

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**May 31, 1984**

**A MEMBER:** — Would you like this to be in camera?

**MR. CHAIRMAN:** — On the tape . . . (inaudible interjection) . . . I think it should be, eh? If we're going to . . .

Okay, nobody's got any quarrel with number one. That's pro forma.

**A MEMBER:** — Number two: disagreement on the third paragraph. Not necessary. You can put that in your comments, if you want.

**MR. CHAIRMAN:** — To be fair, I missed that particular section of it. I had to step out for 10 or 15 minutes while you dealt with it.

I thought you had determined that you would like to receive such information but didn't want to go to any horrific expense to do it, which is what I thought it was saying here.

**MR. KATZMAN:** — No. You're partly correct, yes. But I don't think you should be saying that. I think we can just say it in verbatim, if we make a speech on the thing. You know what I'm saying? I don't think . . . We told them: is there any simplicity way that you can report those next time, if there's an easy way to do it, to pick them up or not? We didn't tell them to seek inexpensive ways, we said simple way.

**MR. CHAIRMAN:** — Well, I'll change the "inexpensive" to the "simple," if you want.

**MR. KATZMAN:** — The committee urge that the Department of Finance seek if there was a way of indicating these. That's all.

**MR. ENGEL:** — Well, let's drop the word "inexpensive" altogether, and just say that the committee urges the Department of Finance to seek an appropriate, or a way . . . Appropriate sounds good, because then you know you don't overspend, or . . .

**MR. KATZMAN:** — Well, if you say no, if you drop the word "inexpensive" again, we're trying to say that we want to know but we don't want to put a guy at it for, you know, 10 hours every day for a month, type of thing.

**MR. CHAIRMAN:** — Why don't we use the word "simple"? That seems to express it, don't you think?

**MR. KATZMAN:** — The committee urges the Department of Finance to see if there is a way . . .

**MR. CHAIRMAN:** — To seek a simple way of reporting such transfers.

**MR. KATZMAN:** — That these can be flagged, a simple way to flag these things.

**MR. CHAIRMAN:** — But I think the word "reporting" is appropriate when you're talking about reporting, going to the legislature.

**MR. KATZMAN:** — Who do you report them to?

**MR. CHAIRMAN:** — The legislature — the Legislative Assembly.

**MR. ENGEL:** — The committee know the Provincial Auditor recommends that virements be reported to the legislature. Now what we're saying is that they should find a way of doing it.

**MR. KATZMAN:** — I can't find a way to, in my mind . . .

**MR. ENGEL:** — I move that the word “inexpensive” be struck and the word “appropriate” be put in its place.

**MR. CHAIRMAN:** — Okay, I have a motion:

That “inexpensive” be struck and “appropriate” be substituted.

**MR. KATZMAN:** — Okay, I’ll agree with it on one condition: add two other words, “appropriate” and “bring same to next year’s committee”.

**MR. CHAIRMAN:** — And report back to the next year’s committee.

**MR. KATZMAN:** — In other words, nothing has to go into place yet. They report back, and then there’ll be something . . .

**MR. CHAIRMAN:** — Report back to the committee at the next session.

**MR. KATZMAN:** — In other words, there’s no final . . . They’re going to report back. Then we’ll do some . . . (inaudible) . . .

**A MEMBER:** — Next sitting.

**MR. CHAIRMAN:** — Next session. Next sitting might take place tomorrow. Next session is next year.

**MR. KATZMAN:** — Next sitting of the committee.

**MR. ENGEL:** — Next sitting of the committee.

**MR. CHAIRMAN:** — Oh, next sitting of the committee, okay.

**MR. MEAGHER:** — Strike the Legislative Assembly out of there.

**MR. ENGEL:** — No, to the Legislative Assembly at the next sitting of the committee. Read the first paragraph. They’ve got to find a way of reporting the environment, the virements — environments, too, I suppose, but this is a top virement — and they’re going to find a way of appropriately showing these virements. They might just put a supplementary . . . (inaudible interjection) . . . or whatever, or some print-out out of the computer, or whatever. We’re easy to deal with. We’ll look at it at the next committee meeting.

**MR. CHAIRMAN:** — Okay.

The committee urges the Department of Finance to seek an appropriate way of reporting such transfers to the Legislative Assembly and requests the department to report back to the committee at its next sitting.

**MR. KATZMAN:** — Before any action is taken . . . (inaudible interjection) . . . We don’t want them reporting to the Assembly until we’ve agreed we like that system. That’s all we’re saying, I think, isn’t it?

**MR. ENGEL:** — I think we’re getting lots of words. You’ve got to put . . . (inaudible interjection) . . .

**A MEMBER:** — Yes, you don’t want too many words.

**MR. CHAIRMAN:** — Okay, let's try this. I think, guys, we're building a paragon to good drafting here:

The committee urges the Department of Finance to seek an appropriate way of reporting such transfers to the Legislative Assembly and report back to the committee at its next sitting before any action is taken.

**MR. KATZMAN:** — Good.

**MR. CHAIRMAN:** — Agreed. This next, three, is not what I thought we were saying. In fairness to Craig, we were yelling away at him here this morning and he was trying to get this written down. I thought we were going to say: the committee agreed to review the matter at . . . Again, I thought we were talking about during the next session. We could say a year hence, if you like.

**MR. KATZMAN:** — I think we have a motion somewhere . . .

**MR. GLAUSER:** — It's two years.

**MR. CHAIRMAN:** — I thought it was one year actually.

**MR. GLAUSER:** — No, it's two years.

**A MEMBER:** — Are you talking about three?

**MR. KATZMAN:** — Yes. We have a motion covering this somewhere.

**MR. GLAUSER:** — It's in the verbatim.

**MR. CHAIRMAN:** — Agreed to review the matter in the future, as originally agreed, or something, if you like, or just in the future.

**MR. ENGEL:** — You've got too many sentences here.

It was, however, the view of this committee that there may be merit in the introduction of comprehensive auditing at some future time.

**MR. KATZMAN:** — Are we going to keep all this garbage in here, then?

**MR. ENGEL:** — You can drop everything after "time" which is, "and the committee agreed to review the matter then."

**MR. KATZMAN:** — The committee discuss the merits of comprehensive auditing — that stays.

It was the view of the majority of the committee . . .

**MR. ENGEL:** — That there may be merit in the introduction of comprehensive auditing at some future time.

**MR. KATZMAN:** — I think we can drop that whole second sentence.

**MR. ENGEL:** — No, I think we should stop at "time." It's this merit. We all agree that it's merit, but not now.

**MR. KATZMAN:** — Okay. Well, then, I don't want the word "majority" in there.

**MR. ENGEL:** — It was, however, the view of this committee that there may be merit in the

introduction of comprehensive auditing at some future time.

**MR. KATZMAN:** — Okay, I'll go with that, but not the word "majority"?

**A MEMBER:** — Where?

**A MEMBER:** — In the second line.

**A MEMBER:** — Just the way you read it out.

**MR. KATZMAN:** — Just the way you read it. I'll go with it.

**MR. CHAIRMAN:** — Okay, agreed.

The committee discussed the merits of comprehensive auditing. It was the view of the committee that it would not recommend implementation of comprehensive auditing at this time. It was, however, the view of this committee that there may be merit in the introduction of comprehensive auditing at some future time.

Agreed to that.

Four: you're missing a couple of key words here, Craig.

The committee noted that the Provincial Auditor's comments in his annual report that grants made by the arts board are being made without statutory authority.

. . . is the substance of this comment. Okay.

Five: the committee noted the Provincial Auditor's comments with respect to the Western Development Museum and the Saskatchewan Economic Development Corporation, where loans totalling 2.4 and 1, respectively, were incurred without the appropriate orders in council being obtained. The committee was assured that this would not be a recurring problem.

The committee would caution all agencies of the Crown that strict compliance with borrowing limitations are of the utmost importance if . . . That's not quite true, that's not worded properly. If . . . There's something screwy about that language, "if" . . .

**MR. KATZMAN:** — Why don't you stop at import?

**MR. CHAIRMAN:** — Utmost importance. Okay. Agreed.

Six: your committee noted once again . . .

**A MEMBER:** — Yes. You know, you don't need to editorialize so much.

**MR. CHAIRMAN:** — Your committee noted once again that the Medical Care Insurance Corporation overdrew their bank account by 300,000 at year end, and that the appropriate legislation has no provision, makes no provision, for the incurrence — incurrence, I guess is correct — incurrence of debt.

Your committee does not believe it is realistic to expect the Medical Care Insurance Corporation to estimate, precisely, their requirements, in view of their statutory responsibilities.

Your committee recommends . . . Your committee, I would think, therefore, recommends, would read better, as it has in the past, that The Medical Care Insurance Commission Act be amended to recognize the commission's inability to estimate its, inability to estimate needs with any

greater precision than they now achieve.

**MR. KATZMAN:** — I know what you're saying. It needs, maybe, some clean-up.

**MR. CHAIRMAN:** — Okay, clean it up.

**MR. KATZMAN:** — But I agree with the principle. Doug?

**MR. CHAIRMAN:** — Well, all right. What you could do is leave off the last two sentences. Your committee therefore recommends, as it has in the past, that The Medical Care Insurance Commission Act be amended.

**MR. ENGEL:** — To recognize the commission's inability to estimate . . . It should be inability.

**MR. CHAIRMAN:** — That's right.

**MR. ENGEL:** — If there were an "in" in front of there — to estimate its needs with any greater precision . . .

**MR. CHAIRMAN:** — Than they now achieve.

**MR. ENGEL:** — And take that other . . . (inaudible) . . .

**MR. KATZMAN:** — . . . (inaudible) . . . with any greater prevision, and leave . . . (inaudible interjection) . . . that's . . . (inaudible) . . .

**A MEMBER:** — . . . (inaudible) . . . that precision if you want . . . (inaudible interjections) . . .

**MR. CHAIRMAN:** — Agreed. Got it?

**MR. ENGEL:** — Inability, and drop everything after that . . .

**MR. CHAIRMAN:** — Seven: the Provincial Auditor recommended in his annual report that additional financial statements be provided to the Legislative Assembly for the Crown Investments Corporation that will provide to the Legislative Assembly the financial position of the results of the operations and changes in the financial position regarding the corporation's property, per se.

The committee agreed that this would be information useful to members of the Legislative Assembly and urges the Crown Investments Corporation to give consideration to tabling in the Legislative Assembly this information.

**MR. KATZMAN:** — Ah, now I've got one here that I said I was going to add, if you remember correctly, and it condemns the practice . . .

**MR. GLAUSER:** — No, we're getting to that.

**MR. KATZMAN:** — Oh.

**MR. ENGEL:** — Let's deal with seven, first. I think there's something the matter with the first paragraph.

**MR. KATZMAN:** — No, he says there . . .

**MR. ENGEL:** — The Provincial Auditor recommended in his annual report that additional financial statements be provided to the Legislative Assembly for the Crown Investments Corporation.

You see: “that these will be provided to the Legislative Assembly,” is redundant, because you're saying it in the first part: The Provincial Auditor recommended in his annual report that additional financial statements . . .

The financial statements that are involved . . . I think what they're saying here, in the Crown Investments Corporation should all be provided to the . . . At the present time they're not. We get Crown Investments Corporation's annual report, but we don't get the financial statements from the Crowns that they're dealing with.

**MR. GLAUSER:** — Well . . . Yes, but we're not after those though.

**MR. ENGEL:** — Well, that's what he's saying though, isn't he?

**MR. KATZMAN:** — No.

**A MEMBER:** — No.

**MR. ENGEL:** — That additional finance . . . What's the Provincial Auditor asking for? . . . (inaudible interjection) . . . He's asking for the additional financial statements . . .

**MR. KATZMAN:** — He's asking for financial statements, like P.A. Malt, or Biggar Malt, where there is no financial statements,

**MR. CHAIRMAN:** — No.

**MR. KATZMAN:** — Yes, he is. That's what he asked for.

**MR. CHAIRMAN:** — No, I don't think . . .

**MR. KATZMAN:** — Yes, he is. That's what he asked for, because they don't file a financial form.

**MR. ENGEL:** — Yes. You know, where outside auditors are doing the audits of Crowns that are not . . .

**MR. KATZMAN:** — P.A. Malt came after 1978, and they tossed it in that pile.

**MR. ENGEL:** — Okay. Read the line. I think that this isn't quite worded correctly here.

**MR. CHAIRMAN:** — All right, here is what he says:

. . . consideration should be given to the tabling of additional financial statements for CIC which will provide to the Legislative Assembly the financial position, results of operations, and changes in financial position with respect to the corporation's property, per se.

**MR. KATZMAN:** — Yes, I read that all. I went to that particular one all this morning for other reasons, and basically, he's talking about knocking out PAPCO (Prince Albert Pulp Company), knocking out malt, and those where there's government equity. He wasn't talking about like if . . .

**MR. ENGEL:** — Is he saying financial statements or a financial position?

**MR. CHAIRMAN:** — I don't think he is.

**MR. ENGEL:** — Read that part again, because this says, “financial statements.”

**MR. CHAIRMAN:** — I don't think he is. It goes on, Ralph, in two paragraphs down, to say:

In addition, CIC has a number of subsidiary companies. The financial statements of these subsidiary companies are not presently tabled in the Legislative Assembly. I recommend that the Standing Committee on Public Accounts review this matter, as I am of the opinion . . .

It was the determination of the committee that that wasn't something that you felt we should do.

**A MEMBER:** — That's correct.

**MR. CHAIRMAN:** — But I thought the earlier portion about getting additional financial information that affects the CIC was agreed upon.

**MR. ENGEL:** — I see, on the property. To give a . . . (inaudible) . . .

**MR. CHAIRMAN:** — It's correct as it's written . . . (inaudible) . . . And your vice-chairman is of yet to be wrong.

**MR. KATZMAN:** — No, what you're saying, and I agree with . . . What you just said. The second portion — we weren't to get into P.A. Pulp and those, but . . .

**MR. ENGEL:** — This asked for financial statements, and I don't think that, when we're looking for the financial position regarding property, you don't need the financial statement. He's asking for something different than a financial statement, according to that audit report. What does he call it there?

**MR. GLAUSER:** — Position.

**MR. ENGEL:** — The financial position. You see, the Provincial Auditor recommended in his annual report that additional financial positions or financial material or financial support documents, I think, is what we're looking for, rather than financial statements.

**MR. GLAUSER:** — That is correct.

**MR. ENGEL:** — You know, this word, instead of reading "statements" here, should read "support documents" or some evidence that these Crowns need to provide to indicate what their property is and what changes there are in property. And that's a support document, not a financial statement. If I read the second line in seven . . . Read the second line in seven. He's asking for additional financial documents or support documents, not financial statements. Right?

**MR. GLAUSER:** — Of CIC.

**MR. CHAIRMAN:** — Of CIC, yes.

**MR. GLAUSER:** — Of CIC . . . (inaudible) . . .

**MR. ENGEL:** — No, no. Listen:

The Provincial Auditor recommended in his annual report that additional financial (and now instead of taking the word "statements," you put in there "support documents") be provided to the Legislative Assembly for the Crown Investments Corporation that will provide to the Legislative Assembly the financial position, the results of operations and changes in financial position . . .

You don't want a financial statement; you want a financial support document.

**MR. GLAUSER:** — Support documents. I'll grant you that.

**A MEMBER:** — Or just documents.

**A MEMBER:** — Additional documents . . .

**A MEMBER:** — Just say financial documents.

**MR. ENGEL:** — Financial documents. Okay. Good enough. Leave the word "support" out; just say "documents." Good stuff.

**A MEMBER:** — Okay.

**MR. MEAGHER:** — But the whole paragraph, if you want to talk about cleaning something up, it should be . . . (inaudible) . . .

**MR. ENGEL:** — That's not bad then if you . . . (inaudible) . . .

**MR. KATZMAN:** — Number seven is a bad one. It's just . . . (inaudible) . . .

**MR. CHAIRMAN:** — It is poorly written. Without being, in any sense, critical of our beloved Provincial Auditor, it was poorly written in his report. And what we did was to copy verbatim his recommendation in here. And that's why it's difficult, because it wasn't a well drafted statement in essence.

**MR. KATZMAN:** — I would like to see seven redrafted, where it says that we had some concerns about the CIC annual report, that some of their things were not laid out, and stop right there. Now, when I say some of them, I don't know . . .

**MR. CHAIRMAN:** — . . . Ralph, because you're so indefinite then.

**MR. KATZMAN:** — I don't have time to make it more definite.

**MR. CHAIRMAN:** — I know, it's . . .

**MR. ENGEL:** — Mr. Chairman, I think what we're doing here by saying "documents," instead of "financial statements," we are saying we want some documented evidence of your changes in your property position. And that's basically what that now asks for, and I think it's precise enough that the technocrats can figure out what we're looking for.

**MR. GLAUSER:** — Okay, if we just take that first paragraph, leave it as it is, and just then just looking at that second paragraph:

The committee agreed that this would be information useful for the members of the Legislative Assembly.

And stop there.

**MR. ENGEL:** — Yes.

**MR. GLAUSER:** — How's that?

**MR. ENGEL:** — Yes.



**MR. KATZMAN:** — It doesn't mean they're going to have to do it, but it would be nice if they did do it.

**MR. CHAIRMAN:** — Why would you not urge them to provide it, if it's useful?

**MR. ENGEL:** — If the committee agrees that this would information useful to the members of the Legislative Assembly, period.

**MR. CHAIRMAN:** — What are you accomplishing, Cal, by leaving out the last sentence? Surely, if it was useful information, we'd ask them to do it.

**MR. GLAUSER:** — It's kind of repeating what's in the first . . .

**MR. ENGEL:** —Right, it urges, you know, we're begging for information . . .

**MR. MEAGHER:** — The first paragraph is redundant. There's several words in there that are redundant. You're saying over and over again the same thing in that first paragraph.

**MR. CHAIRMAN:** —

The Provincial Auditor recommended in the an annual report that additional financial documents be provided to the Legislative Assembly for the Crown Investments Corporation, that will provide to the Legislative Assembly the financial position, the results of operations and changes in financial position regarding the corporation's property, per se.

The committee agreed that this would be information useful to members of the legislature.

**MR. ENGEL:** — Because the Provincial Auditor recommended it, we agree that this information be useful, and I think that's all we need to say there. Good.

**MR. KATZMAN:** — Why don't we do this:

The Provincial Auditor recommended in his annual report that additional financial documents be provided to the Legislative Assembly for the Crown Investments Corporation. (Stop.)

The committee agrees that this would be information useful to members of the Legislative Assembly.

**MR. ENGEL:** — No, but you've got to talk about the documents you want, and those are documents that talk about their property position. We want documented evidence that indicates what their property position is. The financial position regarding the corporation's property is all we're asking documentation of. It's clean now.

**MR. KATZMAN:** — Okay. As far as I'm concerned, page 8, number nine. I've done the others; go ahead. You guys do it.

**MR. CHAIRMAN:** — Is eight accurate? Was it the Crown Investment Corporation that paid the dividend, or potash . . .

**MR. KATZMAN:** — Crown investments; \$50 million; 1978-79.

**MR. GLAUSER:** — No, no. The Crown investments had a deficit of \$50 million when it paid the dividend.

**MR. KATZMAN:** — That's right. I looked it up this morning. I was working on that one this morning.

**MR. CHAIRMAN:** — Does anybody have any problems with eight?

**MR. ENGEL:** — None at all.

**MR. CHAIRMAN:** — Does anybody got any problems with nine?

**MR. GLAUSER:** — No problem.

**MR. KATZMAN:** — On eight, I wouldn't mind adding the words, "The \$50 million," but that's the only thing I would do there.

**MR. ENGEL:** — It could happen and crop up again. This way, if it's less than 50, they'd say they can do it. Just throw the 50 in there.

**MR. KATZMAN:** — Okay.

**MR. CHAIRMAN:** — Eight, nine, ten . . . We should add an eleven, thanking all the witnesses who came, and so on. It's a traditional paragraph you can pull out of any previous report. Just pull it out of any previous report.

Okay. That's item number one. Item number two is in camera.

**MR. KATZMAN:** — No, it was a motion. Need one more motion . . . (inaudible) . . .

**MR. ENGEL:** — Move that the committee report . . . Is that what you want to say?

**MR. KATZMAN:** — Move the committee report . . . (inaudible) . . .

**MR. CHAIRMAN:** — . . . (inaudible) . . . Agreed? . . . (inaudible) . . .

**MR. KATZMAN:** — Okay. We've got about three minutes, and then we've got to get out of here.

Second motion: who's going to P.E.I.? What's the story?

**MR. CHAIRMAN:** — Do you want to do this on the tape?

**MR. KATZMAN:** — There's a motion . . . I may put a motion on it.

**MR. CHAIRMAN:** — Do you want to discuss it on tape, as well? If you do, that's fine.

**A MEMBER:** — Do we have a motion on tape on right now?

**MR. KATZMAN:** — Yes, we have a motion on tape. And I understand that your caucuses said only one of you guys is going.

**MR. CHAIRMAN:** — That's right.

**MR. KATZMAN:** — And in that case, I am prepared to make another motion. You can turn the tape off until the motion comes, if you prefer.

**MR. CHAIRMAN:** — Oh, I don't care.

The committee recessed at 2 p.m. and resumed deliberations at 6:30 p.m. this day.

**MR. CHAIRMAN:** — Could you read the motion again to make sure we have this right?

**MR. JAMES:** —

That the member from Prince Albert and the member from Regina Centre be the official designates at the conference at Charlottetown in July, and if either one cannot attend, then there can be no substitution.

All those in favour? All those opposed?

**MR. MORIN:** — Mr. Chairman, I move:

That there be no *Hansard*.

All those in favour of the motion? Those opposed?

The committee adjourned, sine die, at 7 p.m.