

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**September 15, 1987**

**Mr. Chairman:** — It is 8 o'clock. I bring to your attention that we have been provided with a report by the Provincial Auditor regarding outside auditors. We had a discussion about it at the last meeting and so this is now here provided for your information. I think everybody does have it, so if you have any questions later on, on it, of the auditor, feel free to ask.

I'll begin this morning by referring committee members to two motions which were moved but not dealt with by the Committee at the end of the meeting last Thursday. They were . . . you will find them if you have your *Hansard* in the summary portion at the front, numbered 30 at the bottom — page 30.

First motion was:

That the Department of Finance in consultation with the Provincial Auditor submit a report to the committee on the advisability and feasibility of setting a target date for the completion and releasing of the Public Accounts and a means of enforcing that such date be met.

And Mr. Van Mulligen, or Harry, if you wanted to comment on that before we disposed of it. This is straightforward. We had a long discussion on it; I don't know that we need to spend any more time on it.

Has everyone had a chance to take a look at it? Okay, is it agreed? Yes, Mr. Martens.

**Mr. Martens:** — There are two motions on the books there, and I wonder if in the future we could just deal with one and dispense with it and then deal with another and dispense with it.

**Mr. Chairman:** — Good point. I agree. For now let's deal with the first one. Point well made. Okay. Agreed on the first one?

It's agreed. I see no disagreement.

**A Member:** — No.

**Mr. Chairman:** — No, oh sorry. It's not agreed?

**A Member:** — Not agreed.

**Mr. Chairman:** — Okay?

**Mr. Van Mulligen:** — Mr. Chairman, I would like, if possible, to receive some explanations from the members that are opposed to the motion. There was a discussion here last time.

It was pointed out that the Provincial Auditor had his own ideas about what would be the time of release of the *Public Accounts*, and other members of the committee, although less specific, had other feelings. I'm not, by means of this motion, suggesting that we necessarily adopt the timetable that the Provincial Auditor sets before us, but I do feel that it would be appropriate for the auditor to get together with the Department of Finance to discuss this, and to, between them, come up with the feasibility of

a target date and to bring that back before us rather than us try to dictate, at this point, what a target date might be. And I'm just shocked, in view of all the goings-on of the last years with the late release of public documents, simply shocked that the government members would take the point of view that to try to establish a target date has nothing to commend it.

**Mr. Chairman:** — Thank you, Mr. Van Mulligen.

**Mr. Rolfes:** — Now, Mr. Chairman, I'd like to also comment on that. It's . . . I just don't understand why we as private members in the public accounts are a committee of private members who are to scrutinize the functions of the government — that's mainly the Executive Council. And I don't see why it isn't to our benefit that we have a target date set.

And particularly, as I indicated the other day, I don't think it's coincidental that in any particular day that the MLAs are bombarded with 20 reports on . . . 15 or 20 reports on any particular day. I think that's done by design, knowing full well what the limits of an individual are to scrutinize reports. If we can get them in to the various members . . . And that's what we're about, is to make sure that our role as MLAs can be carried out and can be more effective, and why wouldn't we as private members at least try and get those reports in.

If it's not feasible to get the *Public Accounts* in any earlier, all right, fine, but at least have a message sent to the Department of Finance that we would like to see those *Public Accounts* in earlier so that they can be scrutinized and that we can do our job as MLAs. Otherwise, if that's not the case, then we're kidding ourselves that we're doing any kind of a job here in public accounts at all. We're not here to protect the Executive Council, we're hereto find out whether government, and particularly the Department of Finance, have carried out their duties as prescribed by law. And if they haven't, then that's their tough luck.

And I would hope that all members could agree in getting these accounts in as soon as possible so they can be scrutinized by us and that we can perform our job. All this motion is asking is that we have the Department of Finance, in consultation with the Provincial Auditor, have a look at whether or not those accounts can be . . . *Public Accounts* can be submitted earlier than what they have in the past. And that's all the motion asks, so I don't see why we wouldn't support it.

**Mr. Muller:** — Well I thought that we discussed this at quite a length the other day and we voted on it, but I think it's lost. The other thing . . . the other only comment I have is that the comptroller has said that some restrictions on some of the . . . on the time that he gets some of the information, and it's difficult to put any time constraints on. But I mean how long are we going to discuss a motion that's lost. I mean that's . . .

**Mr. Rolfes:** — Well I'll concede to it . . .

**Mr. Kraus:** — I just wanted to confirm that as requested by the committee we are doing a survey of other jurisdictions

that may provide information that would be of use to you. We haven't quite been able to determine what Nova Scotia's practices are, but I would hope that we'd have that today. We're going to phone them again today, and I'd have that survey available for you by Thursday if that would help at all.

**Mr. Chairman:** — We should address our remarks now then to the second motion which is related to the first one, and it says: that the committee Clerk report to the committee on what changes to the rules and practices of the Legislative Assembly would be necessary to provide for the tabling or releasing of such reports at a time when the House is not sitting — which deals with, once again, the timing of the tabling of such documents. Any comments?

**Mr. Van Mulligen:** — There was a sense here at the last meeting that somehow there was no pressing necessity to complete the *Public Accounts* inasmuch as the Legislative Assembly was not sitting. And it was accepted that, I guess, because it was practice, that these accounts were not tabled until the Legislative Assembly was sitting.

If we are to see repeats in future years of the kind of situation that we saw this year, we may have more instances of waiting for a great length of time before the timely release of public documents. And I think that it would be in the interests of all concerned, but perhaps not the government, if we were to ask the Clerk of the committee to investigate the possibility of releasing such documents — which are public documents, and documents of the public domain — releasing such documents intersessionally if the session is not sitting, and if intersessionally it will allow those documents to be tabled in a timely manner.

**Mr. Rolfes:** — Mr. Chairman, I just have one question. Could someone tell me when the *Public Accounts* were tabled this year. Does anybody know when they were tabled?

**Mr. Chairman:** — Are you asking when they were tabled in the House?

**Mr. Rolfes:** — In the House. I want a specific day that they were tabled in the House. Does anybody remember?

**Mr. Lutz:** — I would have to look at *Hansard*. I'm sorry, Mr. Chairman, no, I don't remember when they were tabled.

**Mr. Rolfes:** — Well my question simply is this, on this my understanding is that this report is tabled by the Speaker, and my understanding was that these reports were finished by about March 4. Let's, for argument's sake, give them another two months — April-May 4, certainly on June 17 when the House opened, or June 18. My question simply is: why wasn't the Provincial Auditor's report tabled, let's say, on June 18 if it was ready? That's why I've asked for a specific date as to when it was tabled. If it was tabled in July, what's the reason for tabling it in July, if it was? Why wouldn't we table it on June 18 so that the members can peruse it? Or are there some other reasons as to why the reports are not tabled when they are ready? And I think that . . .

The *Public Accounts*, particularly, is there for private members to peruse, to get themselves acquainted with what has or has not been done according to the law, and it's our duty to try and make ourselves aware of those situations so that we can do our job. And I think if we can have them submit it to the MLAs while the House is not sitting, I think our job, certainly, would be enhanced and we'd be able to do our job a lot better. And I would hope that all members would agree with that, at least that we would have the Clerk look into it.

**Mr. Saxinger:** — Mr. Chairman, it's just been the practice in the past that was this tabled always when the House was in session, or was it tabled down when the House wasn't in session? When the House was in session?

**Mr. Chairman:** — Except for one occasion when it was provided two or three years ago when the House wasn't in session. So there's nothing to prevent it from being done that way.

I'd like to ask a question of the Provincial Auditor. When was the *Public Accounts* made available to the Speaker?

**Mr. Lutz:** — Mr. Chairman, the *Public Accounts*?

**Mr. Chairman:** — Yes.

**Mr. Lutz:** — I don't know.

**A Member:** — Are you talking about the auditor's report?

**Mr. Rolfes:** — I'm talking about the auditor's report.

**Mr. Chairman:** — Okay, let me change my question. When was the auditor's report made available to the Speaker?

**Mr. Lutz:** — My report for the year ended March 31, '86 was made available to the Speaker Monday morning of the day the present session opened, June — I think it was the 18th or the 17th, in there. On the morning when the session was going to begin, it was made available to the Speaker. I believe he tabled it that day. We'd have to check that, but I think he put it on the table that day.

**Mr. Chairman:** — Follow-up question. Is there anything that prevents you from making the report available to the Speaker prior to the first day of the opening of the session?

**Mr. Lutz:** — I don't know, Mr. Chairman. I've never addressed that subject. If the House is not in session, I think philosophically I have the idea that all members should get that report at the same time. If the House is not in session and I make the report available to the Speaker, I don't know how the distribution occurs if the House is not in session. It's never occurred to me. I don't think we've ever put out that report to anybody until we could put the report to all members. But no, perhaps there isn't a reason why not, provided I put the numbers of copies in the Clerk's office that the members require so they all go out at once. It wouldn't matter to me really.

**Mr. Chairman:** — When is the auditor's report normally completed and ready and available to be given to the

Speaker?

**Mr. Lutz:** — Oh, usually at a spring session if there is a spring session — January, February, something like that.

**Mr. Chairman:** — Okay.

**Mr. Lutz:** — But again it's always been when the session was in session, when the House was in session. We've never done it any other way,

**Mr. Chairman:** — Okay. Can I ask the same questions about the *Public Accounts*?

Do you provide them to the Speaker or to the Minister of Finance?

**Mr. Lutz:** — Oh I don't do anything with the *Public Accounts*, Mr. Chairman, except audit them. That's the problem . . .

**Mr. Chairman:** — You don't. Okay. But you put the final approval on them by auditing them?

**Mr. Lutz:** — Yes, I guess that's right.

**Mr. Chairman:** — When was that completed in the case of these particular *Public Accounts*?

**Mr. Lutz:** — Mr. Kraus is going to assist me on this one. He's going to give me the date of my report.

**Mr. Kraus:** — I think your dates on your audit report are October 10 and . . . October 10, 1986 is, I guess, when you did the bulk of your work, and then you had an additional date, March 4 1987, for two specific notes that were added to the . . .

**Mr. Lutz:** — Okay, my field-work was all done on October 10, 1986. We provided Mr. Comptroller with a copy of my audit report pertaining to those financial statements as they were presented to me. I don't necessarily know right now why it took another five or six months to finalize them. Maybe Mr. Kraus can tell me that, but the final was done in March of '87.

**Mr. Kraus:** — Yes, March 4, 1987 was when they were finally signed off.

**Mr. Lutz:** — But my work was finished on October 10 of '86.

**Mr. Chairman:** So if the House had been sitting on March 4, 1987, the *Public Accounts* would have been available to be tabled?

**Mr. Kraus:** — With the exception of two or three weeks of printing time that we don't . . . We don't complete the printing until we have Mr. Lutz's final sign-off, and that takes anywhere from two to three weeks on top of that. You could add three weeks, I would say, would be a safe estimate.

**Mr. Chairman:** — Thank you,

**Mr. Rolfes:** — Now I think it's . . . Mr. Chairman, I think

it's clear from the discussion that if the committee wanted to receive both the auditor's report and the *Public Accounts* much earlier, it's there for us to have.

And I think each committee member has to see themselves as what their job is, whether it's there to acquaint themselves with the *Public Accounts* and the Provincial Auditor's reports, so that we can do our job, or whether we're going to protect the Executive Council and get the . . . and not do our job as MLAs. That's the decision each one of us has to make.

And let me remind people that I sat in Executive Council one time, too. And, you know, as I indicated the other day, the Executive Council doesn't need any protection, they have all the forces at their disposal. It is our job — that's why we're here as MLAs — to scrutinize the Provincial Auditor's report and the *Public Accounts*, and I think the sooner we get those reports when they are ready, the better we can do our job.

I'd love to have had these reports last March or last April so I could have gone through them in more detail. There is no way, as an MLA, that you can do your job, getting 20 or 30 reports during a session, trying to get through all those reports and do your job. You just can't do it. And I would hope that the committee would agree with the motion that is before us.

**Mr. Chairman:** — Thank you. Any other comments?

**Mr. Muller:** — It's been traditional that they've tabled in the House when the member . . . when we're in session, and that all members receive them at the same time. And maybe we did have a little problem this spring because we didn't sit quite as early as normal, but traditionally we've sat in March or April. And I don't really see any problem with staying with the tradition of tabling them when the House is in session.

**Mr. Rolfes:** — Yes, I'd just like to thank Mr. Muller for making my point that tradition . . . we don't abide by tradition. If we had, the House would have been in session on April. And therefore, since he broke with his own tradition, I would think he would do it the second time and agree with me that we don't go by tradition, and table the accounts whenever they are ready.

Thank you, Mr. Muller.

**Mr. Muller:** — It wasn't up to me to call the session, which you very well know, but . . .

**Mr. Rolfes:** — Oh I'm sure you had a little part to do with it.

**Mr. Muller:** — But I think that we'll probably move back to that tradition of calling the House earlier in the spring. Certainly not every members want to sit during the summer every year, so I don't feel that it's any inconvenience to have them tabled during the session.

**Mr. Chairman:** — I hope we can take that as a solemn commitment.

**A Member:** — Yes.

**Mr. Saxinger:** — Thank you, Mr. Chairman. I am of the same opinion than Mr. Muller. I think Mr. Lutz didn't know it wasn't the way it has been done before, and they didn't know if it could be done, and I'm of the same opinion. I think it was an exception this year that the House was . . . the session was changed, and I'm of the same opinion as . . . (inaudible) . . .

**Mr. Neudorf:** — I would also like to direct my comments in the same direction. The fact that . . . I may stand to be corrected, whether it is the fifth or the sixth time that we've had this government bringing in *Public Accounts* and so on, and tradition has had it from previous governments, as well, that it be done during the session.

Now one out of five or six is not a permanent breaking of tradition, I would suggest. And from a personal point of view, I do believe that it's extenuating circumstances that have created this kind of a situation. I do not look forward to that kind of thing being created again. So I do not really see a need for that.

**Mr. Van Mulligen:** — Mr. Chairman, based on the actions of the government, I don't have a great deal of confidence in the future actions of the government. If, however, the government members are correct in their hopes that in future the Legislative Assembly will again be meeting in a timely way, then the motion that we're discussing and any actions that might flow from that be largely academic and will not be necessary. But if again the government were to revert to the form of last year, then the public's interest will be well served by this motion.

**Mr. Martens:** — I was just going to make a comment as to the tradition. Tradition has it that we table them during the time of the session, and the things that relate to the possibilities of adjustments. In '82 when we took over, we . . . (inaudible) . . . filed with your administration when before the election, after the election, and if they hadn't have been filed, we would have had to file them sometime in the period of time during the time when we were in session, and that came after May and into the first part or June. I'm trying to remember that period of time, but we went into the middle of July with that session.

So there are many things that can adjust the flow of the opportunity for doing that, and I think that the flexibility has to be there. We can't impose on either the government or the comptroller or the auditor a mandatory time in order to deal with these. I think the flexibility gives us a better opportunity to do it right.

**Mr. Martin:** — Well I was just going to really just add to what they've said. It's been the tradition of the House to — through several governments — to table the documents during the session time, whenever that may be. It has also been the tradition to hold sessions in the spring, and I would think that we'll be getting back to that, at least. And that seems to be the indication, so I don't see any need for radical change here.

**Mr. Rolfes:** — Let me thank Mr. Martin and Mr. Martens again for making my argument for me. They have broken with tradition, and all I'm asking is that when they break with tradition, let's break with tradition also of Public

Accounts.

And let me remind Mr. Martens that this motion, if passed, gives you more flexibility, gives you . . . in other words, when the *Public Accounts* are ready, it doesn't say they have to be tabled at any particular time. It simply says when *Public Accounts* are ready and when the Provincial Auditor's report is ready, that they should be made available to the MLAs.

Now how can you argue with that if our job is to peruse the accounts and do our job as MLAs; surely you must admit it's within the best interest of MLAs to have those reports in our hands as quickly as possible. You can't argue against that unless you're saying, no, it's not important that we as MLAs do our jobs. That's exactly what flows from your argument. No, it's not important that we . . . Sure, if I get 20 or 30 reports handed to me on one day, that's fine. No one, I think, will argue the point that if you have all of those reports handed to you in a period of two or three days that you're going to be able to do your job. No one can.

And I don't know why we would want to argue against the recommendation that the reports, when they are available, be made available to the MLAs. And they can certainly be shipped out all on the same day to all of the MLAs; they would get them all at the same time. And since you have broken with tradition, I think your arguments really don't hold any water.

**Mr. Lyons:** — Thank you, Mr. Chairman. I'm just surprised that here we have a group of government members who seem to be sort of taking the position which, very shortly into their second term, has them now seen has hidebound traditionalists, unable to change or unable to show the kind of flexibility and some forward thinking which brought them into power in the first place.

I'd just like to say that when you get into that kind of mould of thought where you're not going to make changes — not the question of making a change for change sake — but making changes in order to increase the power and the activity and the stature of individual members of the legislature, regardless of political party. That shows sort of some kind of ingrained tendency towards — I was going to say conservatism, but towards an inability to show the kind of flexibility that's needed.

I think that Mr. Van Mulligen's comments, in particular, are appropriate here, that if the legislature isn't sitting, so be it. We still have accesses, members of the legislature to the auditor's report. If it's not sitting, or if it is sitting, then tradition is maintained. But the point is, is that information is given out to us as members of the Legislative Assembly, regardless of political party, and we're able to deal with the information contained within I'll support what Mr. Rolfes has put forward.

**Mr. Chairman:** — I'm going to take Mr. Martin and Mr. Neudorf, and then I'm going to see if we can dispose of this motion. I think we've had a sufficient talk.

**Mr. Martin:** — Well I'd just like to point out to the Chair and to Mr. Lyons that one decision that respects the tradition of the Legislative Assembly of the province of

Saskatchewan will not in any way reduce the forward, optimistic, positive thinking of this government brought in in 1982.

**Mr. Neudorf:** — I did not expect that when I put my hand up, Mr. Chairman, that I would be the last speaker on this topic because I wanted to take . . .

**Mr. Chairman:** — Well the mover of the motion gets to close.

**Mr. Neudorf:** — All right, that's fair enough. But I was going to take the opportunity to somewhat chide and chastise Mr. Rolfes on the comments that he's making, and the stand that he's taking, simply because you indicated, sit, that you had been on an executive council and that you knew how Public Accounts and all these kinds of things were. And I would just like to suggest to you that at that time would have been the appropriate time, if this is a deep concern of yours, to take a stand like that and to make these alterations that you are advocating so strongly at this point, as it's kind of an afterthought now that you're on the other side of the fence. And I'm just wondering why you're taking this stand now and not having done it previously when you had much more, perhaps, impact than at this point.

**Mr. Chairman:** — Are you asking him to answer the question ?

**Mr. Neudorf:** — Well sure, a fair comment. I mean I'm chastising him, so let him react to that.

**Mr. Rolfes:** — Mr. Chairman, I'm not going to chastise the hon. member, even though he is wrong,

But no, certainly it's never happened before that the House opened in June. Always it was incumbent upon the government to open the spring session as early as possible and to bring a budget forward before the end of the fiscal year. It always — let me remind the member, when we were the government, the budget came forward before the end of the fiscal year. It only happened since '82 that the budget was not presented before the end of the fiscal year. And this was the only year where we have opened the session in June, other than when an election came in . . . No, the only time it's happened.

And so I'm saying to the member is that I have never sat on Public Accounts, so I never had the opportunity of bringing that suggestion before the committee when I was a back-bencher. I can assure you that we, as MLAs, surely as I'm sitting here, you're going to be on the other side of the House, and that is traditional too, let me remind members. And you will at that time say, well why didn't we pass that motion in 1982 so that I could have those *Public Accounts* when, you know, when they are ready so that I can peruse them and do my job as an MLA.

And hopefully, the government at that time will see the benefits of putting those *Public Accounts* and the Provincial Auditor's report before the MLAs whenever it is ready. I've always supported that position. I supported it when I was a member of the Executive Council, and I support it now. Because as I indicated before, the Executive Council have all, all the power at their disposal.

They have all the people there to help them. They don't need our help. Our help is to peruse these accounts and make sure that the government is abiding by the laws of the land. And the sooner we get them, the sooner we can study them, the better job we can do.

That's the only point that I want to make. I don't care whether I'm around here in '90 or '91 or not. It doesn't make any difference. Sooner or later we're going to be gone and others will take over, and why can't they benefit from our experience?

**Mr. Van Mulligen:** — Mr. Chairman, it would appear that the positive thinking of 1982 has turned into the arrogant dictates of 1987. I want to be brief on this, but I do want to make the point that *Public Accounts*, the reports of the auditor, are information which are intended for all the members of the Legislative Assembly for their disposal. This is not information that is intended for the government or executive branch per se. It is information that is intended to assist private members of the Assembly to do their job of perusing the *Public Accounts*. It's not something that is put forward and released according to the vagaries and whims of the government or the executive branch. It's intended to help us do our job.

Any road-blocks, any road-blocks that we can identify that prevent us from doing our job should be removed, and we should have good, honest discussion as to how that should be removed. I for one thought that the two motions were intended to help us do that. But the government members seem to have the opinion, or an attitude of, I'm all right, jack, and that everything is going well and needs no change. I would suggest to you that the finances of the province and the state of affairs we find ourselves in suggest the need for some radical new thinking as to how private members can approach their jobs better when it comes to the finances of this province.

**Mr. Chairman:** — Thank you. The motion before the committee itemizes number 11 in the *Hansard*. I refer that one because that's the easiest reference:

That the committee Clerk report to the committee on what changes to the rules and practices of the Legislative Assembly would be necessary to provide for the "tabling" or releasing of such reports at a time when the House is not sitting.

We've had the debate. All those in favour of that motion so indicate.

Negated

I think, gentlemen, that we have had sufficient discussion, items 1 to 12 — 1.1 to 1.12. That covers the discussion which we've had, and I ask you now to address yourselves to 1.13 and 1.14. And I've put them together because 1.13 introduces 1.14. It deals with the *Public Accounts* specifically,

And if you're thinking of your questions, I would like to ask a couple of the Provincial Auditor while we're doing that.

Mr. Auditor, I am concerned that in your report you are

saying that financial statements for the Consolidated Fund and Saskatchewan Heritage Fund for the year ending March 31, 1986 were not completed at March 31, 1987, a full year after the year end. I ask you: are they now completed, seeing that it is now September?

**Mr. Lutz:** — Mr. Chairman, the *Public Accounts* for what year, please?

**Mr. Chairman:** — '85-86. I assume they have been because they are tabled. But I have a follow-up question.

**Mr. Lutz:** — Oh yes. Yes, they are tabled.

**Mr. Chairman:** — Okay. When were they completed?

**Mr. Lutz:** — I finished my work on October 10, 1986. That's the day I put in my auditor's report.

**Mr. Chairman:** — This delay — how unusual is it? Is it a first? Is it a thing that happens or . . .

**Mr. Lutz:** — I think every year Mr. Kraus and my people have some fairly extensive discussions on the public accounts after our work is finished. I couldn't give you any kind of a time schedule on how long some of these things take. You must remember that in the last year the *Public Accounts* were qualified, and this may have contributed to the delay from October 10 to whenever they were tabled. But as for how long it takes in prior years, I couldn't say. I don't know.

**Mr. Chairman:** — For my benefit could you explain what you mean that the *Public Accounts* were qualified?

**Mr. Lutz:** — Who has got a copy of the *Public Accounts*? If you read my report in the front, I believe it's still qualified, is it not?

**Mr. Chairman:** — Without going through all of the detail, what would cause you to qualify a report?

**Mr. Lutz:** — In the report itself, Mr. Chairman, I disclose the reason for my qualification on the public accounts of the province for this particular year, March 31, '86. Normally if it's a clear certificate, the auditor's report is two paragraphs. This qualification extends the certificate a considerable amount of writing. I don't think you want me to read it, do you? We had a problem with the write-off of some loans, etc., and so we qualified my report — I qualified my report.

**Mr. Chairman:** — Thank you. Are there other questions?

**Mr. Rolfes:** — Yes, I had this one flagged here also. Mr. Lutz, could you tell me . . . in your report you indicate that in your opinion, I believe in 1.16, that you simply don't have the staff necessary to complete your report earlier. Let me read:

The resources provided for my office are not sufficient to complete the examination of the administration of public money and to report at an earlier date.

From what we've seen, it seems to me that it's not your

delay that has caused the lateness of the finishing of the reports, but somewhere else a delay is caused. If I'm correct in the discussion that went on before, you had yours completed by October 10, did you not?

**Mr. Lutz:** — Mr. Chairman, Mr. Rolfes, I think you have got to read 13, 14, 15 and 16. When I say my report was not completed on time, I'm referring to this report. When I refer to the report on the public accounts, I refer to this report. Now despite the shortages of resources, etc., in my office, we will always schedule our work, our people, our resources so that the public accounts receives priority. We think that they should be done in six months. We'd like to think we can contribute to that process, and we will indeed try to have them done. Last year it was October 10, which is not far off of six months.

But there's two different things. This long form report is my report to the members, and this report is my auditor's attestation on the public accounts of the province. They are two different things.

**Mr. Rolfes:** — Yes, but what you're saying . . .

**Mr. Lutz:** — But they're all being late.

**Mr. Rolfes:** — Okay, that's the point that I was going to make.

**Mr. Chairman:** — Mr. Kraus, can I ask . . . and maybe I addressed my question to the wrong party here. In the auditor's report it refers to the lateness of somewhat a year on financial statements for the Consolidated Fund and the Heritage Fund. Can the Department of Finance explain why in this particular year it took up to a year to have those statements?

**Mr. Kraus:** — Well we have been discussing this matter in part when we're talking about the lateness of *Public Accounts*, because they're all one and the same, in a sense, in that the financial statements are rolled into the *Public Accounts*. So some of the debate we've been having really applies to the financial statements, as it does to the *Public Accounts*.

I could . . . you could wait for the Department of Finance to appear, but on the other hand I would say, as Mr. Lutz has said, that it's not been uncommon for us to discuss the financial statements some time after he's completed his field work. I would say that it's been common for some years to take some months to resolve some of the outstanding issues. All I would say is that this year it took us longer.

But I don't think there hasn't been a year in quite a few now that we haven't discussed some of these matters as late as January. I would think that's been almost the case for . . . I believe it even occurred before I was the comptroller in 1982.

**Mr. Lyons:** — If you're going back to the *Public Accounts*, in 1.14, Mr. Lutz, you make the assertion that it's difficult to understand why the necessary infrastructure is not in place to have these audited financial statements for the Consolidated Fund and the Saskatchewan Heritage Fund available to members of the Legislative Assembly. What

infrastructure, necessary infrastructure, are you speaking of in that instance?

**Mr. Lutz:** — Mr. Chairman, Mr. Lyons, the infrastructure which I think must be available in the Comptroller's office, the preparers of the financial statements must have the resources available to get them prepared and get the work done.

While I maintain that my resources are limited, I will always schedule my resources to make sure that we make available to Mr. Kraus whatever resources we need to audit his financial statements once he presents them to me. He prepares them; I audit them. If he hasn't got enough people in his infrastructure to prepare them, I can't audit them. I think, though he has in the past, we've usually had the things some time, September. We do our interim audit some time before that, and the year-end stuff, the finalization stuff, well last year it was October 10, all finished; we're all done; I've done my work; I'm ready to go.

Now if it takes someone else, somewhere else, three months or six months or whatever months, or a year — I don't care what number — to resolve whatever problems I may have created for them, I can't help that. If I've given them my audit report and if they can't live with it, well that is not my problem either. And if it takes them this many months to resolve that problem, I can't help that either. It's out of my hands once I have given them the final date and the final report and said, I'm done, Now I just sit back and wait.

**Mr. Lyons:** — . . . (inaudible) . . . Mr. Kraus, is that assertion . . . do you have the necessary infrastructure in place; or is it a lack of resources or what . . .

**Mr. Kraus:** — I feel it's a lack of resources because you could tell from these dates that we're using that the bulk of the work that Mr. Lutz had to do was completed by October 10, 1986, which would mean that then we, in fact, have done most of the work and the material has been presented to him and he's been able to accomplish most of his audit.

So it's not a matter of having sufficient resources; it's been a matter of resolving a few of the outstanding issues pertaining to the balance sheet itself. So I don't believe it's resources at all. It's a matter of coming to grips with some of the issues that we don't agree on.

I think I would say that again this year we're aiming for a target date that should ensure that, again, most of the work is done probably within another month or so. So resources aren't a problem from my perspective.

**Mr. Rolfes:** — Mr. Kraus, let me just follow up on that. If resources are not the problem, and you're saying we can't agree on . . . who is the "we"? Obviously it's you.

**Mr. Kraus:** — Yes. It's the Department of Finance comptroller's office, the people that are preparing the financial statements, and the Provincial Auditor's office. He may have a particular opinion on how some particular . . . on how a loan should be dated, for example, and we will take an opposite view. And as you can see, we didn't

agree on several of the issues; consequently, the auditor qualified the financial statements. I guess that's the kind of thing.

We are attempting to come to some position where the auditor would be satisfied that the presentation is fair and that the financial statements then wouldn't be qualified. But that is why we are debating these things, to try and arrive at a set of financial statements that aren't qualified. And I'm not sure I can say much more on that.

**Mr. Rolfes:** — I just want to follow up on that. Whose responsibility is it to get the *Public Accounts* finalized? Whose ultimate responsibility is it?

**Mr. Kraus:** — Well I'm charged with preparing the . . . in The Department of Finance Act, I'm charged with preparing the *Public Accounts* for the Minister of Finance.

**Mr. Rolfes:** — So it rests with you? Well somebody had to . . .

**Mr. Kraus:** — Except for one thing. While I'm part of the group that prepare the financial statements, and I do prepare the financial statements, again the financial statements are the government's, not mine. So I don't make the final decisions.

**Mr. Rolfes:** All right. Who makes the final decision?

**Mr. Kraus:** The final decisions would be made by the Minister of Finance and or treasury board.

**Mr. Rolfes:** — All right. That's exactly the point that I wanted to make. So it they felt that they don't want these *Public Accounts*, you know, ready or finished at a particular time for presentation to the public, if it's within their best interest, to delay it, then, you know, it would be within their best interests not to try and come to some agreement on those problems that you have difficulties with.

I mean, whether they happen to be with the Department of Finance or happen to be with the Provincial Auditor, somebody's got to make that final decision and say: well look, we have to have those *Public Accounts* finished by, let's say, March 4, if there was a date. We don't have a date, and that's one of the problems. If there was a date they must be presented, on March 4, let's say, or they must be presented on October 10, or whatever it is, then don't you think that they would resolve those problems much sooner and much quicker than what they have in the past?

And I'm not just referring from '82. But in the past I'm sure that these problems must have gone on, you know, 20 years ago. Surely they had some difficulties with the Provincial Auditor at that time and with the Comptroller and the Department of Finance and treasury board. Wouldn't it be better if there was a date put on so that the *Public Accounts* would be resolved and would be finalized?

**Mr. Kraus:** — I'm not going to answer your question directly. I'm not sure I can. I would say that — I'll put it this way — if the House had sat, if things had worked out

and the House had sat, say, in April or whatever, I believe — and you can tell by the dates that we have here, this thing was completed by March 4 and there, as I said, it was printed during late March. I believe it would have been tabled in April, let's say, April 1 if the House was sitting.

**Mr. Rolfes:** — Well I think, Mr. Kraus, you've answered my question, that if there is a deadline, you know, people will come to some resolution if they have to. I know, those of us who've sat on Executive Council, you know darned well if you put a deadline on and said, look, I want an answer by such and such a date, you get an answer. But if you don't put a deadline on, yes, they'll delay it. So I think you've answered my question for me.

**Mr. Chairman:** — I think that there's some reason for concern here about the answers we're getting, if I may put it that way. I'm not trying to take a . . . it's not a question of personalities. Because we've got two different answers from the Department of Finance.

One answer is that they were late because there was a dispute between the Department of Finance and the Provincial Auditor, and that's why they were delayed. Later the answer then becomes, no, that may not be the reason, they said the House wasn't sitting and therefore it wasn't that important, and if the House had been sitting there would never have been a dispute and we'd have had the statements and there would have been a timely reporting. Now,, my question is, Mr. Kraus, which is it?

**Mr. Kraus:** — Well, Mr. Chairman, there are two issues here. One, I am trying to say that the statements were a little bit later than usual. Normally we would have had them finished in January or February. They were undoubtedly later because it indicates here March 4, and they were a bit later. That's one aspect of it; they were later in their completion. But nevertheless they would have been ready for tabling by April 1, but the House didn't actually sit for three or four months, so they couldn't be tabled. That's a separate issue.

**Mr. Chairman:** — Well it may be in your opinion, I'm not sure it is.

**Mr. Muirhead:** — Thank, you, Mr. Chairman. It almost sounded to me like an accusation from Mr. Rolfes that purposely the Minister of Finance is holding up the *Public Accounts*.

Well I don't agree, because we know that *Public Accounts* eventually have to be tabled. And if I was the Minister of Finance, or if I was involved with anything that I'm responsible for, I'd want them to be accurate. If I'm not satisfied with the auditor's report and I'm responsible, I don't see anything wrong with a delay to come to the proper answer. *Public Accounts* are printed, they are for the public, and they must be accurate.

Now if I'm going to be responsible for anything, be it *Public Accounts* or whatever I'm responsible for, I don't want anybody to put anything to print till I'm satisfied that it's correct.

**Mr. Rolfes:** — Mr. Chairman, I just want to respond to

that. If the member opposite, who at one time sat on Executive Council, has any guilt that he has to deal with then that's fine. I don't intend to resolve that for him. He may be privy to information that I don't have. All I can say is that if we want to do our job as MLAs, we need to have those *Public Accounts* and the Provincial Auditor's report before us as soon as possible.

And I think the Provincial Auditor indicates very clearly that much of the value of having those accounts is diminished if you don't get them on time. If you get them a year or a year and a half later, as we have seen with the '84-85 because the Public Accounts Committee did not peruse some of the departments, we no longer think it's important. It certainly was important in 1985-86 to go through those. But those are two, two and a half years old, so you're not going to go through those.

And the longer that the Minister of Finance can delay them and that's . . . and I'm not saying it's done intentionally. If it is, then be it on his head. But what I'm saying is, if there was a deadline, they would come to some resolution of those matters that are in question and they would resolve them and we would get the reports when we need them and when they are timely, and not a year and a half, a year or year and a half later. I think that should be in the interest of all members, even the member of Arm River.

**Mr. Lyons:** — Mr. Lutz, Mr. Kraus has made some statements concerning the relations vis-a-vis the comptroller's office and your office and the issues that have arisen. One of them was to cause a . . . the effects have been that the . . . to cause the *Public Accounts* to be late. I'm wondering what, in your mind, were the issues that you had to deal with and that you didn't agree, between your office and the comptroller's office. What issues were there?

**Mr. Lutz:** — Mr. Chairman, Mr. Lyons, the first inference I want to deal with here is that when the public accounts audit is done, it is done as professionals dealing with professionals. We have a tremendous working relationship with Mr. Kraus. That's the first thing that always must happen, or you can't do that work — I say, that now.

After that, you know, I get to the end of the work. Then we have differences of professional opinion, things to be resolved, issues to be resolved, discussions which must be held. And we hope, when we start out on one of these, that the people who are doing the work for me and for Mr. Kraus can resolve these things and come back and say, done. Sometimes they can't; then it moves up a block, and then it moves another block.

Now your specific question was . . . Repeat it, please, because I'm not really good on recall.

**Mr. Lyons:** — I'm referring to your note under 1.14.

**Mr. Lutz:** — Yes.

**Mr. Lyons:** — And Mr. Kraus's implication that the, well, his statement that, on the one hand, that he has the necessary infrastructure to be able to deal with that work,



and that the delays weren't caused by a lack of material resources, but the delays were caused by two things. And I'll deal with one of the two things he said, and that was that there was differences of opinion between your office and his office, and that the delay was caused by the resolution of those differences of opinions.

And I was wondering, specifically, were they technical differences of opinion, or were they what you would term substantive differences of opinion in regards to allocation of the moneys, or was it a question of accounting procedures, or what you thought? Because I think there's a train of thought running throughout your report that, in terms of qualifying your report, that there's some question as to some proper accounting procedures.

Were the difference between your office and Mr. Kraus's office, in regards to getting the issues resolved, dealing with . . . What were the issues? I guess the question is: what were those issues that would cause a delay?

**Mr. Lutz:** — The issue . . . Well, Mr. Lyons, unless I go back to maybe August-September, and I don't have those before me, I couldn't tell you the precise nature of our various differences.

The differences involved here, upon which I qualified my report, involved the valuation of loans to Crown entities. This is where we came a cropper in our timetable. Their stated accounting policy, which you will find as note 1(g), in broad terms says: where we think maybe the underlying value of a loan to a Crown agency is not there in the Crown agency assets, we will write that loan down.

Now I believe that the Minister of Finance made a statement this year that in 19-something next year they were going to write down some loans because . . . and we said, no, you've got to do them this year. And they said, no, we won't; we said, fine. I think this is where we were.

Now, Mr. Kraus, can you stop me if I'm wrong here. I don't have Mr. Atkinson with me. Okay? Close?

**Mr. Kraus:** — More or less, it's correct, yes.

**Mr. Lutz:** — In broad general terms that's where we were when I guess the delay began. On October 10 I was finished; I had solidified my position; I had concluded my opinion. I knew what I was going to say, and we sent it back to Mr. Kraus — done.

**Mr. Lyons:** — Okay, in terms of the valuation of the loans and its application of the particular year, were any of those valuations in regards to the potash corporation?

**Mr. Lutz:** — I don't think so. They're listed in the certificate itself. The report on the *Public Accounts*, volume 1, I delineate the items at issue here, and no, none of them are potash, I don't think so. No.

**A Member:** — It was a subsequent event.

**Mr. Lutz:** — Yes. Potash corporation, I think, is a subsequent event which occurred long after this thing was finished.

**Mr. Chairman:** — No further questions? Okay, are there any more questions on this matter? Without . . . if I may just take a little initiative here, and I don't mean this in any critical sense, it's simply I think the committee has a role here, and I would like to suggest something to the committee. And I would like, I think, because of the importance of this matter, I suggest that the committee should state something on this question.

And I think the committee should state that the committee shared the concern of the Provincial Auditor that the financial statements for the Consolidated Fund and the Saskatchewan Heritage Fund for the year ended March —31, 1986 were not completed at March 31, 1987, a full year after the year end, and the committee emphasized the importance of financial statements being completed in a timely way in order that the value of information provided is not diminished.

And I don't mean that . . . I don't propose that because it is intended for the committee to be critical of anybody. I propose it simply because I think it's the kind of thing that this committee should be saying, just to emphasize that although we recognize that from time to time there may be difficulties in meeting certain times and there may be, as has been told to us by Mr. Kraus and Mr. Lutz, times when there are some disputes on some things on professional questions, it's still, I think, a valid thing for this committee to say.

I put that out for the committee's consideration, and it you would agree, I think we should include it in our report here. I welcome any comments on the suggestion. Would the committee agree with that?

**Mr. Saxinger:** — Mr. Chairman, that's to me that's a better question than what you were putting on earlier, because I don't like telling somebody or dictating putting a date on.

**Mr. Chairman:** — There is no date.

**Mr. Saxinger:** — It would be fair to say that we would like to put in the report that we would like to see it done as soon as possible, but not set a date.

**Mr. Chairman:** — And that's why . . . I understood the debate earlier, and I therefore did not include a date, because I thought that matter was disposed of earlier until another day. So I have left it quite open and simply left it in more or less a general way as a statement of the committee. Is it agreed?

**Mr. Neudorf:** — Could I paraphrase what you said there, Mr. Chairman, just for clarification, that this committee does go on record as encouraging as timely a resolution of this as possible, recognizing that there could be extenuating circumstances, right?

**Mr. Chairman:** — That's what I'm saying.

**Mr. Neudorf:** — All right.

**Mr. Chairman:** — Okay. Do we agree?

**Mr. Rolfes:** — I was wondering if Mr. Neudorf would accept an amendment from me in putting in a specific

date.

**Mr. Chairman:** — Then we're agreed.

Let's go the Provincial Auditor's report and maybe many of the things we've talked about . . . we've covered 1.15 and 1.16 and it was referred to once today already.

Any questions? I notice that the auditor speaks of the difficulty of having the resources to get his work done, and I'm wondering if that should be of some concern to the committee.

**Mr. Lyons:** — I was wondering if Mr. Lutz would care to expand on that statement contained in 1.16 that "The resources provided for my office are not sufficient . . ." Are you talking the appropriations that come to your office, the number of personnel working in your office? What precise resources are you dealing with here?

**Mr. Lutz:** — Mr. Chairman, Mr. Lyons, I'm dealing with the dollar resources made available to me to run my office, pure and simple. If they give me dollars for only 49 people, which they have, I now have two options. I can keep the 55 or the 60 or the 72, whatever I need, until the money is gone and then close it down, or I can, as they say, down-size, get rid of a bunch of people — good people, by the way — actually run with my 49 and be much later next year than I was this year. That's what I mean.

**Mr. Lyons:** — Would you care to put a monetary figure on the amount of money you feel that's necessary to do an adequate job? And what's the difference between what you're getting and what you think you should be getting?

**Mr. Lutz:** — May we have a slight delay, Mr. Chairman, please?

**Mr. Chairman:** — Yes, indeed. It sounds to me like one takes some calculating.

I was going to take a break at 9:30, but in light of the request for the delay, why don't we take a break now, refill your cups and whatever else it is you require to do.

The committee recessed briefly.

**Mr. Chairman:** — . . . (inaudible) . . . respond to the question.

**Mr. Lutz:** — Mr. Chairman, I cannot answer Mr. Lyons totally because some of the information you have asked, I don't have with me, but I can get it. When this report was written around April 30, 1987, I had no information available as to what treasury board was going to do to my budget for this year. So I'm going to go back to March of '87 for that year end, '86-87, and give you a little history of how this went. And incidentally, you can find this in appendix 11 on page 5 and 6. But I will go through this.

For the year ending March 31, 1987, I asked for 67 people and \$3,000,657. They gave me 63 people and \$3,000,507. From March 31, present year, we said, nothing has changed; we want the same 67 and the same

money. I don't think we asked for an increase in dollars. We manage with what we get. And then if they give us what we ask, we don't have a complaint if we can't quite manage, because that's what we wanted. We asked for the same number.

Subsequently, after this report was written, I've been advised that the funding is for 49 people, and this is predicated on the Crown corporation audits going to the private sector. But presently I should be into these Crown corporations doing interim audits because I'm still the auditor. But I can't. I don't have the resources.

**Mr. Lyons:** — Okay, what was the dollar figure that you were given? Three point six asked, and what were you . . .

**Mr. Lutz:** — You mean for '87 year?

**Mr. Lyons:** — Yes, '87-88.

**Mr. Lutz:** — 3507.

**Mr. Lyons:** — Okay, 3507. And this year?

**Mr. Muller:** — Mr. Chairman, to go into this year, I don't think that is the year under review, that I don't really feel is a fair question being we're into a new year, and I don't know what changes are coming about. But it isn't the year under review, so I was wondering if the questions are . . . pertain to this committee at this time or not. I would like you to make a ruling on that.

**Mr. Lutz:** — Mr. Chairman, Mr. Muller, I don't have that number with me anyway, so I can't give you that answer even if I wanted to, neither have my estimates been reviewed at Committee of Finance — what do you call it in the House? — Committee of Finance, so that's still to come up anyway. But I can't answer you here. I'm sorry.

**Mr. Chairman:** — Before I ask the other speakers, refer to Appendix 11, in which you may find some information related to this subject.

**Mr. Van Mulligen:** — Just on Mr. Muller's point. If we're to take his remarks to a logical conclusion, then it seems to me that we should not be dealing with any of the current issues of I importance as outlined in the auditor's report.

So in making a ruling, Mr. Chairman, I would just . . . We had the auditor's report before us; he has seen it important to acquaint us with certain current issues of importance. It seems to me that those are legitimate matters for the committee to be dealing with,

**Mr. Lyons:** — Mr. Chairman, the issues that are raised in the auditor's report and are contained in the document which is before us, I think, are issues which are germane to the committee and which are issues which can be dealt with by the committee.

The temporal specificities of the issue, I don't believe, can be limited to an issue. For example, the auditor has made the statement that he hasn't had resources to enable him to do the job, and the question whether that's an on-going problem is not . . . can't be confined in any sort of abstract

sense. He's made the statement; it's a problem in terms of doing his job, and it seems to be certainly reasonable to ask him if it's a problem that's sort of an ongoing problem or was settled, for example, at the end of the '86-87 year, or whatever particular year he wants to deal with. He's made the assertion, and I believe that the committee . . . it's within the purview of the committee to deal with it.

**Mr. Chairman:** — My interpretation of the rules are that anything in the auditor's report is something that this committee should be dealing with. In this report there is reference made — without naming the amount of money involved, of course — but in Appendix II there is reference made to this year, and therefore I think that that, therefore, leaves room for some questioning.

And members who haven't found it, it's in the back, Appendix II, Special report of the Provincial Auditor — to the Legislative Assembly, I might add.

**Mr. Lutz:** — Mr. Chairman, if I may speak to this particular subject briefly. I anticipate that next year, namely in 1988, you're going to receive this report considerably later than you received it this year.

**Mr. Chairman:** — Are you saying "later" meaning . . .

**Mr. Lutz:** — In the year.

**Mr. Chairman:** — Later than this year ever, which was June?

**Mr. Lutz:** — Very likely.

**Mr. Chairman:** — Because of not . . . inadequate resources?

**Mr. Lutz:** — Precisely. If I don't have the people, I can't do the work, and I can't do my report till the work is done. I must do every audit every year.

**Mr. Chairman:** — That's very serious.

**Mr. Lutz:** — And I can't do this report till I'm finished.

**Mr. Lyons:** — Well there's another issue that you raise, Mr. Lutz, and I certainly sympathize with the position that you've been put in in regards to this. The other issue is: are you going to be able to control the timing that the public sector auditors, of when in fact they do their work? Are you going to have any input as the Provincial Auditor into being able to determining if they're going to get reports in to you on time so that you can, in fact, go through their audit, ensure that it's in conformity with the provincial standards and provincial law, and also ensure that it will be done in time to include in your report?

**Mr. Lutz:** — Mr. Chairman, Mr. Lyons, I . . . two minutes ago I said I cannot do my report till all of the work is done. And at the present time, with the present legislation, that also includes the work of other auditors when they are appointed. Now at the present time I do hope that the other auditors are not in doing audit work in the premises of my auditees, because there are professional standards which say they'd better not be, and I'm not aware of any of them being appointed yet.

As I said earlier, I should be in doing SPC (Saskatchewan Power Corporation) and SGI (Saskatchewan Government Insurance) right now, but I don't have the people. However, if these other auditors have not yet started these Crown corporation audits, and if I can't do my report till they are finished and report to me on the audits they do, I think it just merely lends credence to the fact that my statement was accurate. I will be considerably later next year getting this report to the members than I was this year.

**Mr. Lyons:** — I must say that, and put on the record, that I think that that's a fairly, serious matter, and that I certainly hope that other members of the committee will deal with this matter and then sort of zero in on this right at this time.

**Mr. Muirhead:** — Thank you, Mr. Chairman. Do I understand you to say that you were finished on . . . in time last year? That you finished in March, isn't that what you stated prior?

**Mr. Lutz:** — No, no, no, this transmittal letter was dated April 30, '87, and this pertained to the examination of the accounts for fiscal March '80. That was 13 months after the '86 year end that this report was finished, which has to be done after all the rest of the work is done, Mr. Muirhead.

**Mr. Muirhead:** — Okay, now let me ask you this: did finances last year account for . . . delay it to that date?

**Mr. Lutz:** — Mr. Chairman, Mr. Muirhead, could I have clarification of your question? You said, did finance, meaning Mr. Kraus and our problem?

**Mr. Muirhead:** — Yes, shortage of funds. You said that you're going to be considerably later next year because of lack of finance, lack of dollars and cents.

**Mr. Lutz:** — Resources.

**Mr. Muirhead:** — Right, okay now is that going to . . . did that happen a year ago? Were you . . . did the resources affect your time limit last time, or your date?

**Mr. Lutz:** — Oh, of course, yes. I lost four people last year over what I asked for. I asked for 67; I was provided resources for 63, and you can't remove four person years from your work force when it's limited to 67 in the first place and still do it in the same time frame. You can't.

**Mr. Muirhead:** — Okay, I just wanted to clarify that. Thank you.

**Mr. Martin:** — We went through this in great detail last . . . at our last meeting. It seems to me we're just repeating it, repeating it. I've constantly heard here in the last two days that, or the last two meetings, that we've got a lot of work to do, so let's get at it. We're going around in circles here. And I think Mr. Lyons, in the minutes of the last meeting, beginning in page 40, 41, there's . . . we go through this in great detail, and I think Mr. Lutz's answers are really just repetition.

**Mr. Rolles:** — I take exception to Mr. Martin's remarks for

the simple reason that we did not realize — at least I did not realize the other day that Mr. Lutz's report next year may be so late that the members will not receive it during the spring session. It is very likely that we will not get the auditor's report during the spring session. If, as — and I take the members at their word that this year is an aberration and we will not call the session in June, but the session will be probably called in March so we sit in March, April, May and June. If this report is considerably later next year, that means that we cannot even look at the auditor's report, and we will not only be a year late, but we will be two years late with the auditor's report before we will be able to examine it. And that, in my opinion, is simply unacceptable.

And if it means that Mr. Lutz does not have the financial resources to do it, the manpower to do his work, then I think it is incumbent upon us to make the executive branch of government aware of this so that Mr. Lutz can do his job and we, as MLA's, can do our job in getting the report in. These reports, if they are two years late, are meaningless, and I think he clearly indicated that in his report. He thinks 13 months is even much too long and that it should be in to us in six months time.

So I hope that the members would at least keep that in mind when we are talking about the resources, the lack of resources that the Provincial Auditor has to do his job.

**Mr. Muller:** — Well I think we're dealing with something hypothetical here, and that's why I brought it to the attention of the committee, that it wasn't the year under review. And there's no saying what kind of things will come into play to make the report on time or late or early or whatever next year. It's a hypothetical thing that we're dealing with, and I feel that it's beyond the realm of the year under review, and we should get on with the work that is before the committee.

**Mr. Saxinger:** — . . . (inaudible) . . . we have too many maybes. Mr. Lutz doesn't know whose accounts are going to be done by private sectors. We have too many maybes. I say that lots of times. We should go on and deal with the situation when we get into finances

**Mr. Lyons:** — Just a response to that. The fact that Mr. Lutz says . . . that's one of the precise problems is he doesn't know who has been appointed or who is going to be appointed. And the fact that the audits in the Crown corporations aren't being done totally reinforces his statement that, in fact, it is going to be later this year,

It's not dealing in a hypothetical situation; we're dealing with the reality where the lack of any auditing, interim auditing procedures — to use Mr. Lutz's term — is not going ahead, will cause a certain effect, and that effect is to have the *Public Accounts* later rather than earlier. Whether it's 24 months or 18 months, the point happens to be the same.

The point is that the procedures that the government is introducing in regards to auditing is going to deny the public access to a public account funding, and I am just wondering the reasons for that. It seems to me that we've got to raise that issue before the Public Accounts Committee. Our role as a committee is to act as the public

watch-dog of the public's money, that includes that role of watch-dog, includes the concept to be able to examine as close as possible to the time an event takes pace.

If in fact we're removed from that process and put farther back, farther back temporarily from the occurrence of an event, our role is therefore diminished. And the role . . . and again, it doesn't . . . it's regardless of political party. The issue that Mr. Lutz is raising is one of the very . . . of our role as MLA's and the integrity of the Public Accounts Committee. He is suggesting, as he is suggesting in his report, not only is it diminishment of the public's ability and right to know over the expenditures that are taken by the legislature and by the Crown corporations and those areas that deal with the *Public Accounts*, his right to know and his right to be able to audit has been reduced because that's what he's saying. That has not only been impinged, yes, it's been infringed — that's what he's saying. That's what's underlined in this report, that it's his right as given by law. Not only has that been impinged but our right as legislators has also been impinged by the fact that we're not going to be able to look at these *Public Accounts* and his report until a much farther date past in the future.

So I think it's very . . . it's not a question of a hypothetical situation at all. We're dealing with a situation where we're already 13 months late, and certain actions being taken by the government is going to limit our ability again.

**Mr. Rolfes:** — Mr. Chairman, again if this is certainly not a hypothetical case, if you look at the resources being reduced from 67 to 63 to 49 and we don't know what it will be for this coming year. And the Provincial Auditor has clearly indicated that he does not have the resources necessary to get his report in within the six-month time frame that he thinks is necessary, and if it's 13 months last year, it could well be 15 or 18 months next year. Therefore, if the spring session is called as traditionally it has, that means that this particular committee will not be able to examine the auditor's report next year. We will not get it next year, we'll get the following year, and as we all know, it'll be useless at that time,

I, therefore, want to move that this committee expresses its concern that the Provincial Auditor's report may be delayed even further next year due to lack of resources, and that this committee, therefore, urges the Department of Finance to reconsider the financial resources provided to the Provincial Auditor in order for him to submit his report on a timely basis.

**Mr. Muirhead:** — Thank you, Mr. Chairman. I think this is absolutely ridiculous, this process that we're going through here. And talk about being hypothetical, it really is, because Mr. Lutz is saying that it's going to be delayed next year for the lack of resources. Well, Mr. Chairman I'd like to say very clearly that Mr. Lutz is maybe using this here forum here for a campaign for more money because maybe he's being asked by the government to take the resources and do a good job. Maybe he has to get more efficient in his department, the same as all government has to, because now that Mr. Lutz has said that we're going to be later next year, I am sure he will be. So maybe we have to ask him to take the resources he has and make sure that they're still on time; have to clean up his

department to get it done, because this has got to be ridiculous using this here forum here to campaign for more money for his department. And I think we're just talking round in circles and I'm not a bit pleased at all.

**Mr. Chairman:** — Before I call on Mr. Van Mulligen, I just simply want to state that all that Mr. Lutz is doing is responding to our questions, and I think it's quite . . . members can say what they wish; I think it's quite inappropriate to accuse Mr. Lutz of using this forum when we are the initiators of the question, and therefore he is simply responding to the questions which we have asked, as he must, and as he should.

**Mr. Van Mulligen:** — Thank you, Mr. Chairman. I tend to agree with the government members who've expressed the wish that we should move on with the auditor's report, and particularly tend to agree with Mr. Muirhead that we seem to be going around in circles. If there is any conclusions I can draw from today's meeting and the last meeting that I attended at a Public Accounts, it's this: that when it comes to any discussion at this committee, the effect of which would be to encourage all the powers that be, to encourage those powers to find ways and means of releasing reports and preparing reports in a more timely fashion, the conclusion I draw is that the government members have been intransigent, that is, that they will not be moved on this topic. I find that regrettable.

But by the same token, I recognize that we, some of the members of the committee, seem now to be involved in an almost futile exercise to try to bring to bear discussion on the question of *Public Accounts* and the timeliness of reports. And whether it pertains to target dates, whether it pertains to release of information intersessionally, or in this case, whether it pertains to the resources necessary to enable the auditor to do his work, the same lines are being drawn. And I would agree with Mr. Muirhead that we seem to be going around in circles, and that we're not getting anywhere. So I'm thankful that the motion is before us to at least bring this discussion to a head so that we might move on.

Having said that, I'm saddened by the attitude of government members that they seem to be taking the approach that their job is not here as private members to do the very best job that they can for all the members of the Legislative Assembly to ensure that the public funds have been properly expended, but seem to interpret their role here as backing up the executive branch of government. I'm saddened by that.

**Mr. Chairman:** — Thank you, Mr. Van Mulligen. The motion is before us. If I may paraphrase it, because I don't have it in front of me, but it basically says that . . . Do you want to repeat it, Mr. Rolfes, so that it's clear

**Mr. Rolfes:** — I haven't got it written out, but it basically says that the committee express its concern that the Provincial Auditor's report may be delayed even later next year, therefore, the committee urges the Department of Finance to reconsider the financial resource provided to the Provincial Auditor so he can submit his report on a timely basis.

**Mr. Chairman:** — Okay. That is the motion. Those who

agree with the motion, so indicate. Those who do not.

Negated

**Mr. Chairman:** — I think we will move on unless there are some further discussion on this.

**Mr. Lutz:** — Mr. Chairman, I attend these sessions because I must. I feel that Mr. Muirhead's comments really suggest that, in my office, I'm not managing. Do I have an opportunity to respond?

**Mr. Chairman** — Yes, you always do.

**Mr. Lutz:** — Over the last two or three years I've had considerable correspondence with Finance about my office. And in July 14, '86:

I responded . . . the Chairman of Treasury Board . . . (and advised) him that I was of the opinion that I had risen to the challenge of good financial management. I . . . told him I continue in the belief that the resources provided for my office are not enough to carry out the work . . . in a timely manner

. . . I also made the following observations:

Government spending through the Consolidated Fund and Saskatchewan Heritage Fund has increased. In 1986/87, the estimated spending through these two funds alone is 28 per cent above the 1983 level. In this same period I requested a 2 per cent increase above the 1983 level.

Since 1983 the rates for goods and services which I obtain from provincial government agencies for telephone and vehicle rentals have increased approximately 20 per cent and 28 per cent respectively.

The amounts charged by the federal government for unemployment insurance premiums, and Canada Pension (Plan contributions) have increased by 31 and 39 per cent.

There have been a number of new funds and Crown agencies created since 1983 that administer public money. These funds and agencies require an audit pursuant to The Provincial Auditor Act.

I have observed and reported on an increasing number of inadequate financial management practices within the government since 1983.

These occasion additional work for my office.

I have observed that during the three year period ended March 31, 1985, private sector auditors who audit Crown agencies have increased their fees on average 13 per cent.

As a final point, Mr. Chairman, the auditor, a private sector auditor who audits my office reported as follows, on my office:

The organization and effectiveness with which your office conducts its affairs are excellent and reflect a high degree of professionalism.

Thank you, Mr. Chairman.

**Mr. Chairman:** — Thank you, Mr. Lutz.

**Mr. Muirhead:** — Thank you, Mr. Chairman. Mr. Lutz, I wish to apologize if I left with you the feeling that I was condemning you or your department. I more or less was making a broad statement that all through government we've been asked to cut back and do the best we can. Now all over this . . . I think that what bothers me that the members opposite were using this forum here to bring this to a debate and putting you in this position. Because I do not believe that for one minute that any department in government is going to just come back in and say, now we've got to have more money because if your department says they've got to have more money, the other one has got to have more money, you have to do . . . and what I more or less meant, is try to do a more efficient job, which . . . everybody can get more efficient. There isn't a farmer — businessman in this province that doesn't have to do it with the finances. You've got to do the same thing.

I can take Mr. Lutz to . . . I'm not taking away from your capabilities because I know — I've been a member for nearly 10 years — I know your capabilities, But I also know that each and every one of us around this table have had to take what we've got to finance with and do the same job, if not better. We have to do it, we're in that position.

So I'm not saying that you didn't do a real good job in the past, but maybe you're being asked to do a better one. I mean it may be impossible.

I also wish to also add, Mr. Chairman, that I've never sat on Public Accounts before, and maybe I might say some statements that are not absolutely accurate because I'm not understanding the whole system. I'm just saying, as an individual, exactly what I felt here today, and if I'm wrong about anything I say, I apologize.

But I want to make it very clear that the government must feel that you could do a good job or they wouldn't have cut your resources back. And I think that that should be a tribute to you, Mr. Lutz, that they felt that you can still do the job with less money. If they felt that you couldn't do it, maybe it would be a different . . . it might have been different, Mr. Lutz.

**Mr. Lutz:** — Mr. Chairman, if I may, please, and Mr. Muirhead. I'm not sure just how I want to respond to this. I believe first I must stress again that this is the forum at which I'm required to not only report and have my report reviewed and judged, but also the forum at which I must let the people know if I'm not really that happy. And I do indeed make the case, in 1.24 on page 8, that I would like to have the funding for my office determined at this forum, not at treasury board.

I guess I'm going to have to stress again that I am not a

government department. It was never intended that I be a government department, any more than Mr. Barnhart's office is a government department. And as a servant of the Assembly, I make the case in here that the government, the executive government can certainly hold me down just by holding back my resources.

Now I wish to make one more comment, Mr. Chairman, I believe if we go back to *Hansard* in 1986 when my estimates for my previous fiscal year were reviewed in the committee, and that was when my staff positions were cut from 67 to 63. And I believe it was the Leader of the Opposition asked the question, and how is this going to affect your timetable? And I think I recall pretty accurately the Minister of Finance responded: he will probably be a couple of months later. Now I cannot tell you that is precisely what was said, but it's close enough to make my point.

If the administration agreed at the time that I was going to be a couple of months later through their fiscal actions, I see nothing wrong with me coming in here and telling you members in advance that next year I'm going to be later still. I think I owe it to you to tell you that next year I will be later still. I am your servant.

**Mr. Rolfes:** — Mr. Lutz, you've made the point that I was going to make, too, and maybe Mr. Muirhead wasn't aware of that. But he is a servant of the legislature, not of the executive branch, and therefore this is his forum. This is the forum where he asks . . . we ask him questions, and where we come to his defence if he doesn't have the resources to do the job.

You're absolutely right. If this is developing to a debating society here, it is. That's what it is — to examine the account of the government and to have Mr. Lutz here to advise us as to how and why he cannot perform his function and his duties as requested by law, as required by law. Not requested, required by law. And I do want to remind members, and Mr. Lutz has made this point in 4.14 of his report, letter f). He indicates very clearly:

I have observed that during the three year period ended March 31, 1985, private sector auditors who audit crown agencies have increased their fees on average 13%.

Now can you imagine what resources our Provincial Auditor would have if he had increased his by or had had his increased by 13 per cent on average?

Now is there a clear signal here to us, and to the Provincial Auditor by the government, of their intentions of limiting his role as the auditor and moving that more and more into the private sector so that he cannot function properly and do his job? And that concerns me, and should concern every member of this committee, because if we don't have him as the watch-dog on government who can report to this committee and we can then perform our function here, you know, then our role becomes ineffective, and he becomes really a useless tool of government. And I use those words really advisedly.

And I think we really have to bear this in mind. He is an employee of the legislature, and he has been asked by law

to do certain jobs. What he is indicating to us today, with the resources he has, he feels he cannot carry out his job adequately to meet the conditions that he is demanding of himself, and that is to get the reports in within about six months, and what we would also like to see as members of the Legislative Assembly. And as I say, that should concern all of us. Thank you, Mr. Chairman,

**Mr. Chairman:** — We have three more people on the list. We have had a substantive motion on this already and we've gone through it. So I ask you to choose whatever you're going to say accordingly, and then I'll test the committee after the three people to see whether we can move on.

**Mr. Lyons:** — Well I was going to in fact move on into the question that Mr. Lutz has raised and which Mr. Muirhead raises in a very forceful manner in terms of the independence of the auditor, and that's contained in 1.21. If that's acceptable, Mr. Chairman, because it's part of . . .

**Mr. Chairman:** — Before we do that, I'm going to ask whether Mr. Muller or Mr. Martin still want to have comments here.

**Mr. Muller:** — Just one short comment. Increases by percentage I don't believe are relevant, unless you know what the actual amount they were getting prior to the increases by percentage. I don't have that before me, but it certainly doesn't make it relevant on a percentage basis.

**A Member:** — Well I'll gladly ask the Minister of Finance to give it to him.

**Mr. Martin:** — . . . (inaudible) . . . in front of us would indicate that 18 Crown corporations will be having private organizations that do their audits, private organizations that have to meet professional standards and also have a reputation to maintain, in addition to which a financial statement would be available to be scrutinized by the public at large.

And also, as I understand it today, Mr. Lutz is still in charge, and he still is the watch-dog, as you say. And until such time as that legislation is made in the House that changes that, then would I be concerned. But as for him losing a few people, I can understand his problem, his concern with that. But it seems to me they've taken some of his work away from him as well by turning over to 18 Crown corporations. I don't think we're going to change that.

You're still in charge, are you not, Mr. Lutz? I mean, did we change the legislation that says you no longer have the final say?

**Mr. Lutz:** — Thank you, Mr. Chairman, Mr. Martin. I guess, according to the present legislation, I am indeed still supervising auditor.

I perhaps would like to comment on your reference to taking away a few people, if I may, because I think it's a little more than that. Five years ago I had 72 people. The next year I had 69, and the work increased. The next year I had 67, and the work increased. The next year I had 63,

and the work increased. Now I have 49 and the work has not yet decreased, because I am still the auditor. Now I can't do those jobs, but the private sector auditors can't do them later. I don't know how late it's going to be.

**Mr. Martin:** — I guess my point was that if you don't have to do the audits as such for these 18 Crown corporations, etc., does that not take away some of your work? Does that not reduce your work-load?

**Mr. Lutz:** — Oh, of course. Quite, yes.

**Mr. Martin:** — And there are 18 Crown corporations will be audited by outside firms. You will then have the opportunity to check that final audit and it will be presented for public scrutiny.

**Mr. Lutz:** — Agreed.

**Mr. Martin:** — As I understand it, you're still in charge. You still are the watch-dog.

**Mr. Lutz:** — But your comment was, I believe, Mr. Martin, well so they went from 63 and they took away a few people. The fact remains that in the last five years they've gone from resources for 72 people. And in those intervening years there were more audits, there was more work, there was more audits, there was more work. They took away my people, they took away my resources and said, do the work anyway.

Mr. Minister of Finance said, maybe you're not efficient try harder. That's what Mr. Muirhead said, and I understand that. When you talk about taking away people because the audits are gone, 18 audits, they also took away nine people before that happened, so that I'm down to such bare-bone staffing now that with the work that's left, I will be later. I can't avoid being later. I have not been left with very many resources.

**Mr. Van Mulligen:** — If the committee is agreed, I'd like to move to 1.21. And with respect to that whole section, 1.21 through 1.24 . . .

**Mr. Chairman:** — Can I just stop you for a minute. Mr. Lyons, Did you want to wait till we get to 1.21?

**Mr. Lyons:** — Just following from Mr. Martin's questioning. Mr. Lutz, Mr. Martin seems to imply that you're going to have an easier time of it by the fact that the private sector auditors have been appointed to deal with these 18 Crown corporations. I was wondering, have your department, or anybody to your knowledge, done a comparison as to cost, whether in fact it will be more cost effective to turn that kind of audit to the private sector?

**Mr. Chairman:** — That was dealt with last week. We have a motion on the book requesting for that analysis to be provided to us. it will be.

**Mr. Lyons:** — Okay, I'm sorry. Then let's move to 1.21.

**Mr. Chairman:** — Okay, before we do that, just so that we're in order here, there's a heading here, "Value for Money Auditing". On the first day in the orientation session we had a discussion on that question. Unless

someone feels that we need to do it again, I am going to suggest we pass that and go on to the heading of "Independence," which is somewhat related to what we've been discussing.

Is that okay? Anybody on 1.17 to 1.20? Hearing none, Mr. Van Mulligen has the floor.

**Mr. Van Mulligen:** — Mr. Chairman, with respect to the question of independence, I would like to move:

That this committee recommend to the Legislative Assembly that the funding for the office of the Provincial Auditor be determined by the Standing Committee on Public Accounts.

Having made that motion, Mr. Chairman, I'd like to make a few remarks. If funding were to continue at reasonable levels, and there seems to be some question on the part of the Provincial Auditor and some members of this committee about that, I suppose that there may not be any pressing need for a motion such as this. There may not be any problem. Certainly there would be a problem about independence, but in realistic terms, given the Provincial Auditor's mandate and given sufficient resources to carry out that mandate, I guess the problem would be an academic one.

But there's evidence throughout this report that the Provincial Auditor's office is underfunded. This has implications for the timeliness of his reports, his ability to do the job that he's appointed to do, notwithstanding the sometimes convoluted logic of some of the members of this committee about: you're doing a great job, so therefore we're going to give you less resources to do this great job.

What we are witnessing, in my opinion, given decreasing resources being committed by the executive branch for the Public Auditor's office, what we are witnessing is an erosion of his capacity to act, an erosion of his ability to do the job that he's appointed to do, an erosion of his watch-dog powers, and I think, by definition, a reduction in the accountability of the executive branch.

And I might digress here for a minute, Mr. Chairman, and say that I feel that this is part of an unhealthy trend on the part of the government of the day, the executive branch, to try to reduce the accountability of the executive branch. We witnessed Bill 5 in the fall session by which the executive branch has gained additional powers to act at the expense of the powers of the Legislative Assembly. We've witnessed the appointment of a provincial Ombudsman without consultation, as has been the practice, about who should be appointed to that position. And members may argue about that. But it seems to me to be part of an unhealthy trend.

Some have suggested that we are moving more towards an American style of government where the executive branch or the administration has all the powers to act. And if that were to be the case, that might not be bad; but if that is the case, then I say give us also the checks and balances that are inherent in the American system.

But again it seems to me to be part of an unhealthy trend,

that is to reduce the ability, the resources, of the Provincial Auditor's office.

I think this is an issue of paramount importance. It's an issue that deserves to be debated by all members of the Legislative Assembly; it's an issue that should be decided by all members of the Legislative Assembly, and therefore the motion that we recommend to the Legislative Assembly:

That funding for the Provincial Auditor's office be determined by a Standing Committee on Public Accounts.

The government members have made interventions to suggest that, you know, you're part of the same exercise that all government departments are being subjected to, there's a need for your office to be efficient, to make do with less. And that may well be the case, but I think those are questions that should be determined, should be answered, by this committee.

Can you make do with less? Do you need additional resources? Those are the kinds of questions that should be answered by this committee. Those are not the kinds of questions that executive branch should be putting and answering. I think there is too great a temptation for the executive branch to avoid embarrassment, to avoid timely release of reports, by underfunding the office of the Provincial Auditor.

And therefore, Mr. Chairman, I think that the debate on this should be carried forward to the Legislative Assembly itself. The debate should be in full public view. The debate should be a comprehensive one, and I think the debate should be a basic one, a basic one about an independent watch-dog and to what extent that independence should be maintained.

**Mr. Chairman:** — Thank you. I have Mr. Martens with "yes."

**Mr. Martens:** — I have a couple of comments to make Mr. Chairman, regarding the discussion here. I have served on this committee from time to time in the past, and what we discussed on various occasions were a couple of things: that this committee is not the forum for the debate on the issue of financing the department or the auditor's branch of the Assembly; and it is not the forum for that debate.

The forum for that debate comes in various ways, and one is in the estimates. The second way that it can come is on private members' day, as a regular opportunity that exists. And I think that if there is a concern by the members of the opposition in this matter, I think that that's the forum for the debate to be taking place.

We're here to review the content of the report as it relates to how the money was spent. That's what I believe that the mandate of this committee is for. And that's not what we're doing. We're debating an issue that I don't believe that this committee has any authority to set; for example the total amount of money that can be appropriated by the executive branch for the auditor's department. And I don't think we have the right nor the authority to do that.



And so we're dealing with something that is in my opinion not relevant to the discussion.

I was going to ask Mr. Lutz to explain the statement that he made on 1.22, the last line there, "Reduced funding for my office results in reducing the accountability of executive government." What's your meaning by that?

**Mr. Lutz:** — If we go back one page to the top of page 7 where I say, "... the information contained therein is also so dated that the value is diminished." I will now go to page 8 in the top paragraph. Timely reports are required anytime we're going to maintain accountability.

If the reporting you get in the way of my report, the public accounts of the province, the financial statements; if you don't have last year's financials when you do next year's estimates; if you do your budget without knowing what you spent last year — all of that causes accountability to suffer. And that's precisely what will happen. If I don't get my reports out on time, the things that the lawmakers said I should be reporting to the forum, this forum, the House, will not be reported. I believe any time that stuff is held up or delayed or not reported, accountability suffers. Accountability is the accountability of the executive government to parliament, if you will.

**Mr. Muirhead:** — I was pretty well going to ... Mr. Martens has pretty well covered what I was going to say, other than I'd like to ask a question to you, Mr. Lutz, if I could, through the chairman. Are you saying it's absolutely impossible in your department to come up with the ... not to be delayed on account of the resources for your report for next year. Are you saying it's impossible, because you're the kind of a man that I think will make a tremendous job at trying. Or are you saying that it's impossible?

**Mr. Lutz:** — Mr. Chairman, Mr. Muirhead, I thank you for your kind comments. I think they're kind comments, but I'm not sure.

Presently my staff works the same hours as a professional firm downtown. Those hours happen to be greater than your normal civil service hours. No, it's not impossible. If I said to my staff, you will work seven days a week, you will work 12 hours a day, we could probably have everything done on time.

Now there's one other aspect to this, Mr. Muirhead, I want to make very clear, and all members. When we start our year, we do a time budget with the resources available, with the hours it takes to do every audit, and we have always made a very conscious effort to schedule sufficient resources to do the public accounts of the province no matter what else suffers. And other things suffer.

I submit to you that if we made the opposite kind of a determination and said, hey, let's make the public accounts go last, we likely would get some more attention, but we would also get a lot of condemnation because that is a very important document and the members expect it on a timely basis.

But yes, if I have my people, and if we worked those

hours, and if I give them vacation, and if they get sick, which all people do — I would say with surety that we'll likely be a couple months later next year; which is now like this year going into next year. I can't avoid it; I can't help it. Okay?

**Mr. Lyons:** — Thank you, Mr. Chairman. just to take some issue with Mr. Martens' comments because I think this gets to the nub of the difference in how we're approaching this whole situation.

**A Member:** — Martens?

**Mr. Lyons:** — Martens with an "s," the member from Morse's comments. And that is that it's not within the purview of the committee to deal with the issue. And I just refer to Mr. Lutz's recommendation contained on page 8 in 1.24. He recommends:

... that the funding for (his) office be determined by the Standing Committee on Public Accounts so that those I serve have input into my funding level and can determine the appropriate level of accountability of the executive government rather than the executive government determining its own level of accountability.

And that recommendation strikes at the very, very heart of the debate that's going on here today, and it's underlined all the other issues.

And that debate is, in fact, the precise nature of the system of government that we deal with and how, as Mr. Van Mulligen said, the checks and balances in our own system occur. And what we are dealing with is a tendency ... and I think Mr. Van Mulligen is correct to say that the tendency is towards the establishment of what the Europeans have come to call the strong state, and that is a centralized state apparatus in which the executive arm of government makes the decisions and the lack of accountability by the elected members, in whatever legislative forum they happen to have, is summarily reduced. And that's, I think, the issue that Mr. Van Mulligen is raising in his motion and also the issue that Mr. Lutz has raised.

And I want to say I'm going to support the motion. Because I find that the tenor and the atmosphere being laid out here by particularly the government members, that they're put in the role of defenders of the executive arm of government here on this committee is, while it may have short-term political advantage, will have long-term political damage to the process as we know it.

And I think that the warning signals being raised by Mr. Lutz should be warning signals not only to the opposition members, but also to all members that their role is being diminished as members. Their role to call their government into accountability is being denied. That their role as MLAs and as representatives of their particular constituents will not take on the importance that it should have, and particularly when it comes in regards to the determination of government spending.

I don't believe that there is any other question or any question which is greater before any member, elected

member, and that is the accountability of the executive to them as elected members. And when we can find recommendations which will increase the accountability, and hence which will increase the power of the ordinary individual citizen as exercised through that elected member, when we can enhance that process, when we can enhance that role, then I think that we should, as legislators, regardless of political stripe, be in favour of that. Because what we're talking about is the exercise of political power by citizens. And when we can increase that exercise through the increased accountability, then it seems to me that it's something which enhances democracy as opposed to diminishing democracy, if you like to use those phrases, because that's what we're really talking about.

And it's the bringing the ordinary . . . the ability to bring the ordinary citizen of the province into the government process in regards to the funding. And that's sort of at the nub of this issue, and that's why I'm going to support the motion.

**Mr. Saxinger:** — I have a question to Mr. Lutz. Your staff has been cut because they told you that they will farm out some of the work. That's why they cut the staff back to 49. But as of today they don't know who's going to do the work.

I did say again, I said it before, I think we have the cart in front of the horse. We should wait till we get the officials in and see what's done, what kind of work is farmed out. So I think we're wasting a lot of time.

**Mr. Martin:** — Well I find it interesting that these issues are all of a sudden important in 1987; they weren't important in 1978. The same situation was in existence then that I guess as exists today

I'm disappointed that Mr. Van Mulligen had to make it such a political issue in so far as he brought in the issue of the Ombudsman and stated quite inaccurately that the opposition had not been consulted, when the Leader of the Opposition received a letter from the Premier and did not answer it some six or eight months before.

Now I don't want to make this any more political than he has, but he brought up the point, so I just thought I should clarify that particular point.

In the matter of terminology, the word underfunding, I find I have difficulty with the word underfunding. I would prefer that if someone feels that there is insufficient amount of money being given for a particular project, use the word insufficient, because underfunding is strictly a subjective word. That's really all I have to say.

**Mr. Chairman:** — Mr. Neudorf and Mr. Lutz, and then I'm going to try to put the motion here.

**Mr. Chairman:** — Did I miss Mr. Martens? I'm sorry. Mr. Martens, sorry. You've got to wait for your colleague's turn; he was before you.

**Mr. Martens:** — Okay, I was just going to ask Mr. Van Mulligen to repeat his motion so that I'd get a clearer understanding of it, and then after that I have a suggestion

to make.

**Mr. Chairman:** — Mr. Van Mulligen was good enough to write it out, so I will try to read what he has here. He says that, and he moves:

That this committee recommend to the Legislative Assembly that the funding for the Office of the Provincial Auditor be determined by the Standing Committee on Public Accounts.

**Mr. Martens:** — Okay, now I would like to just make a couple of comments on that. And one of the things that I know that you will recognize is that the opportunity to make decisions like this are really not the basis for this kind of a committee. I however, I would say that there is an opportunity for us to do that, and that opportunity would be through the special committee that we have set up under the rules committee of the Assembly.

**A Member:** — It no longer exists.

**Mr. Martens:** — No longer exists?

**A Member:** — No. They did away with it.

**Mr. Martens:** — Was that last week?

**A Member:** — When you were on your . . . when you were not here.

**Mr. Martens:** — Well then we do have a committee that is set up under the regular Assembly under privileges and rules, and maybe that's the area that we have to go to. I'm not sure that that's necessarily the absolute forum. But I would say that this is not the forum for that debate, because we are trying to put together an opportunity for this committee to deal with something that the whole Assembly has to deal with.

If you want to deal with it on that kind of basis, those are far better methods of doing it than this forum. This forum, as I said right from the beginning, is to deal with the precise accountability of the . . . the accounting of how the process was done and whether there was irregularities in relation to that. And therefore I don't think that this is the committee to deal with the issue that Mr. Van Mulligen . . . and I was looking for an opportunity to deal with the question but in a different form.

**Mr. Chairman:** — Thank you, and I apologize to Mr. Neudorf. I wrote Martin and Marten, and forgot that that Martin had already spoken once. It's your turn.

**Mr. Martens:** — Mine's "ens".

**Mr. Chairman:** — I know.

**Mr. Neudorf:** — That's quite all right, Mr. Chairman. I'm a very patient man, so I knew I was going to get my opportunity to participate.

I'm getting the impression here by some of the comments that were made that democracy seems to be at stake here, and I'm not quite sure that I totally agree with that kind of perception. I do feel that all members should be able to

debate this important issue, and I concur with my colleague from Morse that this is perhaps not the only forum where the matter of financing and so on, of the auditor, should be decided. I certainly would not support the motion from that perspective.

Notwithstanding that the members of the legislature will get an opportunity to debate that there is a forum set up for that particular purpose, and that is that during the estimates of Finance I do believe that this entire issue can be brought forward. All questions, all pertinent questions and so on will be allowed at that time. So full debate on this situation has a forum already outlined for it.

And to conclude, as far as funding is concerned to be determined by this committee, I have to take that to its logical conclusion and then assume that financing for various departments and for various committees will be done at the committee level. And I have problems with that. I don't think that this kind of thing would be for the betterment or would be good in the long run in the various kinds of departments that would exist because I can see chaos resulting from every department determining its own financing.

So I don't want to take away from the significance of this committee, or the accountability of this committee, but I do think and I do strongly feel that for us to determine, for this committee to determine what the financing is going to be for the auditor, would be not proper at this time.

**Mr. Chairman:** — I've just consulted with our clerk and want to comment on the procedural question here. Number one, this is not a department. We're a committee of the legislature. Secondly, procedurally the committee is correct in addressing this question because we have here the Provincial Auditor's report in which the auditor makes a recommendation. And so the committee can quite correctly deal with that and dispose of it in whatever forum, so therefore the motion is okay.

And thirdly, this mandate that the committee has is one in which it considers the issues and reports before it, and then reports to the legislature, at which time then, there is an opportunity for this wider ranging debate among the members. I only point that out not in any way commenting on the motion one way or the other, just to make the point that as I am able to interpret it, we are procedurally on the right track.

I have Mr. Lutz and then Mr. Rolfes. And then I'll go to Mr. Van Mulligen and we'll take a vote on it.

**Mr. Lutz:** — Thank you, Mr. Chairman. I would like to maybe just reiterate a couple of things and then make brief comments. Firstly, to Mr. Martin, this is not a new subject. We've been on this particular project for several years now in one degree or another.

To Mr. Neudorf, it's not a department we're dealing with, so that is not necessarily a factor, I am a servant of the Assembly to the same degree that the Clerk of the Assembly is a servant. There has been found a way to have Mr. Clerk's estimates handled without going to treasury board. There has been found a way for Mr. Clerk's estimates to be laid on the table as almost a final

fact. I do not believe that it should be that difficult to do mine to some degree in the same manner.

Now we chose to recommend this committee do my estimates review because this committee I believe is more familiar with my office and what we do than any other group of members in the House. To most of them I'm a stranger. That's fine.

The second reason I have done it this way is because I've been advised there would not be needed any legislative changes for this committee of the House to process my estimates, discuss my estimates, judge my estimates, and do whatever they wish to do. I believe that is in their purview and I'm informed on good authority that we don't need any legislative changes.

Certainly, if I'm going to make critical comments about the executive government, I don't expect them to have kindly thoughts toward me. I would be very surprised if they had.

Now I guess the last point I wish to make, Mr. Chairman, is that very recently the Standing Committee on Public Accounts of Canada has recommended to the House of Commons that the spending estimates for the Auditor General of Canada be referred to that committee for disposition annually. I thank you for the time.

**Mr. Chairman:** — Mr. Rolfes, and then I'm going to try to bring this to a resolve here so we can move on.

**Mr. Rolfes:** — Mr. Chairman, I'm not going to comment any further because you and Mr. Lutz have expressed clearly my own sentiments. I do want to stress to Mr. Martens that, you know, it is becoming a problem, I think, for individual members because at one time the staff of the Provincial Auditor was at 72. It's now down to 49. I understand, of course, that some of his work will be given to the private auditors.

But I think we as members of this committee must keep in mind that the Provincial Auditor has made a couple of recommendations and has expressed a few concerns about, I think, as it relates to his independence, and that we as members of this committee must bear that in mind.

And I just want to remind the member from Morse that the motion recommends that we recommend this to the Legislative Assembly so that the debate will take place in the Legislative Assembly. It's not that it will end here. This simply says that we move that the committee recommend to the Legislative Assembly that the funding of the Provincial Auditor, and so on . . . so it still goes to the Legislative Assembly. It's not that this will be the end of it.

So if the committee feels that we are in sympathy with or in understanding with the auditor's concerns, then I think it's incumbent upon us that we make such a recommendation to the Legislative Assembly.

**Mr. Chairman:** — Thank you. Mr. Muller said he had a short question, and then I'll go to Mr. Van Mulligen.

**Mr. Muller:** — I have a question for Mr. Lutz. It was recommended by the Public Accounts Committee in

Ottawa that — was that what you said? — that the Auditor General's . . .

**Mr. Lutz:** — I'm sorry, Mr. Muller, I've got to find the page. I will read from appendix 11, page 3:

The Standing Committee on Public Accounts of Canada has recently recommended to the House of Commons that the spending estimates of the Auditor General of Canada be referred to it.

I get the verbatim minutes of their meetings.

**Mr. Muller:** — And what happened with that?

**Mr. Lutz:** — I don't know. I guess we're going to have to wait for the next fiscal year when the estimates come down to find out whether or not it's concurred in by the necessary numbers. I don't know . . . (inaudible interjection) . . . Pardon?

**Mr. Chairman:** — I guess the House of Commons has not dealt with it yet?

**Mr. Muller:** — That's the question I wanted to ask, because it was kind of left hanging there that . . .

**Mr. Lutz:** — Well as far as I know, it still is . . .

**Mr. Muller:** — There was a perception that it may have been referred to the Public Accounts Committee, and I just wanted to clear that up. I wanted clarification.

**Mr. Lutz:** — And as far as I know, it's still just a recommendation of the Public Accounts Committee to parliament that they do the Estimates for the Auditor General rather than the treasury board or whatever they call those people whom they audit. We call it treasury board here.

**Mr. Muller:** — That was the clarification I wanted.

**Mr. Chairman:** — Yes. Mr. Van Mulligen, and then we'll put it to the vote.

**Mr. Van Mulligen:** — Thank you, Mr. Chairman. I just want to deal with some of the comments that have been made. It was suggested that perhaps it's not our role to be discussing the restraints on the process leading to the auditor's reports and other information before us; that it's our job to discuss the auditor's findings per se.

I want to point out, as you have, Mr. Chairman, that it's the auditor himself that raises these questions, and therefore I think legitimate points for our consideration. In addition to that, I think, and it's clear now that there is evidence throughout this report, and certainly the auditor's own impressions, that there are significant constraints on his abilities to do the kind of job that he should be doing for the Legislative Assembly.

As I go through some of the findings per se, I have concerns. There's the example about the sparse report on controls over electronic data processing and whether or not there is a more significant role there for the Provincial Auditor than seems to be the case, which is to provide us

with a brief overview; and whether the auditor, on behalf of the Legislative Assembly, should be taking a more direct role in setting perhaps standards for that, or to ensure that those standards are there.

There's a question raised in Advanced Education and Manpower about winter works, and the kind of reporting that is taking place, and perhaps loss of public money. It is suggested that Advanced Education itself would undertake to do a review of the accounting in that instance, whether that is something that the auditor should be doing, so that some independence is maintained.

So just on that, I think that if we have questions about the findings being less than we would wish for or that the public would wish for, then certainly we should be discussing any constraints on the auditor's role.

It has been suggested that we have an opportunity to bring this before the Assembly in other ways. It was suggested that perhaps as private members' motions, that this is an item that can be raised in estimates during consideration of Department of Finance. I agree that those avenues are there. But I ask you, what better way is there to bring this to the attention of the public, to bring this matter before the Legislative Assembly, than to do it as a motion of this committee, to be clear on what it is that this committee views as being a significant problem?

There's a suggestion that we should not put too much stock or we should not treat seriously any concerns about funding being cut to the auditor's office, because the work is being farmed out, and therefore whatever work has to be done will be done; and whether it's done as in the past, more through the auditor's office as opposed to private accounting firms, is basically irrelevant, and the important thing is that the work is being done. Well there's been some discussion as to whether or not the kinds of standards and tests that we would like to see are in fact being met.

But I think those are questions for the committee to decide and should not be questions for the executive branch of government to decide. Those are the kinds of questions that we should be putting to ourselves, not the executive branch to decide for us.

It was suggested that this issue was not raised in 1978 and why raise it now, and the implication being that parties somehow behave differently in power as opposed to being out of power. I don't know if these questions were raised in 1978. I don't know if it was a concern of the Provincial Auditor in 1978, and frankly, I'm not interested in 1978 or 1968 or 1958 or 1948. I'm interested in the problems and challenges of today and tomorrow. And I wasn't elected to defend the actions of our government in 1978 or 1968 or 1958. I was elected to hold the government of the day accountable for its actions, not to dwell on the past.

There's a further suggestion that somehow having the committee be responsible for the funding of the Provincial Auditor's office would introduce chaos because if we were to do it, other departments would similarly go the same way. I'm not ready to accept that.

The Provincial Auditor's office is unlike any other department. It's accountable to the Legislative Assembly. Other departments are responsible to the Legislative Assembly through the executive branch, and there's no suggestion here that although perhaps this might be a desirable thing, that the powers and scope of the Legislative Assembly be increased to have a greater say in the spending actions and the administration of government departments.

And I would also remind the members that there's at least one other committee, I understand, the Board of Internal Economy, that does have some say in the funds and the budgets of the Office of the Clerk and the Office of the Legislative Assembly. So that certainly there is precedent and I don't perceive that precedent as having created any chaos for us. So I think we're well within our rights, and I think that there is good solid reason to bring this matter before the Legislative Assembly.

And I just want to make one other point, and that is that if government members continue to hold the view that anything that they can do to reduce questions or to reduce consideration of accountability, that if somehow you can hold up any further public discussion of accountability, that you can withhold that from public view. The more you do that, the more you try to put road-blocks in the way of accountability, the more you bring into question your own credibility. That's the only comments I would have.

**Mr. Chairman:** — Thank you. We have therefore the motion before us, and I will read it one more time so that it's clear.

That this committee recommends to the Legislative Assembly that the funding for the Office of the Provincial Auditor be determined by the Standing Committee on Public Accounts.

Those who are in favour of the motion, please indicate. Those who are opposed, indicate.

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**Mr. Chairman** — I am seeing that it's something like 26 after the hour, four minutes from adjournment time. I'm going to propose we adjourn now rather than start a new topic which we will not be able to complete. But before I do, I want to . . . Mr. Lutz has indicated to me that this Thursday is the annual conference of the Canadian Institute of Chartered Accountants to which he attends annually. So on Thursday he will not be able to be here. He would prefer that pages 9 to 16, which are sort of what he feels he ought to be here for, to answer for, not be dealt with on Thursday in his absence, but that we . . .

**Mr. Lutz:** — Pages 9 to 14.

**Mr. Chairman:** — Oh, 9 to 14, I'm sorry — 9 to 14 — and that we go on to the other departmental reports which his staff can respond to. Is that okay with the committee? Agreed. Okay. It is then agreed that we do it that way and I will now adjourn this meeting.

**A Member:** — So we'll be starting on page 15 then?

**Mr. Chairman:** — We'll be starting on page 15. Thank you very much.

The committee adjourned at 10:28 a.m.