

# STANDING COMMITTEE ON PUBLIC ACCOUNTS

December 7, 1983

**Mr. Chairman:** — Okay, gentlemen. I call the meeting to order. You have the final report which has been worked at in an exhaustive fashion by your learned vice-chairman and chairman. We are proud of the syntax in this. We're even more confident about the contents. Any of you people have the temerity to challenge this? Any errors or omissions?

**Mr. Glauser:** — I have a comment.

**Mr. Chairman:** — You have an error and an omission. What is it?

**Mr. Glauser:** — On that number three, I'd just like to read to you the letter that we got back on that and it says:

We understand the Department of Finance would not support a more flexible appropriation for MCIC and would not be prepared to recommend an amendment to the medical care commission act, insurance act, to authorize the commission to incur debt in excess of the appropriated amount.

**Mr. Chairman:** — Yeah, I recognize that. I think the decision of the committee was that we didn't agree with the Department of Finance. If you want to note the Department of Finance's concerns about amending the act, we could do so. But I think the decision of the committee, as I recall, was that we didn't agree with the Department of Finance.

**Mr. Glauser:** — Maybe I would have missed an earlier meeting on when that was discussed in more detail. I don't know. But I don't recall, myself.

**Mr. Chairman:** — You don't recall so agreeing, eh?

**Mr. Glauser:** — No.

**Mr. Chairman:** — How do the rest of you guys feel about it? Do you recall the issue?

**Mr. Morin:** — That was before we came on.

**Mr. Chairman:** — Yes, it was indeed. The issue is that there is some 220-odd million dollars sent to the MCIC with which to pay the doctors' bills. The Department of Finance tries to estimate it with great precision, and they come relatively close. But the Medical Care Insurance Commission ran out of money in the last few weeks of the fiscal year. So they borrowed money, and they were only out by \$700,000 out of 220 million. The Department of Finance came very close. But they ran out of money.

They overdrew the account, as I recall it, to pay the bills. That, as was pointed out by the Provincial Auditor, exceeds their authority. They have no authority to borrow. So the borrowing was illegal. We suggested to the Department of Finance, to the Medical Care Insurance Commission that their act should be amended. They agreed. The Department of Finance did not. And in these matters as in all matters in government, the Department of Finance makes the decisions, and the rest of us salute as they walk past.

**Mr. Engel:** — Somewhere along the line the Department of Finance needs to have a larger leeway . . . Not the department. The medicare commission needs to have a little more leeway in their revolving fund, because there's money coming in, and it gets stuck at the end. I suppose I'd go along with this recommendation here, because it's hard to tell just how sick people are going to be. I mean you're going to have to put pressure on . . .

**Mr. Chairman:** — It's impossible to estimate in that respect.

**Mr. Glauser:** — Well, okay, you talk about the smaller amount. I'm talking about the large amount March 31, 1982, where that was \$2.9 billion. This is no small amount.

**Mr. Chairman:** — It's still 1 per cent. It's no small amount, except by comparison to what they spend. By comparison to what they spend, it's petty cash.

**Mr. Glauser:** — Which built up to \$3.1 million.

**Mr. Chairman:** — What the Medical Care Insurance Commission want is extra money. What they say they want is enough money to . . . They want enough money to sort of make sure they've got enough to cover it. The Department of Finance says, "In a pig's eye. You're not getting anything more than what we estimate." So, what we recommended was that they be given the authority to overdraw on the account. The Department of Finance says, "In a pig's eye."

**Mr. Glauser:** — I'm not hung up on it because I don't think that recommendation is going to go very far anyway.

**Mr. Chairman:** — I don't think the next general election is going to be fought on this issue. Are you going to put it in your next newsletter, Paul? Why don't we just take a vote on the thing — majority rules. We did this once before, Cal.

**Mr. Glauser:** — Yes, so let her go.

**Mr. Chairman:** — Okay.

**Mr. Engel:** — If we're letting it go, I think what we're doing is we're agreeing with the auditor that some change needs to be made, so that he can audit and stamp it saying, "This is what was done according to the terms of reference that Medicare had." I suppose as politicians we should agree with that, because I think any department shouldn't operate outside of their terms of reference. What's Medicare supposed to do? Send out a notice before the end of April and say, "Look you guys, we've run out of money. Don't send in your bills till next month," to the doctors. You know, that's the only alternative they'd have.

**Mr. Morin:** — Has this been a continual problem? Have they run out of money? . . . (inaudible interjection) . . . I would agree with you. I don't think we have any choice.

**Mr. Engel:** — I think we have to argue with the Department of Finance here and say, "You better make some changes."

**Mr. Weiman:** — I realize I'm going in half-way through this conversation, but they do have access by arguing their case in front of treasury board when they come up short, do they not?

**Mr. Chairman:** — Well, yes. The Provincial Auditor is saying that these people are borrowing money without authority, therefore defying the rights of the Legislative Assembly. He's right. Nobody denies that. These borrowings are illegal. The Department of Finance would not stoop to explain their position, but, in fact, I think I know what it is. It is that we want to maintain the tightest possible control on the MCIC, because they spend a very large amount of money. If we have to give them the highest figure they might conceivably spend, it's bound to cost the taxpayer more because they're going to spend it. If you send them extra money, they're going to spend it. So the response of MCIC was, "Well then, give us the authority to overdraft." Finance will say the same thing, "Might as well give you the money." The Department of Finance wants to maintain strict control on MCIC, because it's a very big ticket item.

**Mr. Weiman:** — Well, I don't know if I'd want to call it strict control. I would like to call it the Department of Finance wants responsible control over expenditures of this province. And as I

said, there is access readily available to any department or any corporation, and that is through the process of treasury board, if they run short.

**Mr. Chairman:** — No, no. You can't do that. They can't move that quickly. They can't get before treasury board and out in a week's time. It takes several weeks. You've got to file your material, and if it's fine, then the analyst has got to analyze it, and then you go before treasury board. This comes up in the last two weeks of the year. And they claim they can't anticipate it in January. We raised that with them when they were before us. The process just doesn't move that quickly.

**Mr. Engel:** — This is just money that is spent to MCIC bills, nothing else. That doesn't go for hospital construction or staff or any other. Just the bills that come in from the drug plan and the medicare.

**Mr. Chairman:** — Just the medical care plan.

**Mr. Engel:** — And hospital.

**Mr. Chairman:** — Not drug plans, just the medical.

**Mr. Engel:** — Not even drugs in it.

**Mr. Chairman:** — No. just medical. Just doctors and hospitals.

**Mr. Engel:** — Just the two.

**Mr. Weiman:** — Pulling from your past experience, would you please indicate what was the past practice?

**A Member:** — Same thing.

**Mr. Weiman:** — Exactly the same thing?

**Mr. Chairman:** — Yes. This is an old movie. It's been around.

**Mr. Weiman:** — It's been an old movie in so far as the recommendation?

**Mr. Chairman:** — Yeah.

**Mr. Engel:** — Have we made this recommendation before, that legislation be changed?

**A Member:** — Well, I'll ignore that.

**Mr. Chairman:** — Okay. We are all of one mind on this issue. Ready to go shoulder to shoulder to do battle with the Department of Finance. Right, Cal?

**Mr. Glauser:** — Only you don't get very far.

**Mr. Engel:** — A realist, there. I thought you were supposed to be a politician, Cal.

**Mr. Chairman:** — Any other errors or omissions in this superbly drafted report. Right, Cal? I gather . . . Do I take this silence to mean that there are none? I ran into the right hon. member from Rosthern on the way out, and he indicated he had no problem with it.

Okay. I think the next question, then, is when we want to present this. I think it's agreed. All right. Let's have a formal motion.

**Mr. Engel:** — I so move.

**Mr. Chairman:** — Moved by the member for Assiniboia-Gravelbourg, seconded by the member from . . . No seconder. All in favour? Good. Unanimous.

Issue: do we want to move this before question period, or afterwards? My thoughts would be that if we aren't going to have a lengthy debate on it, we can move it in the routine proceedings. If it's going to involve a lengthy debate, we should do it after the question period so that the ministers, who may not want to stay around for it, can get away.

**Mr. Morin:** — What has the procedure been in the past?

**Mr. Chairman:** — It varies. If it's going to take 10 minutes, we'd do it under routine proceedings. If it's a lengthy debate, we have normally postponed it until after question period, so that those who aren't involved can get away. I don't have . . . 3,000 . . . You think there may be some spit and abuse on it. You're gearing up for a fight, are you, Cal?

**Mr. Mitchell:** — Could I propose to members of the committee that the report would be presented under routine proceedings, and the concurrence motion, perhaps yourself, Mr. Chairman, could rise and move, ask for leave of the House to move the concurrence motion on it before orders of the day. And then, before orders of the day, you could then rise and move the concurrence motion, and debate could then take place.

**Mr. Engel:** — . . . (inaudible) . . .

**Mr. Chairman:** — Okay. Anything else for the good and welfare?

**Mr. Glauser:** — No.

**Mr. Chairman:** — To meet at the call of the chair as soon as the Provincial Auditor's report is tabled by the Minister of Finance in the spring. For the benefit of the new members who may not be sort of too familiar with what happens hereafter . . . Up until this year, this process always took place in May or June. We finished this up before the end of the spring session. We didn't this year, because the rules were changed. We didn't have to, in effect.

But what happens hereafter is that the Provincial Auditor's report — and the Clerk will correct me if I'm misdescribing this — is filed. We really cannot begin our deliberations until the Provincial Auditor's report is tabled in the House by the Minister of Finance. Once it is, we normally meet, go over it, make a preliminary list of which departments we want to call, and then often we leave it for two or three days, perhaps till the beginning of the next week, and then get started in earnest. Then we meet Tuesday, Wednesday, and Thursday of every morning until we boot the thing home.

What we did last year is that we divided up departments. If we decided we're going to call Social Services, Health — Finance would be an odd one — Environment, and Agriculture, we'd agree that Duane takes Agriculture, which would be an odd assignment, but Cal takes Health, Paul takes Environment, and you take Consumer Affairs or something. Then that person who has that department has the overall responsibility for leading the questioning, and the others kind of defer to him until he's finished his line of questions. We all chip in and get into the bear pit, but by and large we defer to the person who's got the overall responsibility. It was Gwenn Ronyk's suggestion, and it worked out very well last year for us. It worked out very well. Some of the members of the committee did a superb job. Kim Young was the one that comes to mind — did a first class job of . . . (inaudible) . . .

Now, one other thing. The mandate of the committee is to review the efficiency, effectiveness,

and economy with which the government spends its money. Our mandate is broader than the Provincial Auditor's. He has a couple of functions, but he basically adds up the figures and makes sure that the expenditures are authorized. We have the power, and do go beyond that to deal with the effectiveness and efficiency with which the government spends the money.

There is nothing to prevent — and indeed I would encourage — members to pick out a department that you're interested in and prepare for it without the Provincial Auditor's report. The members used to do this with DNS. Without ever waiting for the Provincial Auditor's report, they got ready for it. The roles change a bit when you're in government because you don't want to go at your own government hammer and claw, but without doing that — and you don't need to do that — there may be a department with which you have a particular interest. You may feel — and I've no reason to believe you do — that Social Services is not discharging their functions very effectively. You may want to, in the interim, between now and March — and I pick this as an example — spend some time getting ready for it, prepare some questions. Strictly speaking, you're limited to the year under review, but we've never enforced that unless we start to lose our tempers. And then we used to, when we got mad, start enforcing the rule but otherwise we range all over the . . . (inaudible) . . .

**Mr. Engel:** — As long as the department is answering the questions, you can use the year under review as an example and say, "Have you solved that problem this year?" because you're always a year behind. And they can explain, "Well, this is what our normal practice is, and we were having our problems. The auditor in committee was giving us static, and this is what we've done to . . ." And then you can see that if there's some progress, or if there's some desire amongst the officials to accommodate this committee . . . I think that's been the interesting part, from my point of view, in the past.

**Mr. Chairman:** — That's right. Like, for instance, Ralph has always had an abiding interest in the royal Saskatchewan air farce, the airplanes, and he always is teed up to have a go at them. And it has nothing to do with the Provincial Auditor's report. And I would invite members to do that. The place to begin is with the annual report, because it outlines some functions of the department. If you read through that, questions will occur to you as you're reading through it.

Okay. Anything else for the good and welfare before we can this year's public accounts?

**Mr. Glauser:** — There's something I would like to receive, and that is a list of the events coming up in 1984, and the dates and what not. I'm talking about the conference in Halifax . . .

**Mr. Chairman:** — There are two conferences in Prince Edward Island.

**Mr. Glauser:** — . . . or in Prince Edward Island, rather, so that we can do some planning towards those periods.

**Mr. Engel:** — Does the entire committee go to that, or just one member, or the chairman, or what . . . (inaudible) . . .

**Mr. Chairman:** — We changed the rules last year. It used to be we used to send a couple, and Cal and I went to the conference in Victoria the first year we were nominated. Last year we changed the rule. We agreed that anyone who wanted could go to the conferences, and we'd pay travel expenses plus the per diem if the House isn't in session. So you get your travel expenses plus the \$90 a day or whatever per diem you get, and we meet when the House is in session. As it turned out, Ralph and I were the only ones who went to Toronto to the annual conference. Nobody else could go. It fell at the end of the session . . .

**A Member:** — It was a bad time.

**Mr. Chairman:** — The two conferences with which we are interested are the annual meeting

of the chairmen of the public accounts committees — that's what it's called. In fact, it's usually more that attend than just the chairmen. The vice-chairman usually attends, and in some cases of some provinces, other members attend. Ontario is one which usually sends several members.

I found the conference at Victoria very good. The conference at Toronto last year was a little less so. It was not a very vigorous session. It was a little slack, actually. We'd knock off at 3 o'clock, and wouldn't get together till 10. So it was a little slack — unnecessarily so. I expect to enjoy myself at these conferences. I expect to get around and see the town while I'm there, but I don't mind starting to work at 9 in the morning. And it was very late . . . Toronto was a little laid back. Nevertheless, it was good and well worth going to. I think Ralph will tell you that.

I would encourage members to go to it. You get a chance at the annual conference of the chairmen of public accounts committees which will be held in July in Prince Edward island . . . I don't know the precise dates, but it's the second week in July . . . you get an opportunity to look at what other public accounts committees do, and you get an opportunity to sort of compare that with what we do and probably come back with some new ideas. We certainly did from Victoria. There were quite a number of reforms made in this thing, some of which were picked up in Victoria, some of which were rattling around from previous years. If nothing else, it broadens your understanding of what we're doing when you see how other people try to accomplish the same thing in a different way.

In October there is another conference called the Canadian Foundation for Comprehensive Auditing. You will know that the Provincial Auditor has, as his function, adequate figures to make sure they add up — so-called a test function — and to make sure that the expenditures are authorized by the legislature.

There is a movement afoot, which has been adopted in some provinces and not in others, to broaden the mandate to include a responsibility in the Provincial Auditor to determine whether or not the expenditures were efficient and effective in reaching the goals of the program. He doesn't talk about the program, but were the means chosen efficient and effective? It is under this head that the now deceased J.J. Macdonell uncovered the Bonaventure and all that. He used to run the Liberals in Ottawa ragged. Kenneth Dye, the current Auditor General, of course, has that mandate. Ontario Auditor General also has that mandate. In the new year I want to get into a discussion of comprehensive auditing, because I want to make an argument that we should be doing it here, but I do not want to bother members with that. It's a long argument.

**Mr. Engel:** — Just on a point there. Have you got some printed material? There used to be some pretty good papers out on comprehensive auditing. Have we got something . . .

**Mr. Chairman:** — We've got tons of it. The orientation review. Get the Orientation Seminar in October of '82 and read Kenneth Dye's . . .

**Mr. Engel:** — He makes a very good point on that. I think you'd be interested . . .

**Mr. Chairman:** — And that conference, which talks about the merits of comprehensive auditing and what sort of things you can do, I also found that very good. And I got some ideas on how to approach departments here before this committee, because we, as a committee, have a mandate to do comprehensive auditing. We are responsible to ensure the efficiency and effectiveness of expenditures, but in Saskatchewan the auditor doesn't follow us. His report doesn't deal with that, so we're sort of on our own when we get beyond the test functions.

**Mr. Engel:** — The fellows that sit here consider that a little bit their role, don't they?

**Mr. Chairman:** — Some portions of it fall within the mandate, yeah.

**Mr. Engel:** — They consider themselves as comprehensive auditors, I think, when you listen to

them. Was his name Schneider who used to be on that?

**Mr. Chairman:** — Yes. In a way, I guess, some of the functions of comprehensive auditing are handled by the comptroller's office, I guess, in a way.

**Mr. Glauser:** — Well, the value for money is really the end result of this. And, of course, when you get into that area, then you're challenging policy to quite an extent.

**Mr. Engel:** — The effectiveness of the policy, really.

**Mr. Glauser:** — Well the . . .

**Mr. Engel:** — The government's position might be one thing, but the department is implementing an altogether different kind of program. You know what I mean. The intent is to do that, but it gets fuzzy in the department is what I'm saying.

**Mr. Glauser:** — It often goes astray. But I think that, perhaps, is the least concern in going into comprehensive audit. The most concern is the expense. When you think of Dye having a staff of in excess of 600 people, and then you try and relate that back to your own jurisdiction . . . As B.C. has found out, this lady who was the auditor . . .

**A Member:** — Irma Morrison, yes.

**Mr. Glauser:** — . . . was very quick to recognize this, the costs that were involved in implementing. And of course they didn't go the whole route with their comprehensive audit. They haven't gone to the same extent as Ontario, for instance, or Ottawa. But they do have . . . You, perhaps, know more about that, but I don't think they did go to the extent that Ottawa did because of the expense involved.

**Mr. Chairman:** — I think of: the size of the auditor's office in Ottawa does not relate to the comprehensive auditing as a concept. I think that is caused by the sheer size, inefficiency, and ineffectiveness of the Ottawa government. I think the Ottawa government is in a class by itself when it comes to being inefficient, ineffective, and poorly administered.

I won't recount all the horror stories, except that I remember reading a report on the U.S. government, and, to my utter surprise, the national government in the U.S. seems to be worse. Maybe it's a factor of the size. Maybe when governments get beyond a certain size, they're impossible to manage.

But I remember reading a story about — and I'm wasting time . . . I remember reading a story about the U.S. government. It's worse. You may not think that's possible, but it's worse than that.

**Mr. Engel:** — I went to Ottawa when MacNamara was still . . . what do you call him, the auditor . . . ?

**Mr. Chairman:** — J.J. Macdonell was Auditor General, yeah.

**Mr. Engel:** — MacNamara . . . Macdonell? Well, then it wasn't Macdonell. But they took us into a large room, and they put up TV screens, and he showed us his function. We were down as a whole committee when we were studying the whole committee process and got into the auditor's committee as well, and how there's a watch-dog on him.

The staff they had is metric there. It was fantastic. You wouldn't believe it. It overwhelms a guy.

**Mr. Glauser:** — When was that?

**Mr. Engel:** — That would have been about '79, maybe.

**Mr. Chairman:** — There was a lengthy period of . . .

**Mr. Engel:** — Was Macdonell still the auditor at that time?

**Mr. Chairman:** — . . . of the review of this function. The committee made recommendations which would have reformed the committee's function. Their recommendations were not accepted, and as a result, Bob Andrews, both the chairman and the vice-chairman, resigned. It was a bit of a foofaraw in 1980 committee.

**Mr. Meagher:** — You only have to make a cursory examination of the growth of government in Ottawa to see that your comments are valid. When you have a deficit that's in excess of the entire budget 10 years ago, there's quite obviously some things out of control. No question about it.

**Mr. Chairman:** — That one is normally held in October. This year it was to be held in October in Ottawa. It got postponed to the end of November in Toronto, which was convenient to no one. Someone then, the Provincial Auditor, gave the explanation the other day that they were unable to maintain their grip on the facilities in Ottawa, and they had to change it to get the facilities.

**Mr. Engel:** — Can I make just one comment, Mr. Chairman? Ye that are without fault shouldn't cast the first stone. Just in light of that, when I first ran the total budget in the province was \$300 million. '67. You know, that's quite a change in our operation here, isn't it? 3 billion.

**Mr. Chairman:** — There was a different accounting system then.

**Mr. Engel:** — You know, it's fantastic growth.

**Mr. Meagher:** — All across the western world.

**Mr. Engel:** — Yes, but the dollar has changed considerably . . . (inaudible) . . .

**Mr. Chairman:** — There was a different accounting system then.

**Mr. Meagher:** — On these conferences again, Mr. Chairman. Would you give, for my benefit, the dates and the locations of these conferences?

**Mr. Chairman:** — David is going to get the precise dates for us, and the locations. The one which is most useful, and I would really urge people to attend, is the P.E.I. one, the conference of chairmen of public accounts committees, the second week in July in P.E.I. Expenses are paid and you get a per diem. Your spouse's expenses are not paid. You normally bring them along, and the per diems pay for their air fare, and it all ends up not costing you too much.

**A Member:** — It's in Prince Edward Island?

**Mr. Chairman:** — Yes. Charlottetown. The other one, I will know . . . Lutz will know both the date and the time, and we'll circulate that as well. It's in October, and normally in an eastern city.

**Mr. Engel:** — Does the committee need to have an idea of who would like to go, or who would even consider the July one? I'd be anxious to take that one in. It's a perfect time for us.

**Mr. Chairman:** — We need to pass a motion authorizing this. I don't know if we need to do it now, but we'll do that in the new year.



**Mr. Engel:** — Authorizing which?

**Mr. Chairman:** — What we did last year was pass a motion authorizing the attendance of anyone in the committee who cared to attend.

**Mr. Meagher:** — And that the expenses would be paid.

**Mr. Chairman:** — And that the expenses were as I outlined. Your expense, plus your per diem allowance.

**Mr. Martens:** — How long does that July one usually take?

**Mr. Chairman:** — Wednesday to . . .

**A Member:** — Four days.

**Mr. Chairman:** — Yeah, you can get away Wednesday morning . . . At least you could to Toronto. I don't know what it's like in P.E.I. In Victoria or Toronto you get away Wednesday morning and get back Sunday night. It may not be quite so quick to P.E.I. You may wind up transferring. I say this because I came home from St. John's — got on the plane at 9 o'clock in the morning and got off here after 10 o'clock at night. I changed planes four times.

**Mr. Engel:** — You could fly that fast yourself.

**Mr. Chairman:** — I could damned near get there myself in the same length of time.

**Mr. Glauser:** — On that travel, if one preferred to motor, what would . . .

**Mr. Chairman:** — You get first-class plane fare . . . You get economy fare, I guess it is, because Allen and I were going to do that last year. We were going to fly ourselves and our families down in his big three motored whiz-bang, and eventually he decided he wasn't going, so Sonia and I hopped on and . . .

**Mr. Engel:** — No, he wanted to take his kids along, and I just . . .

**Mr. Glauser:** — Strap them to the wings.

**Mr. Chairman:** — The truth of the matter is that Allen spent all spring in Montreal and was getting tired of . . . (inaudible) . . . But if you want to motor yourself, you get your economy air fare.

**Mr. Engel:** — So if two would get together you'd get the price of two tickets, and you should almost cover your family . . .

**Mr. Chairman:** — Oh, you could cover it. If you're going to drive there and back, it's going to be two weeks, because I've driven to P.E.I. and it's two weeks.

**Mr. Martens:** — What dates were the meetings in October and where? Do you know?

**Mr. Chairman:** — It's normally the second week in October, and I don't think we have any idea where, Harold.

**A Member:** — It might be right here in Regina.

**Mr. Chairman:** — No, I don't think it will be. We're trying to get the Conservative government we've got here to adopt comprehensive auditing.

**A Member:** — You should have tried to get the previous government to do that.

**Mr. Chairman:** — Well, you see, there was an election had been called, and the people kind of thought there was going to be some sort of a change, an improvement. But they're finding out that you guys are as closed-mouthed as you used to accuse us of.

**A Member:** — It's all over eh? We won't call it till . . .

**A Member:** — The adjournment motion went quite a little while ago, you're not being taped, throw those last two tapes away.

**Mr. Chairman:** — Yeah, we'd better adjourn this thing formally, or we are going to get ourselves in trouble.

The meeting adjourned at 11:37 a.m.