

STANDING COMMITTEE ON PUBLIC ACCOUNTS

April 19, 1983

**Mr. Chairman:** — I call the public accounts committee meeting to order. Mr. Katzman asked the Clerk for information on whether or not any legal proceedings have been commenced with respect to the McIntosh Mall or anything therein. The Clerk informs me he has the answer, and I'm going to ask him to read it into the record before we begin.

**Mr. Barnhart:** — Mr. Chairman, in response to the meaning of minute no. 3 with regard to public accounts committee — leases of commercial space and provincially owned buildings — I had a telephone conversation with Mr. Cutts, the deputy minister of government services. He replied that they have not received financial statements from five tenants in Sturdy-Stone building as of March 10, but are following up on these. They have not received financial statements from three merchants in the McIntosh Mall, and are also following up on these. They do not plan to take any legal action at all. They receive monthly statements of sales from each of the merchants, and there have been no inaccuracies shown. Accountants could be a little behind, and they feel the need to put some pressure on them.

Mr. Chairman, the last time that the committee met there was some concern about whether there was legal action with regard to this matter raised by the Provincial Auditor, and I am assured that there is no legal action pending at the present time.

**Mr. Chairman:** — Thank you very much. I want to welcome to our committee Mike Costello, the assistant deputy minister of finance; Morley Meiklejohn, executive director of investment and financial services; Lawrie McFarlane, director of budget bureau; Keith Mackrill, director of administration.

Let me just begin, gentlemen, by thanking you for your attendance. We have a couple of new members of the committee, and we had hoped we might just begin with a brief description of the fashion in which your department operates, with its segments of budget bureau and so on, and perhaps a description of the cycle as well, how the money gets from estimates into public accounts. And members will no doubt have some questions, and I hope you gentlemen don't mind if they interrupt and ask them when they're fresh in their minds. So with that, I'll ask you, Mr. Costello, to . . . (inaudible) . . .

**Mr. Costello:** — Thank you, Mr. Chairman. Well, as you know, last September the public accounts committee held a two-day orientation seminar, and at that time the Department of Finance spent a few hours going over the budgetary cycle, the roles and the mandate for the Department of Finance. We spent some time talking about the format of the provincial estimates, and the role and the duties of the comptroller.

I understood that what you were particularly interested in this morning would be a brief review of that budgetary cycle, and then to get into some of the concepts that are particular just to the comptroller: what is a virement, what is a special warrant, what is an appropriation? And what we have prepared for this morning is a very brief review of some of those questions. I've brought along for the information of the members of the committee the copies of the orientation seminar (at least the first session of the orientation seminar) from last September. As well, I've brought along copies of this chart on the wall, which refers to the budgetary cycle; and I've also brought along copies of the provincial *Estimates*, which I'm sure you all have, but we thought we'd

bring some extra copies in the event there were some questions about the *Estimates* or what they mean.

What I would like to suggest is that we spend a few minutes talking about the budgetary process and the cycle, and I will ask Lawrie McFarlane, director of the budget bureau, to take you through that very briefly, and then Gerry Kraus will speak for a few minutes about some of the issues with respect to virements, special warrants and the like, that I know are of interest to you. And then, really what we would do is just ask if there are any questions and there may be specific things you would like us to explain or pursue, and we'd be most happy to do that.

So with that perhaps, Mr. Chairman, if I could ask Lawrie McFarlane just to briefly outline the budgetary cycle, as by way of a general introduction to the information session this morning.

**Mr. Chairman:** — Thank you very much.

**Mr. McFarlane:** — If you would refer to the little hand-out that you have in front of you, which is a duplicate of the chart on the wall, in order to make the thing as understandable as possible perhaps what I can do is to propose to you that we consider the process as if it were working right now, and that we consider how the government is going about putting together the '84-5 budget, just as an example of how the process works.

So what happens is that we would begin on the first page, early in the fiscal year, as we are right now, in April. The budget bureau, in the tax and fiscal policy branch of the Department of Finance, put together our best estimate of what we think, first of all, the revenue-generating capacity of the government will be in the year ahead (that's to say in 1984-85), and that's done by using an economic model which the planning bureau of Executive Council operates for the government.

Once we know what the probable revenue-generating capacity of the government for the year ahead will be, the budget bureau then works that back into a set of budget guide-lines for government departments which, if those guide-lines were applied and followed, would enable the government to produce a set of expenditures which matched, it that were the desire, the revenue capacity of the government.

When these revenue and expenditure estimates or forecasts are completed, they are sent to cabinet and to treasury board for the agreement of the government. When cabinet has accepted the estimates, the budget guide-lines that we have drawn up. These are then sent by the budget bureau to each government department round about the beginning of May. They take the form of a series of directions to each government department telling them how to draw up their budget requests for the year ahead — in this case, for 1984-85. They're in the form of a series of percentage increases or decreases by type of expenditure, so that we would inform them: if you have a capital budget, you should assume the following inflation index; if you have some major grants to third parties such as hospitals or school boards, you should assume the following inflation index, and so on and so forth for each of the categories of expenditure.

The departments then spend a period between May-June and the beginning of September preparing their budgets so that throughout the summer the budget for the year ahead is being prepared.

If you would turn to the second page of the hand-out, at the end of that period round about the end of August, the beginning of September, departments have completed their budget submissions to the treasury board and those are sent to the budget bureau in the Department of Finance. The budget bureau then meets with the departments, and each department has an assigned analyst in the budget bureau, and the analyst meets with the department and reviews the proposed spending budget from the department to see, first of all, whether or not it's in compliance with the budget guidelines that cabinet has directed, or, if it's not in compliance, if there is some good reason why more money or less money is being asked for, and that may take the form of an explanation of some particular economic forces that that particular department has to deal with. The Department of Highways may come forward and say, 'It's all very well saying that the inflation index is 7 per cent, but the cost of asphalt is 14 per cent, and so we have to budget for that.'

Once those preliminary discussions have been held to clarify the situation, the budget bureau then prepares a written document for treasury board, recommending to the board what the budget for each department should be for the year ahead. The treasury board then meets with the department and the budget bureau to discuss the department's budget for 1984-85, and this happens during the period September until the end of November.

Once those meetings have been concluded, the treasury board arrives at a series of preliminary decisions about the budget requirements for each government department. These are then brought together in a process called a budget finalization meeting, which is held, first of all, by the treasury board at the beginning of December, and what happens at that point is that the treasury board looks at all of the preliminary decisions that it's made for each department, adds them up to see whether or not the total package is within the overall spending limits or program objectives that the government had set for the year ahead. If there have to be some modifications — and there quite often do — these modifications will be made at that point.

The treasury board then sends to cabinet its recommendations for the budget, and cabinet repeats this budget finalization process usually in the middle of January or perhaps early February. Cabinet . . .

**Mr. Chairman:** — If I could just interrupt you Lawrie for a moment, just to make sure that we all understand the terms that are being used here. Treasury board is a body composed of elected people.

**Mr. Costello:** — Right. It's a committee of cabinet.

**Mr. Chairman:** — It's a committee of cabinet. The budget bureau is . . . That's a branch of your department, is it not?

**Mr. McFarlane:** — That's correct.

**Mr. Chairman:** — Composed of public servants.

**Mr. McFarlane:** — That's correct.

**Mr. Chairman:** — So when we go from budget bureau review and analysis to treasury board meetings, we are moving the process on from the bureaucracy (I don't mean that in a pejorative sense), from the bureaucracy to the Executive Council.

**Mr. McFarlane:** — Right. Yes, the role of the appointed officials effectively diminishes over this period of time, so that by the time you get to the end of November and treasury board is finalizing the budget, most of the decision making, in fact all of the decision making and most of the discussion, is held by the members of the board and there are five and each of them is a cabinet minister.

And then when the package is sent on to cabinet, the discussion is almost exclusively, of course, between the members of cabinet as the elected representatives. Cabinet then produce a series of decisions and those are communicated back to the Department of Finance. The Department of Finance prepares the printed estimates, and also helps to prepare the budget speech. Those are completed usually at the beginning or middle of March, and they are tabled together in the House when the Minister of Finance brings down his budget, usually some time in March. That is in very short form an overview of how the process works. If you have any questions we can deal with them now or we could move on to the next point.

**Mr. Chairman:** — Do any members of the committee have any questions on the cycle?

**Mr. Meagher:** — How many individuals on the treasury board?

**Mr. Costello:** — Five.

**Mr. Meagher:** — And they're all cabinet?

**Mr. McFarlane:** — . . . (inaudible) . . . The Minister of Finance is the chairman.

**Mr. Young:** — When a government goes on for extended lengths of time without a budget, I presume that what is happening is this stuff is bogged down and they're just spending on warrants, and on they go. There was some concern expressed by the opposition in B.C. that that's what was going on there.

**Mr. McFarlane:** — Yes, there is no legal requirement, as I understand it, for the government to introduce a budget at the beginning of the fiscal year. It could be the case that a government might wish to hold the budget back, and to proceed on the basis of special warrants. Of course there would be political ramifications from that, but . . .

**Mr. Young:** — . . . (inaudible) . . . go the whole four years like that, presumably, if there's no law requiring you to have a budget.

**Mr. McFarlane:** — In practical terms I can't think of any occasion where that's ever happened.

**Mr. Chairman:** — Well, it's become almost commonplace in the — if I could just interrupt, I'm sorry — it's become almost commonplace in the federal government. And I'm curious about Kim's question. What do they do? Do they just run by the seat of their pants, this whole process never happens, or what do they do in the federal government?

**Mr. Young:** — There is no legislative review of spending is what it boils down to. They disenfranchise the legislature or the parliament in the federal case, you know.

**Mr. Chairman:** — Well there don't seem to be any control over spending.

**Mr. Costello:** — At the federal level, Mr. Chairman, the blue book expenditure process is separate from the budget process, so that the budget that will be introduced tonight by Mr. Lalonde does not include the tabling of *Estimates*. Those *Estimates* were tabled in the federal parliament about the end of February. But there had been occasions in Ottawa where, yes, they have gone many, many months beyond the close of the fiscal year without a budget. But less frequently, when it has happened, they have gone well into the next year without passing an appropriations act which is the culmination of the estimates process. So that they have gone well into a second year without an appropriations act. But more frequently, a budget will be . . . which is not the expenditure process, but the federal budget being basically the taxation, the ways and means measures. But, yes, it's a different process.

**Mr. Glauser:** — The last two budgets have really not been ratified through parliament.

**Mr. Costello:** — At the federal level, yes, that's right, so that many taxation measures have been sitting in limbo.

**Mr. Meagher:** — Could you tell me who makes up the budget bureau? Are they from different departments, or . . .

**Mr. McFarlane:** — No, these are employees of the Department of Finance.

**Mr. Meagher:** — All Department of Finance?

**Mr. McFarlane:** — Right. There are about 15 or 16 junior people and four or five senior people. There are about 20 altogether.

**Mr. Chairman:** — One of its primary functions is to analyse and prepare a critique of the departmental requests for the benefit of treasury board?

**Mr. McFarlane:** — That's correct. We basically have two functions. The first one, as you describe it, is to advise the treasury board on budget requests from government departments. The other 50 per cent of the time is the administrative work of seeing that the flow of moneys through the system takes place smoothly and that when departments require moneys that the money is being released as required, or that if there are some other administrative requirements that they have, that those are satisfied. So it's 50 per cent administration of the system, 50 per cent advising the treasury board on the preparation of the budget.

**Mr. Young:** — Possibly there's a catch. If our special warrants could only be used for unforeseen expenses, then presumably here, in this province, we couldn't go on and on without a budget because the expenses wouldn't be unforeseen and it would be an improper use of special warrants. Maybe the case is different in Ottawa and British Columbia.

**Mr. Costello:** — I guess it would fall to the interpretation of 'unforeseen.' If the

legislature is not sitting, which of course is the only time a special warrant can be passed, the executive arm of government could say that the last time they brought in a budget, or the last time the House was sitting, they deem certain expenditures to have been not foreseen and, therefore, can issue special warrants. I think that would be the process. So that if the House is not sitting they could continue to issue special warrants which, whenever the House is called back, those special warrants have to be submitted to the House in the form of supplementary estimates. But I think 'unforeseen,' I would say, is really at the interpretation of the Executive Council. If the House is not sitting and they say that this expenditure was not foreseen, I believe that there are no constraints on them to issue special warrants.

**Mr. Chairman:** — For reasons that are understandable and no fault of the present administration, that occurred to some extent, didn't it, in 1982 where we carried on for an abnormal length of time. As I say, it was understandable and really no fault of anyone's.

We tend to think of the budget and the estimates — appropriations as being all one process. But I guess, when I hear you explain the federal system, it isn't; it's two different functions. One, they're giving you some sort of a projection of what their plans are. And the second one is the traditional legislative control of the public purse, I guess.

**Mr. Costello:** — I guess, Mr. Chairman, in Saskatchewan the process is still one — whereas it is not in Ottawa — such that the cabinet committee on finances and management — treasury board — annually makes decisions with respect to the budget, both on the expenditure side and the taxation side, and the borrowing side, as one big picture, and that's the process. And the various branches of the Department of Finance act as staff to the treasury board in looking at the full picture right across the piece. Whereas, in Ottawa, I think, there is some fragmentation there, where the expenditure process has momentum of its own with a different staff organization and support than perhaps the process that gives you a budget and a series of taxation measures. In Ottawa, that's a separate thing with separate staffs, so there's a significant difference there.

**Mr. Chairman:** — I just have one minor question. Is there a quorum for treasury board? Do they meet in full or do they meet one at a time, or how do they handle it?

**Mr. McFarlane:** — As I understand it, I don't think . . . There's not a legal requirement for a quorum, but there's an informal understanding that at least two of the five members will be present, and preferably more than that.

**Mr. Chairman:** — Any further questions? . . . (inaudible) . . . not, okay. We'll carry on then.

**Mr. Kraus:** — What I thought I'd do, Mr. Chairman, is keep this fairly simple and just talk about the financial management process from my prospective. The permanent head's role — the permanent head is responsible for administering his department and that means that he is charged to ensure that any payments that he requests of me, that there are sufficient moneys appropriated by the legislature, and that there is sufficient legal authority to make the payment.

Now, my role as defined by the finance act, in general terms, is to ensure that moneys that are paid from the Consolidated Fund are in accordance with the intentions of the government and as authorized by the appropriation act and the appropriate legislative

acts or the various legislative acts. In addition, the comptroller maintains the accounts of the principal funds of the province, prepares the financial statements, the *Public Accounts*, and ensures compliance with treasury board regulations.

And I think we'll just talk about the process a little bit because it seems we talk a lot about payments when we're reviewing departments. The department then, as I said, is responsible for ensuring that payments are legal and correct and so on. And they prepare payment vouchers and send them to us. We perform an audit on the payment, and ensure that everything is correct, and then, we issue cheques. Okay?

As far as reporting goes, from the comptroller's point of view — financial reporting — we provide the departments with expenditure reports against the budget or the estimates. We provide financial statements to treasury board and the Department of Finance, and we also prepare, as I said before, the year-end financial statements and the *Public Accounts*, which is submitted to the legislature and really completes the accountability loop from the government back to the legislature based on the estimates that you have voted — known as the appropriation act.

I thought maybe the best way to talk about special warrants and virements would be to talk in terms of what the department has to do if they have a problem — if they don't have sufficient money or authority. And so, for example, with special warrants: if a department finds that the original appropriation act doesn't provide sufficient authority or doesn't provide them with sufficient money and they feel they want to enter into a contract or whatever and they want to pay the money, then when the House is not in session they will obtain the necessary authority and obtain the necessary moneys by having a special warrant issued. This special warrant will provide the moneys and authority that I need, as the comptroller, to make the payment.

That isn't going to happen very often, but when they do run into that situation, that's the mechanism if the budget is insufficient. And from time to time, it will not even provide authority. Again, it doesn't happen very often, but during the year there may be some special need or some special program and they don't have authority in any legislation, so they can use a special warrant for that purpose and later on amend the appropriate legislation.

As far as virements goes, the department may find during the year that they have insufficient money in some particular subvote. The finance act now provides (it used to be in the annual appropriations act), but now the finance act provides on an ongoing basis authority for the Minister of Finance to approve a virement, which really is another term for transfer from one subvote to another within a particular department. So if a department finds that it needs more money in a particular subvote, and it's short there but it has excess moneys in some particular subvote, it can apply to the Department of Finance for this transfer. Again, I cannot make a payment until such time as the deficient subvote has had moneys transferred to it.

Now if you want to see that information, and from time to time questions are raised about it and I think we talked about it last week, the schedule of budgetary expenditures for the Consolidated Fund. For example, on page C 16 of the *Public Accounts* shows reports by department by subvote, a figure known as estimates, and that's the amount that's been provided by your appropriations act plus any special warrants, if there were any issued. And again, they're not necessarily issued for all departments. So there's that total plus there is also a total now for the first time in '81 82 showing the net virement between subvotes within a department. Adding up those two particular

amounts gives you the total appropriation, and that is the figure by which I control disbursements from the Consolidated Fund, and it applies to the heritage fund as well.

I haven't given you any great amount of detail, because I could spend several hours on this, and if you have any questions, I . . . (inaudible) . . . answer them.

**Mr. Young:** — I have one with respect to overall financing. The money is all allocated in the budget to go where it's going to go. You come up with X deficit — or say you've balanced it out to zero — and then a big lawsuit arose — a potash company was suing the government for illegal taxes, or some Department of Highways crew schmucked a school bus that had 10 or 12 paraplegics or something like that — a big monetary thing. As I take it, Sask Power, Sask Tel have no third-party insurance to cover it. I may be wrong there. But where does the money come from on a big lawsuit where the government is named as the defendant and they lose? How does that fit into the budgetary process? It comes out of the Consolidated Fund somewhere, but out of whose little bailiwick does it come?

**Mr. Costello:** — Well, I suppose in the first instance if it was a payment that a crown corporation was ordered to pay by a court, of course it would come out as an operating expense of the crown corporation, and it wouldn't appear in the *Public Accounts*. If the government . . .

**A Member:** — For example, the Department of Highways.

**Mr. Costello:** — Okay, sure. Got you. Okay. In the case of the Department of Highways then, if the court ordered the province of Saskatchewan to pay a court settlement or whatever, it would be money that would have to be provided through special warrant. And I don't know what the . . . Unless it would come through the statutory authority.

**Mr. Kraus:** — No, I think there's two aspects. If there was additional money required, you could raise a special warrant for that. Whether we need authority when it's the result of a legal action like that, additional authority, I'm not sure.

**Mr. Young:** — But whose pot does it come from?

**Mr. Costello:** — It would come out of the Department of Highways budget, more than likely.

**Mr. Kraus:** — Whichever department the lawsuit pertained to. But what I'm saying is I think when you're into a legal situation like that I don't think you need specific legal authority. I think you're compelled to pay, and that's sufficient legal authority, but if you needed additional moneys you would then have to raise a special warrant or vire. Maybe there would be sufficient moneys, but if it was above what the department had voted in total you'd have to use a special warrant.

**Mr. Young:** — Yes, but somewhere out of the Department of Highways subs. It's going to have to come from somewhere, and it's going to make something short. Capital expenditure on caterpillars, or whatever it may be, something's going to run short when this 100,000 comes out.

**Mr. Costello:** — Well, clearly that would be a decision of the Executive Council at

that point in time, whether they wanted to have the Department of Highways reallocate money within their budget and move money from what might have been going to such and such an activity to pay this or to authorize them to continue and make it incremental to all of this by later getting some authority by way of special warrant. I mean that . . . (inaudible) . . .

**Mr. Young:** — There's nothing in the estimates now, a subheading set aside for unforeseen and unprovided for, but . . .

**Mr. Kraus:** — It's a nominal amount, and I think that's where this virement process or the special warrant process comes into play, I mean for unforeseen circumstances like that. You have the option. If you can manage within your department, you could perhaps vire funds over from one subvote to the other. If you don't have enough, then . . . (inaudible) . . .

**Mr. Young:** — Vire it into unforeseen, I presume.

**Mr. Costello:** — Or, in the Department of Highways, into the administration vote or whatever would be used to pay this settlement or this payment.

**Mr. Kraus:** — If you're talking about an unforeseen or a miscellaneous, I believe it only appears in the Finance department. Generally that doesn't appear anywhere else.

**Mr. Chairman:** — You don't have a slush fund in the departments.

**A Member:** — No.

**Mr. Glauser:** — Mr. Kraus, right at the beginning there you talked about reporting on a regular basis to the various departments. How detailed is that?

**Mr. Kraus:** — Down to the what we call our object code — personnel, the various, oh, how can I describe it, I suppose the various categories of expenditure that they budget by . . .

**Mr. Young:** — By subvote.

**Mr. Kraus:** — Yes, subvote and by what we call object code within the subvote, or even, we have sub-subvotes. It can be broken down into activities, and of course the particular line item of expenditure like supplies, advertising, whatever.

**Mr. Glauser:** — And then to arrive at a final total and giving the comparison to where they're at and what the total allotment was . . . (inaudible) . . .

**Mr. Kraus:** — Yes. Really, the reporting that we follow is a comparison, in a sense, against the estimates, but in a much more detailed manner. Eventually, it all rolls back up to provide them with information or expenditures against . . .

**Mr. Glauser:** — Line by line.

**Mr. Kraus:** — Line by line, yeah, and even, of course, in much more detail than this particular book, the *Estimates*.

**Mr. Meagher:** — I have a couple of questions relating to the reporting. In a general

sort of way, could you explain to me what these books contain — why we have volume 1 and 2 and then a number of supplementaries? I don't know if I've seen them all or not, but it seems to me I've seen several supplementary volumes, and I'd just like to know what's in them.

**Mr. Kraus:** — Volume 1 is the financial statements . . . (inaudible interjection). . I'll keep it short. The financial statements of the province, the principal funds of the province, are in volume 1. That's the heritage fund, the Consolidated Fund, and the combination of the two known as the combined fund. Then there's supporting schedules of all descriptions to support those statements. In addition, we have financial statements of other entities. We used to have the advance accounts, for example; they'll be revolving funds now. The official guardian, a whole host of agencies whose financial statements are not tabled separately in the House — we put them in volume 1. So you're assured, as a legislator, that you're going to see the financial statements of the various agencies and corporations, either tabled directly in the House as individual statements, or they'll appear in this *Public Accounts*, but really, the primary purpose of this is to show you the principal funds of the province, the three that I mentioned: the Consolidated Fund, the heritage fund, and the combination of the two, and all the supporting data — schedules to support . . . (inaudible) . . .

**Mr. Meagher:** — Are you suggesting that the volume 2 basically supports . . . (inaudible) . . .

**Mr. Kraus:** — No, no, I was still talking about volume 1. Volume 2 then gives you the details of the expenditures of the Consolidated Fund. That's where you'll find the expenditures with any subvote. For example, here I've got the veterinary services branch. I guess that would be in Agriculture, and it lists the expenditures: permanent heads, salary, permanent positions, rents, publicity, repairs, maintenance, etc., so you get a complete breakdown of the expenditures by subvote. On top of that, we provide you with details of who received the money. If you're a supplier, and in any given year you receive payments totalling 10,000 or more, that is printed out by subvote. As well, if the salaries exceed \$20,000, that is printed out. So that type of detail is provided in book 2. That supports the payments from the Consolidated Fund.

**Mr. Chairman:** — If you want to find out how much Katzman or Shillington or — who else was here before? — Engel spent on telephone allowance or mileage allowance, it's all in there.

**Mr. Kraus:** — Finally, I think there's a third volume as well, volume 3, and it is a alphabetical listing of the payments made to employees. In other words, if you want to know how much somebody was paid in the Department of Finance, you could go to volume 2 and look under Finance, but if you just want a handier reference, I guess, is that alphabetical listing that goes across the whole government, volume 3.

**Mr. Chairman:** — I'm not sure we get volume 3. Do we?

**Mr. Kraus:** — Yes, it's tabled in the House, perhaps some time after the original *Public Accounts*. There are two volumes, but it is tabled later.

**Mr. Glauser:** — That, of course, relates to Mr. . . . (inaudible) . . . has said. Over 20,000.

**Mr. Kraus:** — Yes, your salary has to be in excess of 20,000. The reason those limits

are placed on it is that we try to keep the size of these books something reasonable.

**Mr. Chairman:** — I'm curious, Mr. Chairman, about how this came into being and why this thing came up.

**Mr. Kraus:** — The third volume?

**Mr. Meiklejohn:** — That's probably because the legislators wanted that kind of information, as to individually who the money was being paid to.

**Mr. Chairman:** — Okay. Sorry. Go ahead. I interrupted someone.

**Mr. Meagher:** — Okay, supplementary volumes then, if you like . . . you didn't deal with them. At least I missed it. What are they?

**Mr. Kraus:** — Oh, I say what that is then is it is an alphabetical listing of the payments to employees, for example, of 20,000, where they've received 20,000 and greater. And what it does is it simply saves you the trouble of looking into each department's expenditures to find out how much individuals are paid. You can look there. It goes right across the government.

**Mr. Costello:** — Mr. Chairman, is it possible that you might be referring to supplementary estimates, which . . . I don't believe there are supplementary volumes to the *Public Accounts*. They've just supplementary estimates. I'm just wondering if there's some confusion there.

**Mr. Meagher:** — Type of supplementary information of public accounts.

**Mr. Young:** — Those are supplementary estimates?

**Mr. Meagher:** — So this is in addition to volume 3 you're referring to.

**Mr. Kraus:** — No, that is what we're calling volume 3.

**Mr. Young:** — Mr. Kraus, sir, I guess I'm trying to learn how the tricks are played, or whatever you'd want to call it, but the one for instance I have a grip on is in the last five years, shall we say, the Department of Social Services budgeted 1.1 million for capital expenditures on special care homes, and then it would spend 200,000, and then it would budget 2.2 and spend 300,000, budget 2.2 and spend 200,000. Presumably there was always an awful lot of money left over in that particular department vis-a-vis that sub, every year. In fact that was the case. How was that money plowed back in to the system? It wasn't spent. It was allotted for; not spent — and how would a government make use of that sort of a gamesmanship in its overall budgetary process?

**Mr. Kraus:** — Well, perhaps I should let Mike Costello . . . I could tell you how I deal with it from the payment point of view, but if you're talking about the budgetary aspects . . .

**Mr. Costello:** — When the government presents its estimates to the House, it presents estimates of amounts that it intends to spend in various subvotes. Legally speaking, if it is determined by whatever method or means that those amounts should not be spent, then legally those amounts lapse. They are not spent; they're not ploughed back in any sense or held over for use in any year. Rather they just contribute

to a certain block of funds that are appropriated, that in the end, for whatever reason, intentional or unintentional, are not spent. And they merely become . . .

**Mr. Young:** — If you had a balanced budget, for instance, in one of those years, you would have a surplus, correct?

**Mr. Costello:** — If you planned to balance the budget, and you did not make any commitments or take any decisions to increase spending in any area, then you would probably end up with a surplus because there are always instances where funds lapse because they just do not get spent by the end of the fiscal year, so that's correct. But of course there are always add-ons as well as subtractions in the budgetary as the year unfolds.

**Mr. Young:** — Now with this here ability for a department to slide the funds around, something like that would be very beneficial because they would for sure have — if they never intended on spending it in the first place — for sure have a lot of money to move around within their department.

**Mr. Costello:** — That would have to be approved by way of a virement by the Minister of Finance, and then . . . (inaudible) . . . shows up here in the public record, in the *Public Accounts* but that . . . (inaudible) . . .

**Mr. Young:** — The virement from the minister would . . . I imagine someone from the department of whatever department it was — Social Services, shall we say — would go to the Minister of Finance and say, 'Here, sign this,' so to speak, allowing them to shove money to welfare or some other aspect of their department.

**Mr. Costello:** — Well, generally speaking, any time a department wants to spend money, move money around, or whatever, it must get the Minister of Finance and treasury board's approval, And the proposal is submitted to staff, and it's analysed and the decision is taken by the ministers, but that's basically the process. You know, whether that authority is given to move money around or to make commitments that will result in the requirement for a special warrant, or whatever, that's treasury board's . . . (inaudible interjection) . . . Yeah, there is a formal process.

**Mr. Young:** — Okay, say that was going on and the House was sitting, and they couldn't do a special warrant, what then do they come to the House with?

**Mr. Costello:** — Well, virements can be done on the signature of the Minister of Finance at any time of the year, whether the House is sitting or not.

**Mr. Young:** — Okay, Shall we say special warrant above and beyond? They didn't have . . . There isn't enough money there to use a virement, and the House is sitting, what happens then?

**Mr. Costello:** — More often than not, nothing happens. There's no authority granted, or if the government wishes to introduce into the House a further estimate, to say: our estimates that we put in X number of weeks ago is now insufficient in order to . . . We need authority for such-and-such a program, then they must bring in a further estimate that the House has to vote on to provide the authority for Mr. Kraus to make a payment — if the House is sitting.

**Mr. Young:** — All right. But if they wait until the House adjourns, then they can go into

a special warrant?

**Mr. Costello:** — Correct.

**Mr. Chairman:** — One of the suggestions I was going to make, at some time in the committee, was that sometime over the summer when we meet, it might be worthy of our while to spend a morning trying to understand the organization of these books. It's anything but straightforward to a layman. We may also want to spend an afternoon wondering if they can be improved upon; I'm not sure they have to be as complicated as they are. It may not mean much to the officials of Finance, who deal with them every day, and to whom they're probably thoroughly understandable, but I find the organization of these things really difficult to grapple with and I've been here seven years, going on eight. Anyway . . .

**Mr. Glauser:** — I just wanted to ask one question. What would it cost, and are we getting the benefit of the cost relative to that third volume? Is it of that much interest to John Q. Public?

**Mr. Kraus:** — Well, I can't answer that, Mr. Glauser. It seems to me that that, again, I just can't recall precisely. But I suspect it may have been printed because of the request of this committee, for example. But I'd have to check back. Mr. Lutz, do you recall why we began printing that?

**Mr. Lutz:** — Some years ago, I would guess maybe 10, there was a concern expressed by the members of this committee because when they got down to dealing with the costs of things: What did you pay a contractor; what did you pay a supplier; what did you pay an employee? And the problem was that quite often in a year an employee worked for three different departments, quite plausible, quite often happens. Or, you would find that a contractor had provided services to Highways or maybe Agriculture, and also maybe with Northern, and the members said, as I recall the dialogue, approximately like this: 'We have a terrible time trying to go through this book to find out what you've paid contractor A. Could the Finance people compile this kind of a record which could collect in one place the total payments made to a variety of people from public funds, from the appropriations?' And that's why this book arose. I think it must be about 10 years since this first came out. It's quite a while ago.

I can't remember all of the members on the committee at the time. I believe Mr. Skoberg was one of the moving forces behind getting this. Gordon, you might be able to help me. I think it was Mr. Skoberg, originally, who said, 'I can't go through this book forever trying to find Mr. A. just because I want to know what he was paid.' So the net result was this consolidated . . . payments all put together. That's why that was done, at the request of the members of the public accounts committee.

**Mr. Kraus:** — I've been advised, Mr. Chairman, that we only print 250 of that supplementary volume. It's tabled in the legislature. We only provide them upon request. This doesn't have the wide distribution that our two major volumes do.

**Mr. Chairman:** — It's intended for the use of the . . . really the use of the members of the Legislative Assembly and the Department of Finance and so on, not really the public.

**Mr. Kraus:** — The system, that's correct.

**Mr. Chairman:** — It's true, I think, of most of these things; they're not . . . (inaudible) . . .

**Mr. Young:** — Is everything in that third big . . . (inaudible) . . . somewhere in those two big fat ones? Is that the deal?

**Mr. Kraus:** — Well, I guess Mr. Lutz was really providing the difficulty that if a supplier, for example, is paid \$6,000 by two different departments, the \$ 10,000 rule doesn't come in in volume 2 because he got 6 from department A and 6 from department B. But that book will cut through the department line and say, 'Hey, he got 12, so he's reported.' And that's the difference.

**Mr. Glauser:** — That's why I was asking that question because it must be rather costly to assimilate all this information.

**Mr. Kraus:** — We have the data on the computer files. I, offhand, couldn't tell you how much it cost, Mr. Glauser. We could perhaps make an estimate of it.

**Mr. Young:** — I know in the past the NFU did a lot of studies for the Department of Agriculture, and they were always \$9,999 worth of studies. And presumably this book would . . . (inaudible) . . . If they did two studies for the Department of Agriculture, they'd trip up in the book. If it was otherwise they wouldn't trip at all.

**Mr. Lutz:** — May I speak to this subject once more? I am looking at volume 2; I've just at random opened up at page 185, and this is a schedule of expenditures made by Government Services — capital. And the last line on the list of payees, it says: 'payees under \$10,000' and the total of that item is 461 000, but because 46 (or whatever number of people) got less than \$ 10,000, they didn't show up anywhere. But if one of these happened to be in Highways, as well as Renewable Resources, as well as Government Services, then he would in all probability exceed the \$10,000 or whatever, and show up in this book. And it was at the request of the members that this happen.

**Mr. Young:** — And the computer could do that without any effort at all.

**Mr. Lutz:** — Mr. Kraus has got to tell you how his machinery works; I can't.

**Mr. Kraus:** — I guess I would say that those things always cost money, but you're right; it isn't that difficult because we are recording the information in the first place. It's just a matter of running different programs to capture the information in a different way, accumulate it and report it.

**Mr. Chairman:** — Okay. Any further questions of Mr. Kraus?

**Mr. Meagher:** — In effect then, this third volume would contain all of these items plus some from the last . . . (inaudible) . . . page under \$10,000.

**Mr. Kraus:** — It may.

**Mr. Meagher:** — The reproduction of this list and in addition possibly some other people.

**Mr. Chairman:** — Okay. I just found out something I didn't know and that's Jerry

Hammersmith's real name is Jerome. I didn't know that. I learned something today. It's not a wasted morning. Any other questions of Mr. Kraus? All right. If not, was there anything more you were going to present us with by way of background information? That was what you had. Okay, are there any questions then on the full gamut of . . . (inaudible) . . . before we go on to the detail of dealing with the individual items, that you want to discuss with him? I gather not.

At this point in time I'm going to have to ask for some assistance from the Provincial Auditor, because I never can find anything in this report of his. Research council: where would I start looking?

**Mr. Lutz:** — Research council? Page 34. Borrowing authority exceeded. Is that what you're after?

**Mr. Chairman:** — Right. The members of the committee wanted to raise with you the question of the fact that the Saskatchewan Research Council had exceeded their borrowing authority.

These gentlemen have no doubt had a copy of the Provincial Auditor's report. You note the comment in there that the nature of the council has changed over the years. It began as a body doing research, and so on, for the government. It's changed to the point where I think we were told the majority of their work is actually on a fee-per-service basis. It makes it difficult for the research council to carry on their activities within the framework in which they have been established.

I guess one of the questions to the Department of Finance is whether, in your view, the solution is to force the research council back into the legislative mould that has been provided for, or whether we need to rethink the mould and change them so that they run their advance account or have a borrowing authority or something.

Perhaps I'll just let you gentlemen comment. It struck the committee that it may be that it wasn't so much the research council which was acting without authority, as a legislative framework which may have got out of date.

**Mr. Costello:** — Mr. Chairman, I don't think on the broad question of the mandate of the Saskatchewan Research Council or how they structure their activities, I don't think the Department of Finance really has a view. I think if we take it as a given that now the Saskatchewan Research Council gets significant sums of money, both from the Consolidated Fund and from outside private sources, if we take that as a given, something that the Department of Finance obviously has no quarrel with, I think it's incumbent upon the government to make sure that it makes timely payments to the research council so that it sets whatever the legislature appropriates to it, its payments from the Consolidated Fund. But of course we have no control over the timing of cash injections into the research council from its private contracts.

It appears what has happened is that on balance they've ended up at certain points in the year being a little cash short, so that . . . And I suppose it's not uncommon that a body such as this might have some cash flow difficulties at times if payments aren't coming in.

I guess the issue here then is, since they were at one point in time during the year in an overdraft position . . .

**Mr. Chairman:** — On several occasions.

**Mr. Costello:** — I see, on several occasions. The Provincial Auditor quite rightly points out that they don't have the legal authority, did not and do not have the legal authority to have overdrafts, and we recognize that. And I suppose as a general comment on, I guess, three or four items that are raised under this section, I would just offer that legislative amendments are now under consideration which would rectify this such that in cases where certain bodies such as the water supply board or the research council find that they need a line of credit during the year, the amendments are under consideration now to be introduced into the House that would give us the vehicle that would permit them, these agencies, to legally enter into lines of credit on an as needed basis, and as approved by — well, if they are treasury board corporations or agencies, then under the authority of the Minister of Finance, and what have you. So the legal question, I think, is recognized and will be addressed, I anticipate, and that will not solve the research council's cash shortage at times during the year, but at least it will give them the powers to correct the situation.

**Mr. Chairman:** — Okay. I gather what you're saying is that the legislative changes to their structure might be appropriate, and that indeed is being considered by the appropriate body which, I guess, is the Executive Council.

**Mr. Costello:** — Right. I didn't mean to indicate changes to each of these structures, but rather some sort of general amendment that would permit the Minister of Finance to approve lines of credit without having to go back to each of these agencies' legislation and making specific amendments to each of them, rather, some sort of overall authority being granted to the Executive Council, or to the Minister of Finance, to let such agencies have lines of credit as needed.

**Mr. Chairman:** — Given the nature of what they're doing now, it really isn't realistic, is it, to deny them the right to borrow or to expect them to always have the money in the bank. It really has come to be unrealistic, hasn't it?

**Mr. Costello:** — I guess I would agree with that, Mr. Chairman, yes.

**Mr. Young:** — What enabling legislation pertains to Saskatchewan Research Council? From whence does it come — what act?

**Mr. Costello:** — It's an act of the legislature establishing the research council.

**Mr. Kraus:** — I would have to look that up.

**Mr. Chairman:** — I think it's the Saskatchewan Research Council act.

**Mr. Young:** — I don't think so, unless it's just brand new.

**Mr. Chairman:** — No, it isn't.

**Mr. Young:** — I know it isn't brand new.

**Mr. Glauser:** — Going back to the auditor's report here, I don't think it would correct the matter of people acting outside the parameters, as it was just a case of funding until the contract.

**A Member:** — The cash flow.

**Mr. Costello:** — Cash flow — that's what it amounted to — the lack of it, but they always seemed to come out properly in the end. They were never owing.

**Mr. Chairman:** — Okay. Other comments on the Saskatchewan Research Council before we move on to other items we can discuss with the . . . I guess there's nothing to prevent us from coming back. Now, we also were going to discuss with them the Saskatchewan Water Supply Board, and it's the same, virtually, . . . (inaudible) . . . the same item.

**Mr. Lutz:** — I believe there's four items in that one section.

**Mr. Chairman:** — They are all the same issue, I guess.

**Mr. Lutz:** — Yes. Well, not quite. In the case of, say, the computer utility, which is second, there was a case of borrowing funds without adequate authority.

**Mr. Hunt:** — Legislation had provided that an order in council was required, and one was not obtained.

**Mr. Chairman:** — I don't think it was suggested that the Saskatchewan Computer Utility Corporation was an item that we wanted to discuss with Finance. I think we were going to discuss that with the computer utility corporation themselves. I don't think that was the problem that we felt people were involved in.

The water supply board and the medical care insurance commission — I guess the same comments as we made with respect to the research council would apply to the water supply board, would they? It's a crown corporation; that's, I guess, one difference. So I guess it wouldn't apply because it's a different animal.

**Mr. Costello:** — I understand, Mr. Chairman, that under the water supply board, that board has the legal authority but the auditor points out they didn't use it.

**Mr. Chairman:** — Proper steps weren't taken, I see that.

The medical care insurance commission. I'm wondering if this is the same problem as the Saskatchewan Research Council. I can understand why the research council, given the nature of their work and the fact that they do it on a fee-for-service basis and must fund the research until the work is completed . . . No such problem should seem to arise for the medical care insurance commission. I'm curious as to why they seem to be in an overdraft except for failure to manage their affairs.

**Mr. Costello:** — I think the matter, Mr. Chairman, is fairly similar to the research council, although of course the medical care insurance commission derives virtually all of its money from the Consolidated Fund, but it really is just a question of timing of payments from the Consolidated Fund into the MCIC fund. The MCIC fund for cash management do not have the authority to have overdrafts, even overnight. I think that requires rectification. I think it's a fairly similar sort of situation.

**Mr. Chairman:** — So we're not thinking of any very long-term borrowing here, It's just the ability to continue their activities until such time as a cheque actually arrives, or the

transfer physically arrives from Finance.

**Mr. Young:** — I have a question, an observation with respect to all this. There are three entities in law that . . . (inaudible) . . . governments, corporations and individuals, and there is nothing else. There are no such things as political parties, for instance. You've got a situation here where the banker, whoever the banker for the Saskatchewan Research Council is, is by way of overdraft money loaning money to this corporation. When the little company I had wanted to go in to do some banking, I had to have shareholders' and directors' resolutions authorizing borrowing. The banks gave real . . . (inaudible interjection) . . . No, they insist that you're one of these corporation things. Governments — no problem, individuals — no problem, but if you're a corporation they do cartwheels to ensure that you have the power to borrow, and for that purpose they have their own forms. They don't trust yours, signed by your director saying that you can borrow. And, presumably the banker, if he were to be audited by whoever audits banks, like, internal banking stuff, he would be hung out to dry for lending money to a corporation without the necessary documentation that I'm sure the bank supervisor insists upon.

And, in this case, you've got two people who are presumably out of bounds: (a) the council for doing something that the act doesn't allow it to do, and (b) the banker for lending him money without his proper paperwork, i.e., the resolution of the board of directors allowing the borrowing. So in that sense maybe some policing will come by way of the banks some time on this, and they'll quit allowing overdrafts.

**Mr. Chairman:** — Probably it won't, though.

**Mr. Glauser:** — I think I can answer your question, Mr. Young. I happened to be at that branch where that account was . . . (inaudible) . . . takes place. And I can assure you we were covered on the overdraft with sufficient documents.

**Mr. Chairman:** — I think Mr. Lutz has a comment on this area.

**Mr. Young:** — Well, who gave you the documents? That is the question. Who had the right to?

**Mr. Glauser:** — They were as good as the people who were issuing them. And whether they were in fact in line or not, well . . .

**Mr. Young:** — They had no authority to issue them, Mr. Glauser, but were reading that act out on their own on that one. The act doesn't allow it.

**Mr. Glauser:** — Maybe somebody can answer to that.

**Mr. Meiklejohn:** — Well, the Saskatchewan Research Council is a little different than the Saskatchewan Medical Care Insurance Commission in terms of an agency and how it relates to the government. It's unlikely a bank would say much about the Saskatchewan Medical Care Insurance Commission about an overdraft for a couple of days or so on. It's unlikely they would say, even if there was no formal arrangement . . . (inaudible) . . .

**Mr. Chairman:** — The Saskatchewan Research Council . . . (inaudible) . . .

**Mr. Meiklejohn:** — And I suspect for the same reasons that the bank doesn't get too excited because it's largely funded by the government, you know, and has been around for a fair length of time and so on and so forth. But I don't think . . . You know, there really isn't any legal documentation that could have been provided that I'm aware of.

**Mr. Glauser:** — Well, there was. There wasn't legal documentation . . . I can vouch for that, but we felt secure.

**Mr. Meiklejohn:** — And I don't think that's unusual,

**Mr. Glauser:** — And it is done through the local, you know, like, there's no government involvement in that for local . . .

**Mr. Chairman:** — Okay, Mr. Lutz.

**Mr. Lutz:** — Mr. Chairman, the bank did advise the research council that the offer of credit is conditional upon you obtaining a necessary amendment to The Research Council Act to authorize the borrowing of funds. They have been advised by the bank that they will in fact advance them this kind of line of credit provided there is authority for same in their act.

**Mr. Young:** — It's after the fact, though.

**Mr. Lutz:** — I don't know how the timing worked on this thing, but we do have the correspondence on file . . . (inaudible) . . . And they are touching base here; they're in . . . (inaudible) . . .

**Mr. Young:** — You've got the debt, and the act hasn't been changed, so the timing's out of whack for sure.

**Mr. Chairman:** — What was the date on that letter, Mr. Lutz?

**Mr. Lutz:** — It was February 18th, '82.

**Mr. Chairman:** — So they're not in any fierce rush to ensure that the legislation's dealt with.

**Mr. Glauser:** — I think you would also find . . . (inaudible) . . .

**Mr. Chairman:** — Probably. Okay, any further questions of the Department of Finance on these items?

All right, I gather there is not. Are there any further questions of the Department of Finance on anything that was said today or any other matter under the year under review? You people don't file an annual report do you?

**Mr. Costello:** — Not as such, Mr. Chairman.

**Mr. Chairman:** — I guess in a sense that's your annual report.

**Mr. Costello:** — There's the annual statement of the economic and financial position that comes out in June or July of every year, but that is not, in any sense, an annual report of the department but of the province's finances and economic situation.

**Mr. Chairman:** — Any questions of the officials for the year under review which, I guess, would be ending March 31, '82?

**Mr. Glauser:** — Yes, I think one item that we did that came up very predominantly in the auditor's report was the case of cash handling in entities all over the place. What . . .

**Mr. Kraus:** — Yes, if I could answer that, Mr. Glauser. I've had my people researching that, and we are putting the information together. I feel that if the committee has no objection that I could deal with that on my own. I feel that is in my bailiwick, and that as the comptroller, I can . . . I'm going to have a special report for the committee either tomorrow or the next day, or at the latest next week. I could deal with it if you have no objections.

**A Member:** — That's fine.

**Mr. Young:** — Mr. Chairman, a question of you. We go through all this stuff here about the research council, into overdrafts and whatnot. What is the mechanism whereby we relay this to the legislature or the minister in charge to have this act amended to allow these guys to borrow at presumably better rates than overdraft rates?

**Mr. Chairman:** — That's a good question, Mr. Young. At the conclusion of each day's sittings, we normally spend about five minutes or so determining whether or not we want to flag any of these items. If we decide we do want to flag them, then the Clerk brings that to our attention near the end of our meetings, which will be near the end of this session in May. And if we think that this is something that requires further action we then include it in our report to the legislature.

Just take this one. Our report might say: we recommend to the Legislative Assembly that steps be taken to provide the Saskatchewan Research Council with the necessary legislative authority to cover short-term overdrafts or whatever we thought appropriate. And that would be our mechanism.

**Mr. Young:** — On a day-to-day basis, who is teaming this up now with Gordon so that he knows that we want this one . . . (inaudible) . . . ?

**Mr. Chairman:** — . . . (inaudible) . . . and Gwenn will have all that, and she'll be able to assist us too, in the . . .

**Mr. Glauser:** — That apparently is not necessary because it seems that something is already in the works.

**Mr. Costello:** — That is correct. It is in the works and it is my understanding that the Minister of Finance will be introducing legislation that will include the mechanism to fix the problem some time this session, but of course I can not guarantee that. But that's my understanding.

**Mr. Glauser:** — Not just related to the Saskatchewan Research Council, but for entities that do need that sort of vehicle to do business.

**Mr. Costello:** — Correct.

**Mr. Chairman:** — Just to complete the . . . just to rattle on for a moment. If we got to the end of the session and we hadn't seen the legislation, we might then want to include it as an item in the report.

A further question on this. Does the government de jure or de facto guarantee those loans to the research council? Do you people take the view as a matter of law or just as a matter of practical affairs, that whatever the research council rack up you're going to cover?

**Mr. Meiklejohn:** — I haven't looked specifically at the Saskatchewan Research Council legislation, but when we're dealing with crown corporations or certain other agents — certainly the Saskatchewan Medical Care Insurance Commission — they are agents of the Crown and I think ultimately the government is responsible for them. The research council — I'm not just sure of the legislation, whether the wording says that they are an agent of the Crown or not. We know they're a body corporate, but I don't know whether they're an agent of the Crown. So I put the Saskatchewan Research Council out there a little bit different than some of the other commissions or agencies of the government, and maybe the Attorney-General or somebody else would have to have a look at that. But it may be a little different than some of the other agencies if it is not an agent of the Crown.

**Mr. Young:** — Mr. Chairman, do we as a committee in the end come to agreement, so to speak, as to what should be included in our recommendations to the legislature on a report to the legislature? How does that work?

**Mr. Chairman:** — Your esteemed, valued and highly revered vice-chairman and chairman meet a few days before the final sitting. We try and put together a — bring out the violins — we try to put together a draft. Then we get together as a committee, and we say aye or nay. We have a tradition, which has probably served the committee well, and that is that we do not file minority reports of this committee, so we really have to come to an agreement on each item.

**Mr. Young:** — And then it's argued in the House, so it's 'speak when it's brought up.'

**Mr. Chairman:** — Oh, yeah. You're free to take virtually any position you want in the House, but we generally agree upon matters to be included.

**Mr. Young:** — This is all done in one report following our entirety of meetings.

**Mr. Chairman:** — Yeah, we . . .

**Mr. Young:** — We don't report along the way.

**Mr. Chairman:** — Well, no, that's not . . . Traditionally we've had one report, because traditionally the life of the committee has been the life of the legislature. The legislatures used to begin with the throne speech in November — if you go back far enough, it was February in the '60s, but in the '70s it was November — and prorogued in May. As sure as the sun would rise, you knew that was going to be the schedule. And in those days the committee could not sit when the legislature was prorogued, so what would happen is this committee would start meeting sometime in March or February when the legislature resumed in the spring, and it would wind up sometime in May and would file a single report then.

Now, in the last year or so, provision has been made for this committee to sit intersessionally. That means that we can file more than one report, and I suspect we'll probably do that. I suspect what we will probably do in May is file an interim report. And I think what we decided the other day is that we were going to try and deal with the departments and get all of the departments, try and deal with the Provincial Auditor's report insofar as it relates to the departments, and try and deal with all that before the prorogation or adjournment of the session in May, as the case may be, and deal with all that in that interim report. But we may file further and subsequent reports later on in the year.

I had a question of the Department of Finance. I'd ask you to turn to page 29 of the Provincial Auditor's report and read the opening line of the department's response to a comment. The Provincial Auditor, I think, had commented on the fact that they were overexpending. The department responded as follows:

The fire suppression appropriation is set at a nominal amount of \$500,000 . . . (inaudible) . . . in spite of fixed costs in the \$1.5 million range.

And I gather the corollary to that is if a single fire breaks out then you're over the 1.5 million, because the actual costs are in addition. I'm wondering if that figure isn't a little unrealistic.

**Mr. Costello:** — I would agree with you, Mr. Chairman. And I suppose over the years inflation caught up with us in that the previous practice was to put in what turned out to be in many cases small amount in as the amount for fire suppression, and it got to the point where even the fixed costs were exceeding, were far in excess of that amount. A change was made last year to budget, I might say, more realistically, and now the parks and renewable resources vote, subvote 6, fire suppression, now budgets — for example, '83-84 — \$8 million, so that the situation has been corrected, I would say.

**Mr. Chairman:** — Okay. Yes, it seems . . . Any other questions of the Department of Finance for the year under review, or any other year . . . to answer?

I gather not.

Thank you very much, gentlemen. As always, your assistance is appreciated. The amount of questions you have today, I think indicates a good deal of interest in your activities.

**An Hon. Member:** — What time tomorrow?

**Mr. Chairman:** — 8:30 a.m.

In terms of flagging items, I think we would want to flag the Saskatchewan Research Council and the medical care insurance commission. We may well find out that if legislation is introduced, the flag is superseded, but I think for now we're going to flag it and have it brought to our attention again.

Anything else that we might want to flag? I gather not.

Okay, for tomorrow morning we're going to start with the Department of Social Services. They're at the top of the list, and . . . The next one is the Saskatchewan

Community Legal Services Commission. This is the Saskatoon crew. Can we agree, gentlemen, that we'll start with the community legal services commission on a week from today, Tuesday? That means they'll have a week's warning to get down to Regina. They'll come on a Tuesday, and I don't think it will take longer than an hour and a half to deal with it, so they'll know. I think when they're coming in from out of town we should have them on the docket first, Tuesday if that's possible. It may not be.

**Mr. Glauser:** — I have some misgivings about having them here at this particular time, and I wouldn't want to see that set up for certain until I do a little bit more homework.

**Mr. Chairman:** — You want to do some more work on their expenditures before we have them? Is that correct?

**Mr. Glauser:** — That's right.

**Mr. Chairman:** — Okay. So you'd rather defer that for the moment.

**Mr. Glauser:** — Defer it for the moment.

**Mr. Chairman:** — All right. Let's just . . . defer it for the moment then, if you like.

Social Services, with Industry and Commerce in the bull pen. DNS. Where are we bringing them from?

**Mr. Benson:** — La Ronge.

**Mr. Chairman:** — Well, that's even worse. Why don't we have DNS then on the docket for Tuesday at 10:30.

**Mr. Glauser:** — Okay. It's up to you whether you want them or not. April 26?

**Mr. Meagher:** — No problem.

**Mr. Chairman:** — DNS in the bull pen for Tuesday morning. Social Services on the dock tomorrow, with Industry and Commerce in the bull pen, and Health, I guess, on stand-by. It's optimistic to think we'll get three . . . to the third department.

**Mr. Barnhart:** — Mr. Chairman, did you want Industry and Commerce to be present tomorrow and waiting?

**Mr. Lutz:** — This is 0830 to 11 a.m.?

**Mr. Chairman:** — 11 a.m. Yes. 0830 and 11:00.

**Mr. Glauser:** — I doubt very much if there would be any purpose in having Industry and Commerce on docket, because Social Services will perhaps take up more time.

**Mr. Chairman:** — Why don't we have them on a 15-minute stand-by? It means they can sit in their office and work, knowing that they may have to drop their pens and rush, and I think they'd probably prefer that to sitting outside in the hallway. Okay?

I guess what we're saying is Health is not on stand-by at all. Okay, gentlemen, the

meeting's adjourned until tomorrow morning.

The committee adjourned at 11:56 a.m.