think it's problematic, and we would agree that the

department should be dragged in as well.

Mr. Katzman: — But after the two or three years, if it isn't cleaned up.

Mr. Benson: — Well, for example, if anything reported in this particular year is going to be reported again, probably next year.

Mr. Lutz: — Well we're now one year and half a month past this year end, outdoing our year-end work again, and there's a good possibility that many of these are still trying to correct their problem. I have no recourse but to report them because I'm required to report them.

Mr. Katzman: — Well we have recourse; we don't have to call them.

Mr. Lutz: — Oh, that's not my problem, Mr. Katzman, right.

Mr. Katzman: — My comment is here, if we get a report from yourself, and yourselves, that these have been cleaned up, then there's no need to bring them in here for them to tell us they've got it cleared up now, but it's the third year. And we'd like that kind of advice given to us, that they have done something. Then we don't have to call them; rather than bringing them in and they tell us it's all cleaned up, you verify it — we've wasted everybody's time. I'm just trying to save some time on this, because we've gone through a group, just came in. We've cleaned it up; we let them go.

Mr. Chairman: — Just a suggestion that we call the treasury board, call in the officials of Finance to get more details on this to determine how extensive the problem is, makes sense. I forgot the member for Saskatoon Mayfair.

Mr. Glauser: — Well, that was what I was going to comment on. I really don't see any purpose being served by having Finance come in, because you're not going to have the answers.

Mr. Kraus: — Well then, I guess, Mr. Chairman, that I would be speaking if Finance was here, because it falls under my purview. But we can have the answers to some extent, and I have a few of the agencies that were in violation, before me, but I don't know what their history was, right off the top. I couldn't say they have been in violation for two years and now fixed it up or not.

Mr. Glauser: — Well, yes, this is what I'm getting at, and unless you bring those specific departments here, there isn't any useful purpose . . .

Mr. Chairman: — Are we suggesting then that we'll defer this and ask the comptroller for more detail on the length of time the problem has existed in the various departments?

Mr. Glauser: — Well, what I would like to see is that those letters that went out from the auditor (and I made particular mention of that at the last meeting), was that if we had those particular letters that went out to those various departments, and it was agreed that we could be provided with those, I think we can make better judgement once we see those letters.

Mr. Chairman: — Okay.

Mr. Benson: — I might just add that you've already asked for the responses as well, and it might be appropriate to get the departmental responses that they had made to the Provincial Auditor in that regard.

Mr. Glauser: — This is what I'm getting at, is the response to . . .

A Member: — The Provincial Auditor.

Mr. Glauser: — Yes, not the letters that went out to particular . . .

Mr. Chairman: — If I can just respond to that, the minute doesn't quite cover Mr. Glauser's request that we see the letters before we decide who we're going to call. This minute says that once we decide to call a department, then within 48 hours prior to their meeting with the committee, they'll give us the management letters. What I thought I heard Mr. Glauser request was a copy of the letters dealing with cash-handling procedures now, in order to assist us in determining whether or not we want to call them.

Mr. Glauser: — Yes, well it's probably in addition to what I was asking for . . .

Mr. Chairman: — All right. May I suggest the following? Sorry, you had a comment? Or someone was trying to get my attention.

Mr. Katzman: — Mr. Chairman, I must disagree with my colleague and suggest that procedure and custom would suggest that the auditor can not give them to us, and I think we must continue that. I'm not too much in favour of the auditor turning over documents which are not considered to be his rather than the property of the department. And I hope we are saying explicitly that the department is being asked, not the auditor — just so I'll understand the m.o., because I don't want the auditor doing the one thing that we've been very careful he didn't do before.

Mr. Chairman: — What I was going to suggest is that we ask the comptroller to give us the list of the departments, the 15 departments who are erring in this regard. We could then ask the departments for the letters and their responses. Yes, Mr. Lutz.

Mr. Lutz: — Mr. Chairman, relative to this entire subject, we also addressed this subject centrally at the top of page 22. We make the suggestion that the controls over these revenues and trust funds would be enhanced by an internal audit division auditing the various local offices to ensure management's prescribed procedures are being complied with. And immediately prior to 2.2.7 on that page I recommend that action be taken to ensure that the directives of treasury board are followed in order to safeguard these public moneys. I would suggest also that in an instance where a small regional office cannot comply with a treasury board directive because of staffing restrictions, or whatever, then certainly some other mechanism should be put in place to permit some compliance to some degree for safeguarding public moneys. I think that's really where we're at here.

Mr. Chairman: — Is your recommendation that treasury board take steps to ensure that their directives are followed or that the individual departments take steps to ensure that the treasury board directives are followed?

Mr. Lutz: — I'm suggesting an internal audit division which would probably come out of Mr. Kraus's shop, I think, would be the logical place, as far as I'm concerned.

Mr. Hunt: — In some cases it may also be appropriate to consider whether internal audit departments may be advisable in certain departments where there are large, geographically dispersed sources of revenue, and that sort of thing.

Mr. Chairman: — Mr. Kraus has been trying to get . . . (inaudible) . . . I guess.

Mr. Kraus: — Well, how you ensure that the rules and regulations are adhered to is a problem because there are, I suppose, such a broad population that has to be addressed, so many agencies, so many departments, and there are many activities that they are undertaking. There's the day-to-day routine, cash handling, what have you. They are developing new systems and a whole host of things are occurring from time to time. What we have been doing is devoting our resources to dealing with more of the new than addressing the existing systems. That has been because we've placed priorities on the new, feeling that if new programs and new systems were correct in the first place, it would minimize the problems that Mr. Lutz might find.

However, we have been considering expanding internal audit. And I must say I know there is some limited internal audit capacity in departments.

Mr. Chairman: — Well, where do we want to go with this?

Mr. Engel: — On 2.2.6, in the first paragraph, the auditor points out that treasury board has provided for an exemption for these rules and procedures if the comptroller of treasury board considers an exemption appropriate.

We are discussing whether we should be calling the Department of Finance or not. I think that's what this whole debate is about up to this point. And if Mr. Kraus is here, he's saying that if we call the Department of Finance . . . (inaudible) . . . so that's actually a redundant request. My question would be: of the 15 cases that are cited, are they all examples of where you have provided an exemption?

Mr. Kraus: — No, they are not, Mr. Chairman. As I say, I don't have details on all 15, but I can assure you that I know, in general terms, that some have complied now with the regulations. Some have put in additional procedures which may not have been exactly as required by the regulation, but which certainly satisfied us. There may be one or two that received an exemption. But I would have to go back and look at each of the individual situations.

Mr. Engel: — Well, my suggestion then would be that if we could go along with what Mr. Glauser is saying and get copies of responses to these management letters from these 15 areas, and then when we look at it and discuss it with Mr. Kraus we'd have something constructive to discuss. Right now we're just hitting at loose ends, not sure what we're doing. So, as far as deciding what to call, I think it's a very good idea to get copies of those 15 responses.

Mr. Chairman: — The letters and the responses from the departments.

Mr. Engel: — Do we have the letters?

Mr. Chairman: — No.

Mr. Engel: — Oh, I see. I thought we had the letters. Well then we'd need both to just decide which of those 15 we should call. Because, otherwise, we're going to get a heck of a long list here that we're bringing people in where they have already rectified the situation.

Mr. Katzman: — Mr. Chairman, I totally oppose that idea. And I would suggest that those that are three years continuous reporting and not corrected are the only ones we need. Those that have been corrected, I don't think we need here. I mean, let's not waste their time or our time. Because three years is the system, to clean it up. If they haven't cleaned it up by three years, then we sure want to know why.

Mr. Chairman: — I don't understand why the three years. I can appreciate that we would want the letters to anyone who has cleaned it up. But I don't understand the three years.

Mr. Katzman: — Okay, say it happened in . . . Well, I think one of you explained it a few moments ago. You can do a better job of it than I can.

Mr. Kraus: — Well, perhaps Mr. Lutz may have reported something in his report that we're considering right now for the year ended '81-82. By the time action is taken as a result, sometimes, because of directions you may have made or whatever this committee has made, we can be . . . Well, we're certainly now past the year ended '82-83, so we know the Provincial Auditor is going to report it again for '82-83. Depending on how quickly that recommendation is acted upon it could be two years at a minimum, maybe even three.

Mr. Chairman: — I see, okay.

Mr. Katzman: — What I'm saying is if they're cleaning it up why bother them? It's only if nothing is being done that we want them. Am I correct, Mr. Engel? That's really what we're saying.

Mr. Engel: — Basically, that's true. The other aspect of it is we might learn how they're cleaning it up from an act that was accomplished. So I don't know how much work and effort's involved in reproducing two letters — one letter and one response. That wouldn't be that hard, to say this is the kind of response this department made and this is the kind of response that department made. I don't see that that's a real big issue.

A Member: — Why?

Mr. Engel: — I'm just speaking to what Mr. Glauser suggested earlier, and I think that's a very good idea.

Mr. Chairman: — Well, what I assume that Mr. Glauser would be asking for would be the letters sent to the 15 departments plus their responses.

What Mr. Katzman says is that he doesn't see any point in asking for those that have been cleaned up. I guess what Mr. Engel is saying is that it might be useful background information, just so you know what the others are doing.

It doesn't seem to me to make much difference whether it's 15 or 5. Why don't we agree to that and . . .

Mr. Glauser: — What volume of paper are we looking at in the letters that go out from your department?

Mr. Lutz: — Some of our letters are two pages; the odd one might be 10 pages. I don't know. It depends which ones they were. And the letter could contain a dozen items referenced, of which one might be their cash handling procedures. So, right now, I can't really answer you, Mr. Glauser.

Mr. Glauser: — So this is the other side of it, Mr. Engel? We're going to get 12 pages to go through. Is this going to . . .

A Member: — Fifteen times.

Mr. Katzman: — Why don't we ask (and I may be out of order, but let me simplify it) the comptroller to give us a quick summary, rather than ask you for the letters, of the points made under this one, 2.2.6. And the departments. And on the other side of the page, the action. Then we can decide from that which ones we want.

Mr. Engel: — And along with that, could you also have a column of how many times that was reported? Then we'll get a little chart. There'll be 15 departments listed. It will tell what the problem is and how many times they've reported on it; then we can make a decision from there.

Mr. Chairman: — Okay. Is that agreed?

Mr. Benson: — If I could just ask a question. Being reported often in these small . . . If you're talking about Weyburn or Yorkton, one year it might be they're not restrictively endorsing their cheques; the next year two people aren't opening the mail. Is it the same problem? Or do you just want to know if they've had problems with cash?

Mr. Chairman: — Just dealing with cash.

Mr. Katzman: — Cash handling.

Mr. Kraus: — And you want the problem as stated by the auditor in general terms?

Mr. Katzman: — As short and concise as you can bring it.

Mr. Kraus: — And their response?

Mr. Katzman: — As short and concise as you can bring it, and the action taken, and if it's been cleaned up.

A Member: — And how many times.

Mr. Katzman: — And how many times.

Mr. Kraus: — And, I suppose, it would be the auditor's observation, the response or action the department's taking, and perhaps a comment by us, if it isn't obvious, that we're happy, but in any event we may . . .

Mr. Katzman: — I think it will speed up our . . . (inaudible) . . .

Mr. Chairman: — Okay, Department of Health, branch operations.

Mr. Katzman: — How many times have we had Battleford? Is it a new problem at Battleford or the same old one we used to get at Battleford?

Mr. Hunt: — Similar. A little different. I think that was two years ago. It's the Weyburn psych centre.

Mr. Katzman: — It's Weyburn as well, yes. I knew Battleford had been here before; that's why I asked.

Mr. Lutz: — It's slightly different, but the patients' trust fund bazaar account again, yes.

Mr. Katzman: — Is this the bazaar . . . That's that account where they make stuff and sell it, this whole portion.

A Member: — We better bring it back in here.

Mr. Katzman: — Well, do any of you people besides myself know what this is all about?

Mr. Chairman: — I would hate to be called upon to give a concise description of the Weyburn bazaar trust fund.

Mr. Katzman: — I think it's where the people that live there make things there, so the funds come back in and they get paid small but it's not being spent under the regulations. Would it simplify that, simply? It's small money, but, once again, it's a problem because it's not the people's money. It belongs to the inmates basically.

Mr. Hunt: — With respect to the trust fund, I think our comment on the bazaar trust fund in Weyburn was that the moneys were loaned to staff members for short periods of time, although such use of the trust fund appear to be within the intent of the regulations issued under The Mental Health Act. All of these observations led us to indicating that the department might improve its procedures for monitoring its branch operations, perhaps considering an internal audit function.

Mr. Lutz: — And, in addition, in North Battleford there is a banking requirement that they don't keep a bundle of cash on hand, and they so did. In other cases, the imprest advance accounts of the staff — not to do with trust funds now — but the imprest advance account was overdrawn, and we do not have overdrafts — little things.

Mr. Katzman: — I'd like them called because they've been slapped once before, and it seems that they come back two years later. I have concern about that.

Mr. Young: — If I might just comment here, I'm wondering if there's provision for the Department of Health in a circumstance such as that to immediately rectify the situation by advising the bankers to bounce the darn thing if they've started an overdrawing business. I mean, bouncing a government cheque, mind you, but is there no control mechanism that can be implemented in that direction, or is that . . . (inaudible) . . . I agree, but they shouldn't write it. The bank wouldn't have to bounce it.

They could send it back to the people and say . . . (inaudible) . . .

Mr. Hunt: — I don't believe the bank would have the authority to run the overdraft, but they're doing it anyway, so presumably your recourse might be not to pay the overdraft interest charges.

Mr. Lutz: — I'd have to ask Mr. Comptroller . . . (inaudible interjection) . . . We do not have overdrafts. Is this . . .

Mr. Kraus: — The rule is that there should not be overdrafts except to the extent that they might be planned by the cash financial debt management people, but that's another matter. It doesn't apply to this type of accounting. There's not to be overdrafts. That's correct.

Mr. Glauser: — Well, it would seem to me that these people have no borrowing powers whatsoever, and there'd be no agreement with the bank for such borrowing powers.

Mr. Kraus: — That's correct.

Mr. Glauser: — An overdraft is a loan.

Mr. Kraus: — Is a form of credit. Yes, that's right.

Mr. Chairman: — Okay. We could call them mail and telecommunications branch. This is not exactly a new story, this one. Isn't this a bit of an old chestnut?

Mr. Katzman: — I'd like to move the committee adjourn before we handle this because I want to do some checking on it.

Mr. Chairman: — Well, we'll just leave it then.

Mr. Katzman: — Well, I think we on this side would like to adjourn a little earlier today. It's after 11:30.

Mr. Chairman: — It's 20 to 12. Okay. Okay, tomorrow we'll meet 9:30 to 12:00. Hopefully we can get this finished tomorrow.

Mr. Katzman: — I so move the committee adjourn.

Mr. Chairman: — Okay. Agreed?

The committee adjourned at 11:40 a.m.