

**Consideration of Provincial Auditor's Report**

**Mr. Chairman:** — Okay. We might as well begin and start ploughing our way through this, unless you think there's is someone else coming from government caucus that you're waiting on. No? Okay. We then, I guess, will begin ploughing our way through this. The first issue, I suppose, arises on page 1. That is the issue with respect to the corporations established under The Business Corporations Act. I for my part would like to discuss that with CIC (Crown investments corporation). I'm talking about the fact that, and I'll read it literally out of the report: "corporations established under The Business Corporations Act . . ."

**Mr. Katzman:** — I'm sorry. Could you give me the number.

**Mr. Chairman:** — I'm sorry. 1.01, third paragraph. I'm sorry. I've got mine all marked. I just assumed everyone else's is, and of course it isn't.

**Mr. Katzman:** — No. We didn't put our researchers in our department going through it. We did it ourselves.

**Mr. Chairman:** — I did this myself during Health estimates. I managed to get every kernel of wisdom dropped on the floor in the Health estimates plus go through it.

**Mr. Katzman:** — What are you saying here, Mr. Lutz?

**Mr. Lutz:** — I'm saying, Mr. Chairman, that to have accountability over government business, if you will permit me to use that term, that whether a corporation is incorporated under The Crown Corporations Act, its own Act of the legislature, or under Business Corporations Act, as long as the government or the people of the province own that corporation, the annual reports of each of those corporations — which is owned by the people — should be tabled in the legislature as is done for power, telephones, and the other corporations owned by the government.

**Mr. Glauser:** — This is the same argument that is going on in Ottawa right now. is that not correct? I think that the Crowns in . . .

**Mr. Lutz:** — I don't really know, Mr. Glauser, if that's the case or not right now. I would suggest that probably this argument is going on across the whole land. I don't really see it as an argument if we own SPC, if we own PAPCO, if own Prairie Malt or CICIII. We own them. Why would they not be tabled if power is tabled, telephones is tabled, Sedco is tabled. We own them.

**Mr. Katzman:** — Except that's been a precedent for many years. And if I remember correctly, and maybe I'm not, while I sat on both public accounts and Crown corporations, portions of it are all brought into Crown corporations. In some cases the auditing procedure may done by you and tabled in the House. That may be correct.

**Mr. Lutz:** — No, we audit them all.

**Mr. Katzman:** — You do audit them. You prepare . . .

**Mr. Lutz:** — What happens is that you people as members don't get to see the statements.

**Mr. Katzman:** — Right. They do give the consolidated statement of CIC, I believe, which includes all of those within its statement.

**Mr. Wendel:** — There are other ones that aren't within CIC that are in here which you won't get to see.

**Mr. Katzman:** — And if I remember that grouping, those were the government owned . . . Over 50 per cent were dealt within CIC and those that I think they owned less than 50 per cent . . . and I'll use the Intercontinental Packers as my example. Mr. Cowley in Crown Corp informed us, because it was a private corporation and they were the minority shareholder, then they didn't have to work by our rules.

When we were the major shareholder, Mr. Cowley informed us, that was a different story and they were included in his CIC report and the consolidated report. Disagreeing or not agreeing with him he said that was legal. And I'm only quoting Mr. Cowley in Crown Corporations.

**Mr. Chairman:** — I don't think it's a question of what's legal. It's perfectly legal not to file reports. It's a question I think more of what is in the best interest of the public and whether or not it's in the best interest of the public that the public's representatives have the financial information about these corporations. It's not a question of what's legal. If that was Elwood's argument, I don't necessarily buy it.

**Mr. Lutz:** — Mr. Chairman, Mr. Katzman, I am merely reporting to the members of the House, that there is not the same degree of accountability to the members between these different types of corporations, and I leave it there.

**Mr. Katzman:** — Mr. Chairman, I'm prepared to waive looking at that one and I will tell you why. I believe that there are others that Crowns do never look at and only we have the opportunity to look at, and for that reason I would say that we both have members in Crown who can look at things like that and . . .

**Mr. Chairman:** — But that was not an issue which is going to arise in Crown Corporations, given . . . not just the nature of the committee during this legislature. It's also just the nature of their work. They deal with the existing annual reports and go through them. I would like to call CIC and discuss the matter.

**Mr. Glauser:** — I think I have something to offer on this. Those statements, those financial statements, are they public documents that could be picked up anywhere? And the reason for that — they are not — and the reason perhaps for that is that competitive situations could develop, that given the nature of what is going on in the market-place and what is transpiring in the commercial

activity, there could be revealing things, perhaps that would be detrimental to the health and the ongoing business of that company.

**Mr. Chairman:** — Except that most — many of their competitors are required to file financial statements. The only reason they're not is because these companies do not trade on the stock exchange, but many of their competitors trade on the stock exchange and therefore must file annual reports.

**Mr. Glauser:** — There will be things left out of those annual reports of those other companies that you talk about, which by the nature of their operations, would keep them from being exposed to improper . . . or attacks from outside.

**Mr. Weiman:** — Just a question to the auditor. I'm wondering whether this is something that's really not within the realm of the Public Accounts Committee — 1.02 at the bottom of page 1, you are referring to your March 31, '82 report and I quote you as saying that:

Current legislation does not explicitly provide that I examine, ascertain and report to the Legislative Assembly whether there has been due regard for economy, efficiency, and effective in the administration of the government's affairs, thus enabling me to serve the Public Accounts Committee with respect to its mandate in this regard.

But further to that on page 1, just above 1.02, in the last paragraph you state, "I recommend that legislation be enacted . . ." And I'm wondering whether this is something that we couldn't deal with at any rate because legislation would have to be enacted to allow you to look at those things that you're requesting. Unless I'm reading that wrong, then I ask Mr. Lutz that.

**Mr. Lutz:** — Mr. Chairman, Mr. Weiman, these are two distinctly different things. The paragraph prior to 1.02 is merely my final comment relative to the fact that corporations established under The Business Corporations Act do not table their annual reports in the House for the examination by members. End of that problem. I merely advise the members of the Assembly that there are significant and numerous transactions being conducted by the government to which you are not privy.

**Mr. Weiman:** — Okay.

**Mr. Lutz:** — The next, 1.02, is an offshoot from what was said in this committee in 1982. It's merely a follow-up by ourselves advising the committee that some things have not been dealt with as we did last meeting on the pension fund. it's a different thing.

**Mr. Weiman:** — All right. I understand what I've done, I've jumped from one item to the other item. But I did notice that at the very bottom of section 1.01 you indicated a recommendation for legislation to be enacted and that's why I asked that.

**Mr. Lutz:** — It's a matter now for the members of the

legislature to decide. I merely tell you that this is one way you could get these things tabled if the administration wished to have them tabled.

**Mr. Weir:** — Following up on another one of your comments, Mr. Lutz, your concern — and I can understand your concern as the auditor — where you indicated that there may be articles or procedures that members of the legislature are not privy to . . . privy to with this vehicle, *Public Accounts* or the vehicle of tabling annual reports in the House. But are there other avenues where this information can be privy to Legislative Assemblymen and women, such as vis-a-vis, you know, Crown Corp, etc., etc. I mean Crown Corp is enabled to ask them to come forward although the chairman said he doubted that would happen. But they are enabled to request that, are they not?

**Mr. Lutz:** — I think probably it's a question better addressed to the Clerk. But I will speak to it briefly. If the corporation involved does not table an annual report including financial statements in the House, it is highly unlikely that it will be discussed at Crown Corporations.

**Mr. Weiman:** — My point regarding that, it's not so much whether it's likely or unlikely that it would happen, it's whether members of the Legislative Assembly through one vehicle or another are empowered to request information. I don't like to think that there are such things as closed closets that will never be opened. Is it possible for assemblymen, I should maybe say legislators in this Assembly, to request through one vehicle or another, information such as this?

**Mr. James:** — Well, you certainly have every right to request it. Whether you receive the information is another matter entirely.

**Mr. Weiman:** — Okay. We're actually coming full circle because we really are playing semantics. We have the right as a Public Accounts Committee to request it. But whether we get it is another matter.

**Mr. Chairman:** — The issue is not whether or not we're going to request it. That's never been an issue. The issue is whether or not we have a right to receive it.

**Mr. Weiman:** — And the Clerk has indicated that then are other avenues that have that right.

**Mr. Chairman:** — Nobody, including the Provincial Auditor, has raised the issue of our right to ask for it . . . We have the right to ask for anything. He has raised the issue of our right to receive it. I believe this is an issue which ought to be discussed with . . . We're not here dealing with the substantive issue. We're dealing with who we're going to call, I think.

**Mr. Lutz:** — Mr. Chairman, just one more comment here. In 1983, I believe, the federal Public Accounts Committee was genuinely shocked to determine that Canadair had an accumulated deficit of \$3 billion. And that was the first they'd heard about it because the annual reports for that corporation had never been tabled in parliament. They had been tabled with a minister of parliament, of the executive arm of government, and by

the time they thought, well I'd better do something with this and put it on the Table, it was 3 billion.

This is the kind of thing we're talking about here. The members of the Assembly, if they're going to form opinions on things, I think, and if corporations are going to be uniformly accountable, our position is that they should all be tabled in the Assembly if they are owned by the people. I think that's the only point I make here.

**Mr. Weiman:** — I may be way off base on this, but I'm wondering whether the auditor — and it's probably not fair to even ask this of the auditor — whether he would admit or deny that there may be some validity to the member from Mayfair's comments that there may be some sensitivity or business, and I would use the word even business morality, involved in those ventures that are established under The Business Corporations Act that are joint ventures, that are not 100 per cent owned by the people of Saskatchewan."

**Mr. Lutz:** — Mr. Chairman, and Mr. Weiman, I can't deny that I have heard the same argument from the previous administration and from this administration. And I'm not in a position to judge the validity of that assertion. I couldn't possibly say it's not valid.

But I would be very surprised if every forest production company in the country wasn't totally familiar with Sask Forest Products, Karl Landegger's outfit in New Brunswick, PAPCO. They know.

Now Mr. Glauser has brought up, I think, quite a valid point. How could I say? I just say to you that I think as long as the people own this thing, my position will always be that they should know what's going on.

**Mr. Weiman:** — I would suspect as — and I don't mean to do any of this jousting with you — but I would suspect that Esso knows what Gulf is doing, and Gulf knows, etc., etc., etc. But yet I would think that a corporation such as Petro-Can, which would fall under the Crown Act federally, would be at least a bit hesitant in wanting to appear again, even though you're using the assumption that everybody else knows everybody else's business, and wanting to say exactly what is happening within because it's . . . because I think it would jeopardize their operation.

**Mr. Lutz:** — Well you certainly picked a good example, because that one ended up at the Supreme Court of Canada. I concede your point, certainly, Mr. Weiman. I don't know how these things work out there. Our contention here is that there is not the same degree of accountability, but I would also submit that if all they tabled was the financial statements with their financial results for a year, you wouldn't really be giving the opposition that much if you kept it out of your annual report or didn't put up an annual report covering every nuance of the operation. But again, I'm not going to joust with you either.

**Mr. Weiman:** — No, we clarify that word "opposition" in the stance of the opposition in the business sector, as opposed to the opposition in the political realm.

**Mr. Lutz:** — We say the same degree of accountability should exist for all corporations owned by the people. I think that's our . . . (inaudible) . . .

**Mr. Weiman:** — Point well taken.

**Mr. Chairman:** — Your example of Petro-Canada wasn't the best one in the world. In fact, they have been before the federal Public Accounts Committee on more than one occasion.

**Mr. Weiman:** — I think it was a valid example because it wasn't truly resolved at that level. As Mr. Lutz has indicated, it could not be resolved at the Public Accounts Committee, federally. It went as far as going to the Supreme Court.

**Mr. Chairman:** — Well I think that was a different issue that went to the Supreme Court. At any rate, I don't suppose we're going to solve that. I'm waiting for an argument as to why we shouldn't call them and discuss this issue before the . . .

**Mr. Katzman:** — Well I'm going to be blunt honest, I guess, Mr. Chairman, if I may. And I think we're here for a certain amount of time. We have to put our priorities on line — what isn't priority and what is. And if I was to take that one, I would say, out of a priority of five, it would be the lowest. And if I wanted to take a priority number one, I might want to spend more time on SaskPen than on that. And that's the problem that we had better decide now, as we did last time. We put our priorities, we went through them — low priority, high priority, or not — and then we decided what we want.

**Mr. Chairman:** — I would put a high priority on this. There's enormous sums of money involved with these companies. At least this is not small change. This is not the Many islands gas line. There are enormous sums of money involved that are virtually free from any kind of scrutiny except that which the government of the day — and I'm not suggesting that the problem began with this government, this administration — they are free from virtually any scrutiny except that which the government of the day chooses to exercise. That is simply not, I think, an acceptable way for handling public funds.

**Mr. Katzman:** — Your former government, which you were a minister of for a while, chose to handle it this way and defend it. The present government has chose to handle it this way, and I gather has defended it. I gather it is a policy decision rather than anything else by both governments, and both governments by policy have agreed to do that. For that reason I put it on a low priority, where SaskPen is another total thing that I would prefer to handle differently. SaskPen is more like our pensions of last week.

**Mr. Lutz:** — It's not tabled either.

**Mr. Katzman:** — That's right. And there is some more question of legalities, not policies, that is more important. We see a lot of this stuff but when we get the people in here, they've corrected it. And if the auditor and the comptroller and the people have corrected things, fair game. That's one way we don't bother with them. The

second way we don't bother them, if it's a policy decision and we choose on a low priority and therefore we place it there. And then the other one is something we think should be done and we put it on a high priority and make a report to the House.

**Mr. Chairman:** — Well I don't accept the view that merely because the government has decided that they want to continue the present practice it becomes a low priority.

**Mr. Katzman:** — No, no, sorry. You're missing entirely . . .

**Mr. Chairman:** — No, I don't think I am, if I may finish, Ralph. You've said this is a policy decision. I think all you're stating when you say that is not that there are any issues, any non-financial, social . . . there's no social issue involved. All you're saying is the government has decided, for what I suspect are reasons of its own, that it wants to continue the practice.

**Mr. Katzman:** — No. We're getting into cheap politics.

**Mr. Chairman:** — No, we're not.

**Mr. Katzman:** — Yes, we are.

**Mr. Chairman:** — No, we're not. No, we're not.

**Mr. Katzman:** — Let me just try and elevate it a little and say both governments; your government . . .

**Mr. Chairman:** — We haven't denied that.

**Mr. Katzman:** — . . . and the government that's now here.

**Mr. Chairman:** — I never denied that.

**Mr. Katzman:** — Both handled it the same way, and maybe it's right and maybe it's wrong but both made a policy decision, and it's continued that way. Now I think to handle that one, the timing is not sufficient because the moment we go into that one it will take as much time as everything in total will.

**Mr. Chairman:** — We had spent some time on it last year. It did not consume more than an hour or two, Ralph.

**Mr. Katzman:** — Well I don't mind putting it on low, but I don't believe it's a high. And I think that's how we're going to have to mark our pages. Each guy marks them, you know, the way he plays, and we come back to them.

**Mr. Chairman:** — Let's flag it and prioritize them later. Perhaps that's the best way to resolve the thing.

The next issue is comprehensive auditing.

**Mr. Katzman:** — What page are you on now?

**Mr. Chairman:** — Still the same page, 102. It's 1.02.

**Mr. Katzman:** — Mr. Chairman, I've got a problem, and maybe I don't understand something here. I thought we started at page 7, not at page 1.

**Mr. Chairman:** — Why did you pick that?

**Mr. Katzman:** — Results of examinations.

**Mr. Chairman:** — Why would you . . . But we have always dealt with these issues. We've dealt with comprehensive auditing twice, in my experience.

**Mr. Katzman:** — I'm not disagreeing. What I'm saying is, for who we are calling to the table, I thought we'd go from page 7 till we're done.

**Mr. Chairman:** — I think we go from page 1. Why would you go from page 7 to page 60, and then go back and do page 1 to page 6 again?

**Mr. Katzman:** — Page 7 to page 60-something are the departments that we may want to call for procedure because of what they've done.

**Mr. Chairman:** — But the committee has also dealt with broader issues.

**Mr. Katzman:** — Okay, I'm not arguing, but . . .

**Mr. Chairman:** — I don't understand the logic for starting on page 1.

**Mr. Katzman:** — I just wanted . . . let's get our departments lined up first.

**Mr. Chairman:** — Well I don't see the logic in starting page 7 rather than page 1.

**Mr. Katzman:** — Page 7 is where the auditor reports, I have found this when examining . . .

**Mr. Chairman:** — Well, my friend, the auditor's report starts at page 1.

**Mr. Katzman:** — I don't disagree with you.

**Mr. Chairman:** — Therefore it seems to me we start page 1. It may be an argument about nothing . . .

**Mr. Katzman:** — I think we are arguing semantics.

**Mr. Chairman:** — . . . because I'm not sure that there are any other issues, certainly nothing of the scope of 1.01. Comprehensive auditing, I think, is a broader question. I'm not sure that we are usefully going to discuss it again . . .

**Mr. Katzman:** — Then let's move on.

**Mr. Chairman:** — . . . in the sense that I think the lines are divided and I'm not sure there's a great deal more to said on it.

**Mr. Lutz:** — Mr. Chairman, if I may speak to this subject very briefly. Annually when we do my report to legislature, we go back over prior years, verbatims from this committee, and we peruse those verbatims for several reasons. One reason is to remind or bring forward to the committee members recommendations or resolutions of

the committee which have not been complied with. That was last week.

We also bring forward other matters which the committee left pending, which were going to be addressed at a later date. In this particular instance we said, or the committee members said, two audits hence. I merely report to the committee that the two audits hence has arrived, and I end up by saying I will await the review, recommendation of the committee. I have brought forward the matter which you people sort of left with everybody, and that's the end of that.

Now if this committee wishes not to address this subject, I don't have a problem. I merely bring forward matters which were intended I think to be brought forward. Now I don't know who else would do this. Maybe Mr. Clerk would like to assume the problem of bringing forward to the committee every year, matters pending. I would be quite happy to let you do that, Mr. James, if you wish to.

**Mr. James:** — No, thank you.

**Mr. Lutz:** — No, thank you. Well . . . And there is one item in here which is in exactly the same category. That was the recommendation some years ago made to Revenue and Financial Services relative to E&H tax, assessing, collecting, auditors' numbers, people, feasibility. That is what this is for.

Now if the committee members say, we, in our view, don't deem this to be very important, by all means let us skip over them. I don't have a problem with that. But we have to bring these matters forward, I think. Perhaps if I don't bring them forward, I am remiss. Perhaps I shouldn't worry about them. I don't know.

**Mr. Chairman:** — I think you should bring them forward. The only reason I might not want the issue of comprehensive auditing brought before the committee is I'm not sure how fruitful a discussion would be. The government members, I think, in the past years, they were pretty firm in their views on it.

**Mr. Lutz:** — Well, Mr. Chairman, if you read 1.2 — I end up by saying: "I would await the review and recommendation of the Public Accounts Committee." Now if I happen to wait 10 years, that is not really a big problem, because I've only got three years to work. There's no problem.

I merely tell you that I brought it forward. The committee makes their own decisions. And if they say, we don't want to look at this, we turn a page. No problem. Really.

**Mr. Chairman:** — I say to members of this . . .

**Mr. Katzman:** — If the mike was turned off, he'd give you a better example.

**Mr. Chairman:** — With respect to both 1.01 and 1.02, neither one, even if adopted by the Legislative Assembly, neither one would come into effect until after the election. The poll is showing it to be in something of a dead heat. It might be an interesting set of dice to roll. Gentlemen?

**Mr. Katzman:** — What polls?

**Mr. Chairman:** — Yours as well as ours. This might be an interesting set of dice to roll, Cal. Let's agree to it and see who has to live with it after the election . . . (inaudible interjection) . . .

I was being in part facetious, but only part facetious. I was saying with respect to both 1.01 and 1.02, neither one would, even if adopted by the legislature, neither one would come into effect until after the election. Polls show us to be in something of a dead heat. Why don't we agree to it, roll the dice, and see who has to live with the problem after the election?

**Mr. Katzman:** — Oh no, Mr. Chairman, the poll you're . . . (inaudible) . . . I don't know whose poll you read, but it's a lot different from the poll I read. Because if I were you, I'd be out knocking doors, not sitting here. But then that's okay; we won't get into that.

**Mr. Chairman:** — If your poll showed you that far ahead, you'd have an election.

**Mr. Glauser:** — I don't think government has come down to being a crap game. I think we better get on with the . . .

**Mr. Chairman:** — You don't like my levity, eh? Okay. The Provincial Auditor sets out in 2.0 what he . . . (inaudible interjection) . . . Right. And he also sets out what . . . In previous statements he uses a form of shorthand. In 2.0, I think the Provincial Auditor sets out what he meant by that. For instance, he sets out what he means when he says there's a relatively low risk or something more than a relatively low risk. I didn't read 2.0 until after I finished the thing, and I wished I'd read it in sequence.

**Mr. Lutz:** — Mr. Chairman, may I ask what page we are looking at here?

**Mr. Chairman:** — We're now, to Mr. Katzman's relief, we're now on to page 7.

**Mr. Lutz:** — Oh, we are going to skip over page 5?

**Mr. Chairman:** — We're going to skip over page 5.

**Mr. Lutz:** — I'm asking.

**Mr. Chairman:** — I think so, unless some issue arises. Perhaps there is an issue that I missed, Mr. Auditor.

**Mr. Lutz:** — Mr. Chairman, there is, I think, an issue. It's from my own particular perspective and not necessarily the committee's, because I'm not sure how the committee is going to react to this. When I budget any year, I publish my estimates as I want in this book. In the blue book they publish what they're prepared to give me dollar-wise, and I concur this is the duty and the obligation of treasury board to decide the level of dollars within which I must operate.

I am encountering one other problem, however, and that is that they persist, or they insist — "they" being treasury board or whoever prepares the estimates — in putting in

the blue book the number of people-years which they argue I need. Now they don't do this with the Clerk; those years have disappeared. In effect what the people in the treasury division are telling me is that they know I need this year 63 people to do my examinations — not 66, not 67 — 63.

Now for that reason we went to these persons in Finance and asked them if they would entertain taking the numbers of peoples out of my estimates so that I don't have to appear to be fighting them deliberately if I hire 66 because I need 66 to do this work for you people. If they tell me I'm going to have 63 people, and if I have to abide by that in the view of this committee, then I will have 63 people, after which I will prepare my special report to the House and advise them that I will be several months later getting this work done; it won't be as timely.

So, Mr. Chairman, in the light of this sort of discourse I have brought with me some pieces of paper — and I'm going to read this into the record because I wish the committee to be aware of my views:

Under The Provincial Auditor Act, I am given the authority to make such enquiries as I deem necessary to make my reports to the Assembly. The estimates, by purporting to restrict the number of persons allowed to make such enquiries, seem contradictory to my mandate. I respectfully ask, therefore, that this committee pass this motion:

That the estimates be amended so that the number of person-years for the Provincial Auditor be removed from the estimates.

Which would then place me in the same position as other officers of the Assembly, namely The Clerk of the Legislative Assembly, the legislative librarian and the legislative counsel and law clerk.

Now I will never deny that the administration has the obligation to limit my dollars. That is not a problem. I just can't believe that somebody in the treasury division knows more about doing my job than I know. I've been there too long for that. I can't believe that.

**Mr. Katzman:** — Mr. Chairman, if I may ask another question of Mr. Lutz. I know what you're saying. I read the last paragraph of your comments. May I ask: who do you report to?

**Mr. Lutz:** — Legislative Assembly.

**Mr. Katzman:** — Who do you report to in the controlling system?

**Mr. Lutz:** — Legislative Assembly.

**Mr. Katzman:** — The Board of Internal Economy or a department? I mean, that's a crucial question.

**Mr. Lutz:** — The Legislative Assembly.

**Mr. Katzman:** — No.

**Mr. Chairman:** — I don't think you quite got his question,

Mr. Lutz.

**Mr. Katzman:** — The key is, the ones you have listed report to the Board of Internal Economy. The Board Internal Economy have special powers. I'm asking you if you report to a minister or a department, or do you report to . . .

**Mr. Lutz:** — I don't report to a minister. I'm not part of a department.

**Mr. Katzman:** — Let me try it different. Who do you through to get your budget?

**Mr. Lutz:** — I go to the treasury board, and I have always conceded and I have just said, rightly so, they will determine the level of funding at which I can operate in a year.

**Mr. Katzman:** — Okay. let me explain to you the difference here.

**Mr. James:** — It's an interesting problem, if I might just interject here. I believe that the Provincial Auditor also tables his annual reports through the Speaker, as does the legislative librarian. So I think the matter is more black and grey than black and white with respect to reporting.

**Mr. Chairman:** — Order. The member from Rosthern has a point and I'd like him to finish it because I have the same question.

**Mr. Katzman:** — Okay. The problem that I have is, if I am the librarian, if I am the legal clerk, I am the Clerk of the House, I now go to my budget through the Board of Internal Economy. The Board of internal Economy then informs the Finance minister what our budget will be. And he can sit down and question it with our representative and maybe adjust it with our representative. The only way I think what you can do, to do what you want, do what you are suggesting, is to be moved . . . (inaudible) . . . through the Board of Internal Economy, which is the arm of the House, which then would have the right to do as you suggest. Otherwise, you have to be treated as is the Ombudsman and everything else, where the treasury board handles you. And my concern is here, if you want to be treated like this group, you have to come through this group, because it has special arrangements because it is made up of members from all sides of the House — cabinet, government back bench, opposition. And that's why I'm having some problems in my mind adjusting.

And before I spend a lot of time on this, I would like for us to table this issue till the next meeting because I want to do some research. I'm a little confused where I'm coming from. I'm not against what you're saying, and what you're saying is, please take off the number. I can understand that. But what does that do on the rest of the system, I don't know yet. And that's why I've got to do some research.

**Mr. Lutz:** — May I speak to this now? Mr. Katzman, I understand what you're telling me, and I know this is a bit of a departure, and we've had trouble with it too. We have never denied that the control placed over my office

is the treasury board approval of the dollar budget. As long as they have that dollar budget, I can't go out and do anything excessive and irresponsible, because I can't spend money I don't have. And this is absolutely just and right and as it should be. There must be accountability. I can't deny that.

I'm merely saying that if section 8 of my report says: The Provincial Auditor may employ any persons that he considers necessary . . . Now when they wrote that thing and we went through this Act in this committee with Mr. Andrew in '83, clause by clause — Mr. Andrew was a witness, and I think I was a witness, and I think everybody else was here — what they said was, you have got to do what you have got to report and to do that you need whatever people you think you need.

And then in the next section they said, the employees of the office are not members of the public service but are employees of the Assembly. Now that to me meant that I was not the responsibility of the Public Service Commission or the executive government or the administration. It wasn't cabinet or the Minister of Finance who had to answer for the number of people I hired or how badly I might do things or not do things. What they said was, we'll give you your money; that's it; now you go ahead and manage your office and you hire the people you must hire. And that's what the Act says and that's what was contemplated and that's what was debated.

We've been through those to a very fine degree, and our contention has been that since the administration is not responsible for the staffing in my office — they're not members of the public service — then the administration should not be averse to taking people numbers off that blue book, because they don't have a say in how many I hire anyway.

Now they have said 63 because maybe they wanted to show a reduction in the civil service. That's fine. But I can't get by with 63. Now is it the wish of the committee that we would let the . . . Mr. Katzman, please, I'm not finished, I'm just getting wound up.

**Mr. Chairman:** — He's just getting his hand up just to get in line.

**Mr. Lutz:** — There is nobody in treasury board division who can possibly tell me how many people I need to render this report to the Legislative Assembly, but that in essence is what they're doing.

**Mr. Katzman:** — No. I think they have another problem and that's what I want to research. I think somewhere they are required to put bodies in the lines.

**Mr. Wendel:** — If they're public servants.

**Mr. Katzman:** — No, I think they're required to put bodies in the lines. That's why I wanted the week to check it because I don't know the answer.

**Mr. Chairman:** — I have no objection to adjourning this for a week. I think there is a more fundamental problem here than the number. I would perhaps state the problem

in a different way to the Provincial Auditor. Maybe that's not a fair way to put it. The interest of the . . . I know this is difficult to talk about it in a non-partisan fashion on the eve of an election, but the interests of the Legislative Assembly are not always contiguous with the interest of the bureaucracy. One of the prime reasons this Legislative Assembly exists is so that popular control will exist over the government. That includes the bureaucracy itself. One of our jobs is to "keep herd on the government."

The Provincial Auditor is an officer of the Assembly whose job it is to assist us in that. There is something of a problem if his staff is controlled by treasury board rather than the Board of Internal Economy. If indeed his function is to serve the Legislative Assembly, then particularly with this office, then these decisions ought to be made by the Legislative Assembly and not by the bureaucracy of treasury board.

For the same reasons, perhaps stated in a different fashion, I would suggest that the Provincial Auditor ought to go to the Board of Internal Economy. And then I don't care whether they put numbers on or not, quite frankly, because then the members of the Legislative Assembly are making the decision about what they want their officers to be doing.

**Mr. Katzman:** — The point I was trying to build: if he is made an officer of the legislative Board of Internal Economy, then he will not be covered by some of the problems that he is faced when he deals with the big board upstairs. And I have no argument about that.

My question in my mind says to me, (a) he says he lives with the money. He doesn't argue that, and I say that's de facto. He has to live with the money. But if he can get 90 bodies for the same price when they say he gets 63, that's fine too. And his point is, I can maybe get 67 bodies or 80 bodies, but I will stay within the amount of money given to me. And with that in mind, I don't think you should say, I can have 63 man-years — I think is what it is normally. And I agree with him.

**A Member:** — Person-years.

**Mr. Katzman:** — Person-years. But my concern is, is the people making up the book, by some work of their requirement, required to have a number in there? And that's what I want to know before I make a solid opinion on this motion.

**Mr. Kraus:** — I'm not responsible for putting the budget together. I'm not involved in it. But I would say that it varies. For the most part, yes, it's person-years — for the most part. However, you will find agencies, and as Mr. Lutz has pointed out, some of these agencies that are mentioned in his report do not have person-years. So whether or not it would pose a problem for the rules that exist, let's put it, I don't know either.

**Mr. Katzman:** — That's what I want to find out.

**Mr. Lutz:** — If I may have one more kick at the can. Mr. Chairman, I think what we are talking about here is a perception. And it's regrettable, but I think the perception

is held in some places that I am still a little branch of Finance.

Now I had occasion to phone the deputy minister of Finance on the 13th of March, and I said, good morning, David — I've known him for many years. And he said, good morning, how are things in the branch? And I said, the branch of what? Oh, sorry, not the branch — the division. The division of what? Oh, the department. Department of what? And we went through this whole damned thing from one end to the other, because they really want me to be a chunk of something — and I ain't.

**Mr. Katzman:** — Yes, you are. You're a chunk of the Legislative Assembly.

**Mr. Chairman:** — That's right, that's right.

**Mr. Lutz:** — Then since I am part of the Legislative Assembly process, and since the administration is not responsible for me or my staffing, then perhaps they shouldn't have a great deal of trouble taking a number out of that blue book.

**Mr. Chairman:** — One more question — and the member from Saskatoon Mayfair has been very patient. Fairview — sorry about that.

**Mr. Katzman:** — Okay. No, my concern is, Mr. Lutz, I know what you're trying to say. I know what you're trying to do. I am not sure that it is not the right move. It may be the proper move to say, as of tomorrow you are part of the Board of Internal Economy.

And I believe around this place you got to be under somebody. And if you're a servant of the House, then you are a servant of Board of Internal Economy, because the Board of Internal Economy runs the Clerk's office, the legislative legal counsel, the library, and so forth. And that's where you should be. If you have to put a peg for you, that's where your peg would be placed.

I do not believe anybody's peg should be out in the field by itself, and I don't think that's what you're asking for. All you're asking for is the removal of numbers. But I think it goes further than that. And I think what we have to do is sit down and talk about the issue of what we're doing with you. And you can throw this little garbage book away as far as I'm concerned, because this issue is more important than all of it.

Because if you are to be impeded, you can be impeded by being placed under a department of government, by many different methods. If I want to hire you or fire you, I have to do that in the Legislative Assembly. Therefore, you are a servant of the Assembly, which nobody argues and which your legislation says you are.

But everybody else that is a servant of the Legislative Assembly is now handled through Board of Internal Economy, and the provincial Ombudsman even is slowly moving that way. So you're the only odd man out, and what we're really talking about: where does your peg go? And if your peg's in with us, then we will say, no numbers — he gets a certain amount of money; he does the best he can with it for body-wise. That's what you're asking.

**Mr. Lutz:** — My peg is chunked right in at the budget review level, and the dollar limitation placed upon my operations by treasury board which, I believe, is very effective and necessary and the only one that's needed. If they tell me that I can have, as they've done this year, knock 5 per cent off and three people and I will let you spend 3.5 million, I can't spend more. And that is where my peg is. I just believe that we're looking at a little complicating thing here like, we've always put your numbers in that blue book. I don't think you're going to find a reason anywhere in legislation that says it has to be there when I'm not a member of the public service, but they're going to hang on.

**Mr. Katzman:** — I think the problem goes deeper. And that's why I say, once I open the door, I want to look at the whole issue. I'd better be quiet.

**Mr. Chairman:** — The member from Saskatoon Fairview. Yes, I think that's . . . Although I agree with the comments you've made, I think you have stated the question . . . (inaudible) . . .

**Mr. Weiman:** — Pardon me. I concur with the member from Rosthern. I think we're dealing with a real schizophrenic type of situation here, you know, which wife to be loyal to or which wife to be accountable to. In one aspect of your work it comes from treasury board; in another aspect of your work I can see the member from Rosthern's point of view that maybe there should be some accountability to the Board of Internal Economy. And I don't know how we'd resolve it outside of what you were saying, to delve into it a little bit further.

I have a couple of questions, just for clarification, and hope it doesn't go off on a tangent because I don't mean it to be that. But there are a couple of questions for clarification. This number of 63, how is that determined? How is that determined and who determines that?

**Mr. Lutz:** — Mr. Chairman, if you gentlemen wish know how that was determined you will have to call the people from the treasury board division. I have no idea.

**Mr. Weiman:** — Okay, maybe rather than saying how — who determined it? You're saying the treasury board determined it.

**Mr. Lutz:** — No, I think it was cabinet in this case. I think treasury board . . .

**Mr. Weiman:** — Well, I'll change it around.

**Mr. Lutz:** — I don't know, Mr. Weiman.

**Mr. Weiman:** — Did you yourself have to appear before treasury board?

**Mr. Lutz:** — Of course.

**Mr. Weiman:** — And at that meeting at treasury they pronounced to you that you will have 63 persons . . .

**Mr. Lutz:** — No, no. I think we asked for 67 . . . We wanted funding for 67 people, of 67 full-time



person-years, and they agreed. The blue book comes out . . . Well we get a little piece of paper in advance of the blue book that said, here's what yours is going to look like. And it's 5 per cent of the dollars is gone and it's down to 63. And don't ask me how they did it or how the decision was taken, or who took the decision, or how it was arrived at.

**Mr. Weiman:** — I've been fortunate enough to have sat on treasury board for a time, and I understand that you could have requested to appear before treasury board again. You have the opportunity to present your, as I saw. . . Now I'm being very careful because I know you do not want to be equated with other departments, and justifiably so, but I've seen other departments appear before treasury board, present their case, give rationale and argument of why it should be a certain way as opposed to another. Did you not avail yourself of that? Or did you not have the opportunity to do that?

**Mr. Wendel:** — The situation hasn't arisen yet, Mr. Weiman. Like, this has just come out.

**Mr. Weiman:** — Okay.

**Mr. Lutz:** — We had this thing for about two weeks . . .

**Mr. Weiman:** — So what I'm saying then is there is that possibility to avail yourself of that course?

**Mr. Wendel:** — Of getting more funding?

**Mr. Weiman:** — No, no. Of determining this — I will use the word "arbitrary" — this arbitrary placement of 63 as opposed to the numbers that you wished.

**Mr. Lutz:** — I don't really think that's the issue. Firstly, we don't know yet whether the dollars are enough or not. They may well be. If the dollars are enough, I can go and employ more than 63, but am I entitled to employ more than 63 if we subscribe to the theory that the administration can administer my staff.

**Mr. Weiman:** — I appreciate that.

**Mr. Lutz:** — We have a problem.

**Mr. Weiman:** — Yes. I appreciate that part. The numbers are not the issue.

**Mr. Lutz:** — That's right.

**Mr. Weiman:** — But I'm saying is, what I'm suggesting is, at a treasury board meeting that you could be present at, I'm sure that you could broach that same argument with them that, listen, we'll live with the money you give us and just leave at that, and let's forget the person-years.

**Mr. Lutz:** — Oh, we went through this exercise with them long before the budget process was supposed to be finalized to make sure . . .

**Mr. Weiman:** — As I said, I didn't wish to send it off on a tangent, but I think we all agree on it all. It's just that we're not really sure what we want to agree on.

**Mr. Lutz:** — Mr. Chairman, Mr. Weiman, you did mention the word accountability, and I agree with you. Everybody purportedly should be accountable for their actions, for their spending, for their everything. Now I would remind this committee that there is an auditor from my office who reports to this committee, who comes in and reviews my spending, reviews my procedures, reviews . . .

**Mr. Weiman:** — That was the question I was going ask. The last question I was going to ask: who audits the auditor?

**Mr. Lutz:** — Oh, yes. This auditor has been appointed by the administration to come in and audit the accounts and the procedures and everything in my office, and he does a thorough job. He gets paid rather handsomely. I don't know why we pay him though. Why should we pay him. We didn't hire him. And he reports to this committee of his findings of the audit of my office. Our only problem is if the people say 63. Now I can comply with 63; I will hire 63. When the smoke clears, I'll probably lapse a little bit of money, and I will put up a special report which says, sorry, gentlemen, it won't be as timely as it was last year, and last year was bad enough.

**Mr. Weiman:** — Well I think the member from Rosthern and the member from Regina Centre are correct in this. I think literally we do need the time. And maybe it is the question of determining whether the issue is black or white, whether you work for one or the other or, as I suggested earlier, a schizophrenic arrangement where you may very well be a little bit of both.

**Mr. Chairman:** — The issue is important. I think in many ways the Parliament of Canada has lost anything but nominal control over the spending of the federal government, and nothing changed with the change in government. It's the system in Ottawa that I think needs to be reformed. To a lesser extent have we lost control. I think this is an important issue.

**Mr. Katzman:** — Eighty-five per cent of government spending, the government has no control over.

**Mr. Chairman:** — Well I'd say it's a lot higher than that. I said it kind of facetiously but . . .

**Mr. Katzman:** — No, no. Not being facetious but hospitals and so forth and so on and so on, hire their staff and so forth. We give them the money.

**Mr. Chairman:** — That's true. The issue I think goes beyond the numbers. I'm happy . . . It's right as rain with me if you people want to join us for a week and consider it. It's a key issue.

**Mr. Katzman:** — I think it's long range. It's not the 63 that is the magic number.

**Mr. Chairman:** — No, it isn't.

**Mr. Katzman:** — It's the rest of the issue that circles with it.

**Mr. Chairman:** — Issue of to whom . . .

**Mr. Katzman:** — Could you please turn the recorder off for a minute while I say something?

**Mr. Chairman:** — He wants to make some disparaging comments.

**Mr. Lutz:** — Two years ago when I made my submission to treasury board — and let's be fair, we go up there with our estimates and we get our kick at the can — I did point out to the members of the treasury board that while they were cutting back my dollar estimates, the other external auditors who have been appointed around the province to do auditing of Crowns, and what not, had in fact received an increase in fees of something like 26 percent. And to me, that was just not quite the way it should be.

Now we engage auditors to do our legal aid clinics. When we . . . and some of the community colleges? Legal aid, mostly. When we hire those people annually on a contract to audit that thing again, if I don't get a dollar raise in pay, I say to these guys, you will work for the same fee you worked last year. If they don't like it, they can quit.

You know, that's where I'm at. How can I argue that I should get 26 per cent because those people got it? I don't. I don't argue that way. But conversely, I argue: if those people can afford 26 per cent from the same pot, whether it's Crown corporations or . . . I don't care what it is. I don't know why Mr. Katzman is laughing quite so hard, but that's okay. Why should we be cut back?

**Mr. Katzman:** — I told my auditor, Price Waterhouse, the same. You do it this year for what you did last year, and he told me why he wasn't.

**Mr. Lutz:** — Yes. But it is a problem, I think, primarily of perception. That's really all it is.

**Mr. Chairman:** — Well I think it's one . . . I don't know what you mean by perception. I think it's a great deal more than cosmetics. I think there's a fundamental issue of substance here. I also think — if I can get in out of order here, as I suspect someone's waiting to speak — I also think that this is, so far, an academic point, but it might not be. I also think your auditor should be appointed by the Board of internal Economy and not by the administration. That's, as I say, so far an academic point.

**Mr. Lutz:** — Mr. Chairman, I'm not sure about that at all, but he is appointed by the administration, agreed. I pay his bill because he audits my accounts, but he does report to your committee.

**Mr. Chairman:** — I recognize he reports to us. The process elsewhere, though, is that . . .

**Mr. Katzman:** — We have no right to appoint somebody, Ned.

**Mr. Chairman:** — Oh sure, why not?

**Mr. Katzman:** — No, no, because it's spending.

**Mr. Chairman:** — No, but the Board of Internal Economy does . . .

**Mr. Katzman:** — The Board of Internal Economy . . .

**Mr. Chairman:** — That's what I said, the Board of Internal Economy should appoint the auditor. No, not us.

**Mr. Katzman:** — Sorry, I thought you meant us.

**Mr. Chairman:** — I think that would also be a mistake. Okay, I guess we are agreed to adjourn the discussion on this . . . We've got to flag this thing, I guess, and get back to it. I guess that's what we're saying.

**Mr. Weiman:** — I believe . . . (inaudible) . . . because to think that we almost passed page 5 without looking at it.

**Mr. Lutz:** — Well, Mr. Chairman, I was quite sure you wouldn't.

**Mr. Chairman:** — Now the member from Rosthern will be for ever relieved to know we've finally struck page 7 with a vengeance.

**Mr. Katzman:** — . . . out a very mean pencil this year, and I'm not sure I want to talk on anything until I hit page 11, unless you've got something highlighted ahead of that.

**Mr. Chairman:** — Well, the Agricultural Credit Corporation of Saskatchewan; now I recognize this is a Crown corporation . . .

**Mr. Katzman:** — But they have collected, he says, and making efforts to collect.

**Mr. Chairman:** — But he says the corporation does not have controls in place to ensure that its investments are authorized. This is not the most major issue in the world. I don't think it will take us long to deal with, but I do think that we ought to ask them to . . .

**Mr. Katzman:** — I believe we have dealt with this one, sir. This is the plant in Outlook . . . Is this not the plant in Outlook, where we've dealt with it?

**Mr. Wendel:** — Not this is the agricultural credit corporation. They have some surplus funds that they invested.

**Mr. Chairman:** — Page 9.

**Mr. Katzman:** — This is not the money that went out to Outlook?

**Mr. Wendel:** — No, no, that's further down.

**Mr. Lutz:** — No, no, that's another page. This is a case where they have managed to accumulate some surplus funds which they have proceeded to invest in securities, interest-bearing securities.

**Mr. Chairman:** — A moose pasture in B.C. — I'm just being facetious. I think we ought to flag this one. I think we ought to call them, however briefly, and assure ourselves that this is taken care of.

**Mr. Kraus:** — Mr. Chairman, if I could. This is an issue

that goes back to last year. I think Mr. Lutz brought it to the committee's attention . . . legislature's attention for the first time last year. The point is that he's saying that in where the Department of Finance is investing on behalf of whomever, whether it's this group or pension fund or whatever, there should be some agreement between the agency and the finance people ensuring that finance is going to make investments in proper legal investments and what have you. And it might be fair to say that by the time some of these agencies began to react to it, we'd already passed the '84-85 year end. I'm advised, I don't know that they've done it yet, but this corporation has advised us that they are going to be entering into a contract with Finance by letter so that they're able to comply with what Mr. Lutz says they should be doing.

**Mr. Chairman:** — Would you undertake to report back to us then on the state of that?

**Mr. Kraus:** — Okay, we can do that.

**Mr. Chairman:** — This is number 2.1. Okay, I guess we're going to flag this one — but only to await a report, for the moment, only to await a report from Mr. Kraus on the progress. Does that accurately state the matter?

**Mr. Lutz:** — They should have in place some formalized, documented way of either delegating to whomever to invest their funds — at least put down in writing in a formal fashion how the investment procedure should be handled. I think that's our case here.

**Mr. Chairman:** — All right. And okay, we've flagged that, and we're asking Mr. Kraus, in the first instance, to give us back a report on that.

**Mr. Benson:** — Just by way of clarification, Mr. Chairman, would you like us to advise the committee when it occurs, or the current status of that problem?

**Mr. Chairman:** — No, I'd like a comment on the current status of it.

**Mr. Katzman:** — Well, Mr. Chairman, let's make another suggestion. Current status, but if it's being taken care of . . . like, if the process of taking care of it is going on, or if it's been looked after, just tell us that.

**Mr. Chairman:** — Yes, I just want to know the current status. I just want to know where it's at. I want to be assured that the matter is being dealt with all due dispatch, that's all I want.

**Mr. Katzman:** — I think that's a better way to word it: has it been dealt with?

**Mr. Chairman:** — With all due dispatch. Yes, I want the details too, though.

**Mr. Katzman:** — No, no.

**Mr. Chairman:** — Just not a simple assurance. I want to know where and what they've done in the last year.

**Mr. Kraus:** — We can advise you exactly what stage it's at — whether they've got the letter drafted or . . .

**Mr. Chairman:** — Thank you. That's what I want to know. 2.2, we have dealt with this matter in a broader sense in 1.01. I'm losing track of all these sub-clauses. The 2.2(2) raises a more specific issue with respect to the rights which CIC receive. And I guess I understand what the Provincial Auditor is saying. I don't understand why it wasn't done. I don't know how Finance come . . . I guess it's not Finance, it's CIC, actually, that should have been on top of this — not Finance.

**Mr. Kraus:** — It's a CIC issue, although I believe the investment people are involved to some extent, yes, but CIC would have to speak to it.

**Mr. Chairman:** — We have CIC flagged under 1.2. If we call them, we'll deal with this as well.

**Mr. Katzman:** — Oh yes, because they didn't sell any shares though.

**Mr. Chairman:** — No, no. It's a question of who should have got the money.

**Mr. Glauser:** — I don't think it is so much that, Mr. Chairman, as it is a case of direction; how they pass through is more the issue there than anything. They should have taken perhaps a different route from what they did in accomplishing the same thing. Maybe the Provincial Auditor would like to comment on it.

**Mr. Chairman:** — I'm not all that sure they should have accomplished the same thing in the sense. I'm not sure the rights should have been dealt with as they were. As I understand this, they should have been remitted to the Provincial Auditor. Sorry, Mr. Glauser asked you for a comment.

**Mr. Lutz:** — Mr. Chairman, perhaps I could let Mr. Wendel speak to this thing to cast a little light on it.

**Mr. Wendel:** — What we're saying is if it was the intention of the government to give these shares to the pension funds, they should have done it a certain way rather than the way they've done it. You can't just take the money out of a subsidiary company of CIC and give it to pension funds, because there's legislation in place that deals with that.

**Mr. Kraus:** — It's the way they were passed through.

**Mr. Wendel:** — Right. But if it is the intent to give them, that's beyond our control.

**Mr. Glauser:** — Obviously it was though.

**Mr. Chairman:** — Well that's not obvious from what I know. Again, I'm not suggesting this is the greatest political issue in the world, but if the money had gone to CIC, I am not sure it would have gone back to the pension fund. I am not sure there was ever a conscious decision by the elected representatives that this money should go to the pension fund. It appears to me that that decision was made by the senior management at Ipsco, and that's inappropriate. That decision ought to have been made by the CIC and whoever . . . (inaudible) . . . the board room.

**Mr. Katzman:** — Which pension fund did it go to, Ned?

**Mr. Chairman:** — The employees of Ipsco.

**Mr. Katzman:** — No, no.

**A Member:** — No. A number of government pensions.

**Mr. Katzman:** — Government.

**Mr. Lutz:** — Mr. Chairman, you wish to know? Mr. Katzman, do you want to hear: who did it go to?

**Mr. Katzman:** — No, it didn't go to Ipsco. It went to the government.

**Mr. Wendel:** — No, no. They were Ipsco rights to shares is what they were.

**Mr. Katzman:** — But the money went to the government pension plans?

**Mr. Wendel:** — Right.

**Mr. Katzman:** — That's all I wanted.

**Mr. Wendel:** — The benefit.

**Mr. Katzman:** — The benefit, yes, which means the government got . . .

**Mr. Chairman:** — Which means that someone in the government got the benefit of it. Again I'm not . . .

**Mr. Katzman:** — But not Ipsco.

**Mr. Chairman:** — But not Ipsco, okay.

**Mr. Katzman:** — It changes drastically from what you said.

**Mr. Chairman:** — Oh, it changes it from what I said. I'm still not convinced that conscious decision was made by those who were delegated to make that decision, and that that was the best place for it. There seems to me to be something of a short cut taken here. Anyway, when we get to CIC, I guess we'll raise 2.1 as well.

Advanced Education and Manpower. This deals — first item, 2.3(1), deals with the community colleges.

**Mr. Katzman:** — Mr. Chairman, I think last year was the first year we've called some of the universities and some of those people. I think they should not be called this year. They had an idea last year what it was all about and maybe they will start to clean up their act on the problems that were discovered.

**Mr. Chairman:** — With all due respect, one year is 365 days passed and . . .

**Mr. Katzman:** — Mr. Chairman, just if I may. What I'm saying is normally the precedent has been when they come here the first time they're noted the next year because it's — they come here about half way through the

year, so it's too late to correct if the same problem is continued. But normally two years later or three years later we seem to, for the majority, we seem to see them correct their problems because it had never been brought to them what the scope this committee does.

**Mr. Chairman:** — Well perhaps I could ask Mr. Kraus whether you know whether or not the community colleges are still making unauthorized borrowings.

**Mr. Kraus:** — Well this is the issue. The issue is that when agencies like community colleges or any other government agency borrow money, they are supposed to get approval by the Minister of Finance. And the problem that occurs is that agencies will incur overdrafts, sometimes they will borrow money, or this happens from time to time and they will not get approval as they know they are supposed to.

The action that's been taken is that the department responsible, Advanced Education, has provided the college with guide-lines to be followed for overdrafts and borrowings. In other words they are supposed to make requests for approval to treasury board to get these borrowings or lines of credit approved, and I guess what we can say is that they are going ahead and getting that approval. The problem is though, with this kind of a problem is, is that while Finance may even issue a directive to banks to say, you shouldn't be lending money, or giving them lines of credit or allowing them to overdraw their accounts without authority from us; there's really no effective way to stop it. It's still likely going to happen from time to time where people either choose to ignore the rule or they don't know it exists.

And I guess I'm saying that yes, this has been fixed up, but what I'm saying that in the longer term, the auditor will likely find this happening — maybe not with these people, maybe not the community colleges next year, but it will be somebody else that does. We just can't seem to prevent it from happening.

**Mr. Chairman:** — The Regina Plains Community College, it would not be a great . . . I'll make one comment, and I get the member from Mayfair.

The Regina Plains Community College, it would not be a great sacrifice for them to cross the waters. Their office is just north of the Wascana Lake. What was their particular sin? Because they are listed as one of the ones who had reported bank overdrafts or loans without authorization. Mr. Wendel, can you tell me?

**Mr. Wendel:** — Just that they had reported bank loans or reported bank overdrafts that weren't approved by the Minister of Finance. It's the requirement under The Department of Finance Act that every Crown corporation or Crown agency is to have its borrowings approved; that's to make sure no one commits the government to some future spending by having an unauthorized debt.

Now what we've found in colleges — there were number of colleges that had borrowed money or got authorized lines of credit that didn't have them approved by the Minister of Finance. That's all we're pointing out here. The reason we're bringing it forward was, they

didn't seem to be aware of the requirement to have it approved. They were not aware of the requirement.

**Mr. Chairman:** — I would like to be provided with a list of their particular sins.

**Mr. Lutz:** — You mean, Mr. Chairman, whether it was a loan or whether it was an overdraft. Is this what . . .

**Mr. Chairman:** — And the amount of it, yes. Then, I think, we could make a decision as to what kind of problem we've got here.

**Mr. Wendel:** — It should be in the *Public Accounts*.

**Mr. Chairman:** — You think it would be in the *Public Accounts*.

**Mr. Lutz:** — Well are the financial statements are in volumes . . .

**Mr. Katzman:** — But it won't show what they overdrafted . . .

**Mr. Lutz:** — Oh, should do.

**Mr. Chairman:** — Where are you looking?

**Mr. Lutz:** — Try Regina Plains.

**Mr. Chairman:** — Natonum College, by golly . . . Regina Plains, on the left column. That would be it.

**Mr. Wendel:** — Page 99 is the La Ronge Region Community College, and they have a \$35,000 overdraft.

**Mr. Chairman:** — Page 129 is the Regina Plains Community College. It's volume 2. It suggests there isn't any in 1984.

**Mr. Lutz:** — \$6,600 in the Regina Community College, bank overdraft, on page 130, at the top of 130 — in the revenue fund.

**Mr. Kraus:** — If I can say this one more time. The Department of Finance is going to try and prevent this, as I said, from happening again by issuing this letter to banks to ensure that they know they're not supposed to lend money or allow these overdrafts if there isn't authority.

And we know that the community colleges, if they haven't now, they will have very shortly approval for lines of credit or an overdraft. But all I can say is that, even though you have established a limit, it wouldn't surprise me if some time next year or the year after, the year after that, someone exceeds the approved limit. It just seems to happen, no matter whether they know what the policy is or not. People do those things and . . .

**Mr. Lutz:** — On page 135, Mr. Chairman, on the Saskatchewan Indian Community College, they have a thing called long-term debt.

**Mr. Chairman:** — 135 . . . Bank indebtedness is said to be nothing.

**Mr. Lutz:** — Go on down to the next section.

**Mr. Chairman:** — Long-term debt.

**Mr. Lutz:** — Yes. And note 8 tells us what that's all about. But Mr. Kraus is quite right: it's hard to keep up with them all, because they have it done so quickly.

**Mr. Kraus:** — Yes. The problem that the department would have with this, and we would have, and the government would have, is that the departments or an agency like this is actually spending more money than they're receiving, and can in part put an obligation on the department to fund them next year. That's the problem.

**Mr. Chairman:** — Yes, they can. I noticed the University of Regina. Their sins are trivial compared with the University of Regina, who have incurred a net loss of 3.2 million. That is not a trifling sum. And they have an accumulated deficit of 2.3 million. That, I think, we do have . . . That, I think, we should deal with.

**Mr. Katzman:** — Now . . .

**Mr. Chairman:** — Why not?

**Mr. Katzman:** — Why not? I think, if you check far enough, that they have put something together to relieve the problem.

**Mr. Chairman:** — Okay, then I want to see that — for 2.3 million, I want to see it.

**Mr. Glauser:** — Well, Mr. Chairman, that's why I want to get into this. And that is that there have been management letters sent out in all these cases, is that not correct?

**A Member:** — The Provincial Auditor did that.

**Mr. Glauser:** — And what are the responses? I'd like to see the responses to those management letters. And I'd like to go a little bit further, in that . . . Okay, the University of Regina, University of Saskatchewan, would have borrowing powers. Those borrowing powers would be held at the financial institution with which they deal. So I can't see a bank cutting off their credit. I don't care whether it's an overdraft or whether it's a loan. It's all the same thing — it's a loan. So I understand what Mr. Kraus is saying. But here again, particularly with those two institutions and the Kelsey Institute, there isn't any financial institution that would return their cheques.

**Mr. Chairman:** — No, but that's not the problem though.

**Mr. Glauser:** — Oh it is the problem. If it's an overdraft, it's the problem.

**Mr. Wendel:** — Not in the case of the University of Regina. That's what we're talking about.

**Mr. Chairman:** — That's not the problem. They're not kiting or bouncing cheques. They are incurring a deficit which in fact is a deficit of the Government of Saskatchewan.

**Mr. Katzman:** — Hell, they've been incurring those debts

for years. And they pay them off the next year or the year after. The question is: is it out of proportion? That's really the question. Is it out of line? Or have they got a method of dealing with it?

**Mr. Chairman:** — Well all right, let's call them and ask them that.

**Mr. Katzman:** — I think the comptroller may be able to answer the question. Why don't we let him?

**Mr. Kraus:** — This is slightly different than the ones we were talking about in that . . . And I'm not up to date on the latest dealings with the university. My information is a little bit later because I think we compiled this information several months ago.

But at that point in time it appeared that the university knew that it didn't have authority to incur this liability but was going to in any event. In other words, they were having discussions with the Department of Advanced Education but were not going to — can it put it the simple terms, I suppose — they weren't going to cease borrowing without authority.

But what has happened since that time, Mr. Chairman, I don't know. This is a bit stale, dated.

**Mr. Benson:** — I think it's just been in the press here recently but there's been a task force of joint Advanced Education and university people to look at the matter of the deficit at the university, but . . .

**Mr. Chairman:** — Maybe we ought to have Advanced Ed come and deal with it in the first instance rather than the university. It may be that after we talk to Advanced Ed we may decide that those are not the appropriate people and we want to talk to university. But I guess the appropriate procedure would actually be to talk to Advanced Ed about it first. It's really Advanced Ed's . . . In the first instance it's Advanced Ed's problem, not . . . (inaudible). . .

**Mr. Kraus:** — They are the ones that negotiate with the university.

**Mr. Chairman:** — Okay, let's flag the thing and call Advanced Ed then.

The Kelsey Institute, it seems, took \$50,000.

**Mr. Weiman:** — Mr. Chairman, we had that issue last year. I remember that very clearly. I can remember discussing the issue whether food in the cafeteria or food in the restaurant preparation course is educational — what was the word? — educational material. like, was a carrot that they sliced up to show the students how to slice up a carrot an educational material? I can recall going through that last year. I don't think we ever did resolve it.

**Mr. Wendel:** — Yes, I believe the deputy minister of Advanced Education said he would go to treasury board and get a ruling on it, and we're awaiting the ruling. It's just a follow-up.

**Mr. Weiman:** — Again one of those "bring to our

attention."

**Mr. Chairman:** — I see. The deputy minister went to treasury board and we haven't got a decision from treasury board. Is that the situation?

**Mr. Wendel:** — He undertook to go. Now whether he has gone or not, we'll follow it up.

**Mr. Chairman:** — Somebody ought to find out whether or not he went.

**Mr. Benson:** — We have got resolution of the thing in principle. The department has agreed to call this a subsidy and not try to call it something else. And there is some ambiguity in the policy document that we have out, that we were going to have amended.

**Mr. Weiman:** — We had some fun with that one last year.

**Mr. Benson:** — Now the only other issue related to that, and I don't know whether the Provincial Auditor still has a concern, is whether that be a separate appropriation. It's not going to be a separate appropriation, but it's going to be clearly called a subsidy in the public accounts henceforth.

**Mr. Weiman:** — At least it's accounted for somewhere then.

**Mr. Benson:** — As a subsidy. Right.

**Mr. Chairman:** — So 23(3) has been resolved, I gather.

Someone, I guess, needs to put some new batteries in the adding machine over at Wascana Institute. They're out by 81,000 bucks. I don't know whether they can find someone who can add any closer than that or not.

**Mr. Kraus:** — Can I make a comment on this, Mr. Chairman, because several times throughout this report of Mr. Lutz's, he's identified that there's problems with inventory valuations.

**Mr. Chairman:** — That's right. It's a recurring problem.

**Mr. Kraus:** — What we are going to do as part of the solution is make sure that a proper inventory policy for maintaining the inventories and for evaluating it at year end is written and distributed.

I couldn't say that these institutes shouldn't know how to do this in the first place or wouldn't even have internal policies that should be satisfactory. But what happens is that they — if I could say this — is that they become a little bit careless, I believe, when they're taking their year-end inventory. They do count it; they do value it and, you know, do the extensions on the sheets and so on and so forth. But then they don't have somebody double-check it.

And I think what happens is when the auditor comes through and does an examination, he finds there's some clerical mistakes, arithmetic mistakes. And the reason they exist is because somebody didn't take the time to double-check it and review it and make sure it's

reasonable. It doesn't mean that anything's lost. It just means they're somewhat careless.

**Mr. Chairman:** — But it means, does it not, Mr. Kraus, that the potential for something to get lost could occur?

**Mr. Kraus:** — That's the problem with it.

**Mr. Chairman:** — That's the problem.

**Mr. Kraus:** — Very definitely. Because you should also have some kind of mechanism that determines whether or not your inventory is valued at a reasonable level. And if it doesn't seem to be right, you might say, well what's happening here? If it's too little, has somebody been doing something inappropriately with the inventories? And that's the problem with not . . .

**A Member:** — So you're going to miss it on the check.

**Mr. Lutz:** — Then you have invested too much money in a non-productive asset because you didn't need it.

**A Member:** — That's not what I said.

**Mr. Lutz:** — You said how much of it is too much.

**A Member:** — I'm not getting adequate . . . (inaudible) . . .

**Mr. Chairman:** — Getting adequate . . . Okay.

**Mr. Katzman:** — Want my books to look a little better.

**Mr. Chairman:** — We're going to call Advanced Ed anyway. I guess we will want to raise with them the question of the batteries in the adding machine at the Wascana Centre.

**A Member:** — Are you going to call them for that?

**Mr. Chairman:** — We're going to call them to deal with the deficits at the University of Regina, and this is an issue we can raise at the same time. The point of stating the matter in that fashion is that the Clerk will make a note of it in the minutes and we'll remember what the issue . . .

**Mr. Weiman:** — . . . (inaudible) . . . for them to double-check their inventory.

**Mr. Chairman:** — Right.

**Mr. Weiman:** — Section (6) is virements and student loans . . .

**A Member:** — Where are you?

**Mr. Weiman:** — Section (6), page 14. Subsection (6), rather.

**Mr. Chairman:** — Right. It should have been paid to the fund instead of being vired off to something or other.

**A Member:** — It has been vired.

**Mr. Lutz:** — The Act states, all moneys appropriated shall be paid into the fund if the members of the legislature

appropriate money. And that's the way the Act is worded; that's where the moneys go.

**Mr. Weiman:** — We have had instances of this in the past where there's been a budgetary allocation, and for one reason or another the take-up wasn't commensurate with the budget allocation. And I think we did agree at that time that there was a legitimate avenue and right of virements. And I'm wondering whether this is just one of those things where there was a budget allocation for student loans, but the take-up wasn't as great as the budget allocation.

**Mr. Chairman:** — Just a second. We'll get a comment here.

**Mr. Benson:** — I was just going to explain the thing. The problem resolves from the wording, "shall be paid." The Act, The Student Aid Fund Act, says that the money appropriated, appearing in the estimates, shall be paid. And that's the case in about three agencies' legislation. The wording is it "shall be paid." And it never is. If the money's not needed, as customary . . . The moneys are vired in other circumstances. And instructions have gone out to all three of these agencies, the next time they open up their legislation, to amend the legislation to "may." And then those moneys could be subject to appropriation. That's one aspect of it.

**Mr. Lutz:** — Mr. Chairman, I heard a thing I don't like. If the moneys weren't needed — which infers that then it's okay to vire — I say to you, the people who prepared the budget for the student aid fund should have come closer. I say to you that if they didn't come closer, the money shall still be paid, and then you give it back next year.

**A Member:** — To who?

**Mr. Lutz:** — To the fund. And you get it back next year.

**Mr. Benson:** — Oh, the way the current legislation reads, technically the auditor is right.

**Mr. Lutz:** — Right. You just can't say because it wasn't needed, then it's okay to vire. Because I've always had a problem with virements, as you know, and I'm just coming back to it anyway, Gary.

**Mr. Chairman:** — I don't know why you don't amend the thing this year and shift the thing off with non-con. The system's working. If we can keep Sveinson out of the House, the system's working reasonably well, and we can now deal with non-controversial Bills without taking up much time of the House.

**Mr. Benson:** — They've indicated the next opportunity. Now maybe we could ask them to try to pursue it.

**Mr. Katzman:** — Whoa, whoa, whoa, whoa. Let me make a simple suggestion. Would the Clerk at the Table please send a note to — I'm not sure who you send it to, that's my problem; I guess to the Premier — that there is three Bills that we think are non-controversial, the word "shall" should be changed to "may," and could they assist us by doing that. And that's just a letter from us to them. And I would like it signed dual, by the chairman and the

deputy chairman. What it will do is it will go through cabinet like that, and everywhere else.

**Mr. Chairman:** — That will likely resolve it.

**Mr. Glauser:** — Rather than the Premier, I would suggest that it go to Mr. Berntson.

**Mr. Katzman:** — Well, no. It has to go to the chairman of Executive Council, I think.

**Mr. Chairman:** — President.

**Mr. Katzman:** — President. I think it is the Premier.

**Mr. Chairman:** — It doesn't matter. Anyway, let's get the Clerk to do that.

**Mr. James:** — What am I doing?

**Mr. Chairman:** — You are drafting a letter for the signatures of his excellencies, Mr. Glauser and Mr. Shillington, asking that these three Bills be drafted, presented to the Legislative Assembly, and sent to Non-controversial Bills Committee where they can be dealt with.

**Mr. Katzman:** — Where the word "shall" should be changed to "may."

**Mr. Lutz:** — Thank you, Mr. Chairman. I have now a new cause for concern. If you take away "shall" and call it "may," then do you not render the budget process slightly meaningless? I can put any number in there for student aid fund, and I can whistle away any other number from that amount later because the Act will now say "may." Where is the accountability in the budget process?

**Mr. Katzman:** — The accountability in the budget process, Mr. Chairman, is I believe that (a) I am going to put the money in, but if the pick-up is not there, rather than let it sit there and do nothing I will use it where it is needed. And that is good budgetary practice.

**Mr. Lutz:** — Would it not be just as easy to make a provision in the same Act that where funds have been paid to an organization, surplus to their needs, there's a quick mechanism to recover them?

**Mr. Katzman:** — Okay, I'll live with that too. I just don't want the extra funds sitting there and not being able to be used by somebody.

**Mr. Chairman:** — The existing system doesn't seem to be the happiest one in the world. It isn't the issue that's going to cause rioting in far provinces; let's crank up the legislation, deal with it, and get the darned thing out of our hair so it isn't back here another year. And I think that's what the Clerk's going to do, in his usual efficient manner.

**A Member:** — From "shall" to "may"?

**Mr. Chairman:** — Yes, from "shall" to "may."

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

**Mr. Chairman:** — Okay. Now the tail-end of sub(6) raise the issue of virements.

**Mr. Katzman:** — Excuse me, Mr. Chairman, I have a job to do. It is now 10 to 11, 10 minutes before we adjourn, and the first press man has shown up. And remember, they used to demand this thing be open. Thank you.

**Mr. Chairman:** — The presence of the esteemed reporter from the *Leader-Post* is duly noted. I noted — this has nothing to do with the *Leader-Post* — in the article put out by the *Legislative Report* they've got the thing backwards. They said public accounts used to be open and is now closed. In fact the opposite is true; they used to be closed and are now open. It might be a thought to ask our Clerk to address a letter to the Saskatchewan Chamber of Commerce, just pointing out the error. It's neither fair to the committee nor the Legislative Assembly, the comment isn't.

**Mr. Katzman:** — So moved.

**Mr. Chairman:** — Agreed. By all concerned I take it?

Now the issue of virements. I also happen to think the Provincial Auditor is right on this one. And again, it goes to the ability of the Legislative Assembly to control the purse, both while the purse is being filled and while the purse is being emptied. One's as important as the other. I don't think, however, that this is an appropriate issue to raise with Advanced Ed. It strikes me, Mr. Kraus, this is an appropriate issue to raise with Finance, or is it?

**Mr. Kraus:** — Yes, Mr. Chairman, it is certainly an issue that would have to be discussed with Finance. However, the provision for virements is legislated in The Department of Finance Act, so it's not as though they do it without authority.

**Mr. Chairman:** — No, I recognize this is not . . . (inaudible) . . . chasing a shadow across the patches here but . . .

**Mr. Lutz:** — So is Shell.

**Mr. Katzman:** — We're having a very technical debate here.

**Mr. Kraus:** — But I can speak to it just very briefly, that in response to criticisms about virements in the past, it was decided several years to at least show the net virements in this schedule of expenditures. So that if you want to look in Advanced Education and Manpower and see where the moneys were vired from and where they were vired to, you can certainly do that. So that information ultimately becomes public.

**Mr. Katzman:** — Mr. Chairman, that was a decision of this committee, that we requested that, and that has since been acted upon. This committee asked that virements be, so we knew . . .

**Mr. Chairman:** — That wasn't my understanding. My understanding was that we asked that virements be recorded at special warrants into the . . .



**Mr. Katzman:** — No, no. No, that they be recorded because they weren't reported before.

**Mr. Kraus:** — That would be, if I could say, I think that would be Mr. Lutz's preference, but the decision was made that they would be reported in the *Public Accounts*.

**Mr. Katzman:** — That was good enough. That was decided here, Mr. Chairman, and it was suggested in one of our reports while you were the chairman.

**Mr. Weiman:** — And I can recall it being acted upon because I can recall last year a department — and I can't remember which one — where we asked a specific question of an item that was vired. We wanted to know why it was vired, where it was vired to, and I can't remember what department we had here last year, but I recall that we . . .

**Mr. Katzman:** — I think it was that hockey rink in La Ronge or something similar.

**Mr. Weiman:** — I think so, but I remember it was itemized, and we brought it up last year.

**Mr. Chairman:** — There's a first time for everything. I might be wrong. If I am, I'll refresh my memory.

The La Ronge Region Community College, I think we ought to call these lads, or maybe lasses. I think we ought to call these folks and discuss their affairs with them. They fail to maintain adequate records to facilitate the preparation of an accurate financial statement.

**Mr. Kraus:** — Mr. Chairman, this one has improved. And this, I believe, is an audit that, because of the timing, goes back to 1984, thereabouts. And the information that I have is that they did make an effort to get their accounting records in shape. And in fact the auditor's management letter for 1985 doesn't address these concerns, and in fact it commended the board and the staff on the implementation of recommendations. So it appears it's improved.

**Mr. Katzman:** — We've had them here before.

**Mr. Chairman:** — I don't know if they were here last year.

**Mr. Katzman:** — This is a case where, since we've talked to them, they've cleaned up their act.

**Mr. Chairman:** — I don't think . . . Perhaps Mr. Lutz is not convinced that they've cleaned up their act, I don't know.

**Mr. Lutz:** — No, it's all right, Mr. Chairman, I just got concerned. He said the auditor wrote them and commended them, and I had to make sure it was another auditor and not me.

**Mr. Chairman:** — There is an unqualified financial statement prepared for the last fiscal year which is . . . I guess it would be in the . . . Are they still included in the annual report of the . . .

**Mr. Benson:** — Yes, in volume 2.

**Mr. Chairman:** — . . . In the *Public Accounts*?

**Mr. Benson:** — Yes.

**Mr. Chairman:** — All right.

**Mr. Weiman:** — They've learned how to sign minutes now?

**Mr. Benson:** — Yes.

**Mr. Chairman:** — We would certainly never do that in this committee, run away without signing the minutes.

**Mr. Benson:** — On page 98, Mr. Chairman, is the auditor's report for the La Ronge region.

**Mr. Chairman:** — Of volume 2.

**Mr. Benson:** — It's a clean opinion this year.

**Mr. Weiman:** — Agriculture, 2.4. Oh, that's the next item: Agriculture, 2.4.

**Mr. Chairman:** — It is three minutes to 11.

**Mr. Katzman:** — Well I just want to touch one issue on 2.4, the bottom line just before the (2): "My representatives also observed that management had taken steps to recover these payments made to ineligible recipients." That's the bottom line.

**Mr. Chairman:** — It helps when you're from Rosthern to make these complicated, convoluted statements. I had the opposite view, that is that Agriculture should be called. It's not something I want to get into at two minutes to 11 and I would propose, gentlemen . . .

**Mr. Katzman:** — Well, my comment basically is one thing. They went out and got the money back from the guy that's filed statements were in wrong.

**Mr. Chairman:** — The issue, though, is whether or not they have set in place a mechanism to ensure that it doesn't happen again.

**Mr. Weiman:** — This may take us a month of Thursdays.

**Mr. Chairman:** — This may take us a month of Thursdays, Mr. Weiman. I'm not sure this system is going to work. Anyway, we'll give it the old . . .

**A Member:** — What time?

**Mr. Chairman:** — 9 o'clock sharp.

**Mr. Katzman:** — I thought we agreed to go a little longer next Thursday.

**Mr. Chairman:** — I didn't know we had agreed to that. Since the goddamned press never come anyway, why don't we start at 7:30 and get ourselves a decent morning in?

**Mr. Katzman:** — I don't mind.

**Mr. Chairman:** — Goddamned lazy louts. Sorry. Is this off the record?

**A Member:** — No, it's not.

**Mr. Chairman:** — I thought it was. I would apologize to the committee for those remarks, if that was on the . . .

**Mr. Katzman:** — 7:30 next Thursday morning.

**Mr. Chairman:** — 7:30 . . .

**Mr. Katzman:** — We'll get done.

**Mr. Chairman:** — Then we get three and a half hours in.

**Mr. Katzman:** — We'll get through this book, at least.

**Mr. Chairman:** — All right, 7:30. Sticky buns provided by . . .

**Mr. Katzman:** — Yes. Sticky buns. They're legal at 7:30.

**Mr. Chairman:** — Okay. In fact I'd be prepared to meet earlier than that, but that might be a problem.

**Mr. Katzman:** — I go along. I get up at 6.

**Mr. Chairman:** — What's wrong with meeting at 7?

**A Member:** — It takes me half an hour to get to work.

**A Member:** — You can't get here at 9, what are you going to do at 7:30?

**Mr. Chairman:** — I'll be here at 10 minutes after 7 if you agree to go.

**Mr. Katzman:** — Okay. I agree with 7.

**Mr. Chairman:** — 7 o'clock it is. Let's go. Come on, Duane.

**A Member:** — Are you sure you're going to be here?

**Mr. Weiman:** — I have to give notice, Mr. Chairman, that I will not be here next Thursday. I hate to wreck a perfect . . . (inaudible) . . .

**Mr. Chairman:** — I understand that.

The committee adjourned at 11 a.m.