

STANDING COMMITTEE ON PUBLIC ACCOUNTS
September 22, 1987

Mr. Chairman: — We will call the meeting to order and begin.

Let me draw to your attention two items which have been tabled for our information and discussion, if so desired; one, dealing with the Provincial Comptroller's report to the Public Accounts Committee on legislative restrictions on investments on stocks and bonds. And you will note that at the conclusion the comptroller concludes that no corrective action is required. If you have any questions further to that, we will get to them in a moment.

The other item that has been tabled is an item prepared by the acting assistant deputy minister of the Department of Finance dealing with SaskPen Properties Limited and the Pension Fund Realty audited financial statements. I notice members have been looking through that, and before we move to the scheduled items on the agenda, I just will stop and see if there are any questions of the officials here on any one of these items.

We'll just wait a minute till you have a chance to look at them.

Mr. Kraus: — The committee may wish to ask questions when the Department of Finance is here because both these issues of course relate to the Department of Finance, and the officials who are responsible for the operation of these, SaskPen and investments, would be here at that time. You might get a fuller discussion at that time.

Mr. Chairman: — I agree, and that's a good comment. If there are no sort of general questions here, I think what Mr. Kraus says is correct. The most appropriate time to discuss this would be when the Department of Finance come forward, and we already have called them to the committee, so that's looked after.

Mr. Rolfes: — I just have a question on the date — financial statements, period ending December 31, 1983. Is that an error? That's almost four years. I don't know who I'm supposed to direct that to.

Mr. Kraus: — It is not an error; it is that late. There was a problem with preparation of these financial statements. Mr. Lutz, the Provincial Auditor, had been reporting on it for several years. There was a . . . First, I think the financial statements were somewhat late, and then secondly, there was a dispute over how they should be prepared, how some of the items should be classified on the liability side of the balance sheet. I think that the people that prepared them spent some time discussing the issue with the Provincial Auditor's office. And yes, it is late.

Mr. Rolfes: — When ordinarily should this have been presented?

Mr. Kraus: — I can't . . . you know, I can't tell you specifically what the legislature might require. I would say though, as a general rule, regardless of when they should be tabled by law, or not tabled, whatever the case is, but in any event I think that financial statements of this nature should be ready at least six months or so — perhaps six months is a reasonable date.

Mr. Rolfes: — Well in other words, what you're saying is we should possibly have received this in June of 1984. If it's for the period ending December 31, 1983, now even then if June of 1984, that means it's over three years late.

And I think, Mr. Chairman, I just want to make my point again. As I indicated the other day, I think that there is the value of having a deadline where you simply force officials to make a decision, otherwise you can see what happens; you know, they delay it and delay it. And this information, so what, I mean someone hands me this, December 31, 1983, and I say, so what? It's four years old. Who cares? And you know, I'm not going to go through this and make a big fuss over it. I don't care basically what they did. I'm more interested in what's happened in '84, year ending '84, year ending '85, and year ending '86. Where are those reports?

Mr. Kraus: — Well it says that '84 and '85 is close to completion. Apparently, as I understand it, they have again some financial statements with the Provincial Auditor's office. I'm not sure at this point in time whether they are in complete agreement. I was told that they are. Well they may not be yet. And certainly the financial statements are finalized to a certain point. They are still having some disputes over the valuation of certain real estate properties.

Mr. Chairman: — I think Mr. Rolfes's comments are well taken. We have seen so many examples in the consideration of the auditor's report on various departments on what can only be described as mismanagement to the point of being absurd. Payments being made without any authorization; huge amounts of moneys being spent without any legislative authority; agreements being signed without previous order in councils authorizing that those things be done. And I think that this committee, when we have the departments before us, should spend some time on really finding out from the departments where the source of this mismanagement is, and try to determine whether it is still continuing.

When you get something like this — and this is pension money. This is money that people have put aside for their security. It belongs to the people who made those contributions — if something goes awry with them, I suspect then that the taxpayer is liable, and somehow the taxpayer will have to shell out and make up the difference.

So in other words, everybody is at risk here, and we have an organization whose management is such that we get in 1987 the financial statements which ended December 31, 1983. That is almost incomprehensible. I don't know why I'm saying that here, because the officials aren't here, except I think that it needs to be said. And I don't think it could be left alone here, and I'm sure all committees on both sides of the House would agree with that. This is absolutely unacceptable. Even with the minimal amount of accounting standards, and that's not what we're talking about here, it is unacceptable. And I'm not being critical of anybody in this room. I'm talking about the people who are managing this operation.

Mr. Van Mulligen: — I defer to your great background in finance, Mr. Chairman, but I do want to correct you on one point. Where you say that everyone is at risk here, from the looks of it, it does not appear that the McCallum Hill company was at risk here with a 3 per cent interest on mortgages.

Mr. Chairman: — That's something we want to find out about, too. Okay. I sense that we will be wanting to speak to the Department of Finance about this unless some others have comments or questions.

Okay. Then let us leave that for now, and I'm going to suggest that we go back to page 170 and finish the departments that we were . . . I don't think it will take a great deal of time; there's not many left . . . go through the report of the Provincial Auditor starting with the Liquor Board Superannuation Commission and determine whether we want to make note of anything here or request further information, or whether we want to call those departments or agencies before us.

So I draw your attention to the Liquor Board Superannuation Commission and leave it to the committee — page 170.

Seems to me on the Liquor Board Superannuation Commission we will again be asking, when you make reference to 38.05, we have been asking all along that we get a report from departments and agencies on why this was done; what, if any, corrective actions have been taken, so that we have an explanation. So certainly we're doing that. And I'll leave it to the committee to decide whether we want to have the Liquor Board Superannuation committee before us, besides that.

Or will the written report be sufficient, and then we will decide then whether we should call them?

Mr. Rolfes: — Well I have no . . .

Mr. Chairman: — Okay, let's leave it at that then. We'll ask for a report from the Liquor Board Superannuation Commission answering this, and then we'll determine at that point when we get the report. Hopefully it will be done, and it should be done before this session is over, and then we'll decide whether we should call them before us. Okay.

All right, let's go to the Saskatchewan Research Council which begins on page 172.

Mr. Van Mulligen: — Can I just ask one question?

Mr. Chairman: — Sure you can, Mr. Van Mulligen.

Mr. Van Mulligen: — Mr. Lutz, your representatives observe that the officials for the administration of the fund — that's the Liquor Board superannuation fund — had no way of knowing whether or not the investments that were purchased — in this case I guess by Department of Finance to whom authority was delegated for the administration of this fund — whether or not the investments were in compliance with the Act which states that, I guess, that certain investments are

acceptable and others are not. Did you go any further into that? Were there specific examples, or was this just a concern that they didn't know. You didn't check into it any further, but you observed that to be the case?

Mr. Lutz: — Mr. Chairman, Mr. Van Mulligen, I believe we found nothing that was not legal. If we had, we would have reported same. I think the point we make here is that administrators of these pension funds should be responsible on sight, should be accountable, and should have in place some system of documentation which, in fact, advises that official that things are as they should be; and (b) permits me a chance to examine that system to make sure that it is adequate. I think that's the point we make.

Mr. Van Mulligen: — So you don't question the fact that they would delegate authority. It's a question of not reporting back to ensure that there is compliance with the Act.

Mr. Lutz: — Indeed it may be that delegating the authority to one central investing portion of the government is maybe the best way to go. At least you have one set of people handling all of the investments. No, I don't question that. I merely say that the administrator of the fund should be in a position to know how these pension moneys are being invested and whether or not it's legal.

Mr. Chairman: — Okay. Let's go to research council, 172. This may not be a question that is readily answerable by the people who we have here, but I note on 39.03 it indicates that there had been such deficiencies in the management control systems that some transactions had been entered into by the council without any authority. Are you able to tell us what any of them may have been?

Mr. Lutz: — I will move back to 39.02, Mr. Chairman, and give you an example of how these things occur outside of the purview of the board of the council, in effect. It did occur in 39.02, and then we'll move down to 39.04.

Mr. Chairman: — Would this then be the only ones, or are these only examples of many or several? What I'm asking is: when you refer to contracts without apparent authority and then you give an example — I guess a couple of examples — are those just examples, or are we to believe that those are only examples of others that also may have occurred?

Mr. Wendel: — These are just observations, Mr. Chairman, that we made. These two are just observations.

Mr. Lutz: — We do not audit all transactions. We can't audit all the transactions, so we do a cross-section examination of transactions. We give you two examples of where we think their system failed.

Mr. Chairman: — I understand.

Mr. Lutz: — If we don't give examples of where their system failed, we are then open to the charge that we didn't do enough work to even know if their systems failed, so we give examples.

Mr. Lyons: — Going to 39.05 and the interpretation of the section referred to in 39.04, was the effect of that legal interpretation which was obtained mean that the council in fact was hamstrung in its ability to direct certain moneys. That each one of the activities as described, that is, to:

... carry on research, development, consultation, design, innovation, investigations and studies for other persons or bodies . . .

that each one of those transactions must have been, or have to be now, approved by the Lieutenant Governor in Council?

Mr. Wendel: — If I could, Mr. Chairman. I think the way the Act reads is that's if it was research to be done for other persons. Like, if they wanted to undertake activities on behalf of other organizations, they required the approval of the Lieutenant Governor in Council.

Mr. Lyons: — In other words, if the Sask Research Council are to undertake certain researches for, say, the University of Saskatchewan, it now has to have the approval of the Lieutenant Governor in Council.

Mr. Wendel: — Yes, it always did, Mr. Lyons. What was happening is they weren't obtaining that approval, and there was some question as to whether they had to or didn't have to, so we suggested that they go to their solicitor and get an opinion. And it was then confirmed that they should have this order in council to authorize that.

A Member: — Thank you.

Mr. Kraus: — As I understand it, the research council is looking at their Act with a view to, perhaps, amending it to clarify the situation because, as I understand it, the activities they're undertaking aren't different, it's just . . . the question is: do they need the Lieutenant Governor in Council approval or not? So to clarify it, they're looking at their legislation and may very well bring forward amendments so that it's clear whether they do or they don't. They don't believe they do, but I guess the way the Act is written, it's ambiguous or, in fact, it may lead you to believe it does require it.

Mr. Lutz: — Section 11(e) of their Act does, in fact, state, Mr. Kraus:

... as may be decided upon by the council and approved by the Lieutenant Governor in Council.

I don't . . . from where we work, we don't think that's very ambiguous. We think we know what that means, and we have tailored our report accordingly.

Mr. Chairman: — I see that you do make reference to the fact that on page 174, at the top, that what was lacking was this order in council which the legislation refers to. So I think that your statement, Mr. Lutz, seemed to be fairly clear.

Mr. Lutz: — Wei I the research council does a great deal

of work for outside organizations. They're approached quite often to do very worthy research projects. We're not quarrelling with that. What we say is, you should comply with the legislation and have an order in council in place before you accept such contracts. That's all we're saying here.

Mr. Chairman: — I'm sure that I express the sentiments of the committee when I think we can say we also would concur with that, and that I don't know what more we can say to this point.

Mr. Muller: — I have no problem with the clarification of the legislation one way or another, so it maybe is clear. And maybe they'll have to bring it to the legislature and clarify it, and then . . . because it's like having two lawyers argue over the same point; they can go back and forth for quite some time and nobody really gains any ground.

If they feel it isn't clear enough now, they can certainly bring it in and clarify it, and then it will satisfy everyone.

Mr. Lyons: — Yes, and not — just to move forward onto 39.12 with the employees' pension plan, I'm surprised to see that you made a reference that no minutes of the meetings of the trustees of the pension plan were taken. Do you know if that situation has been rectified, Mr. Lutz?

Mr. Lutz: — Mr. Chairman, I met with the board of the research council, I think, back in March — there was snow on the ground anyway, some time back in the spring. And I think they are going — they indicated to me that they would be doing a better job of having minutes of their meetings and having them ratified at the next meeting, etc.

Now we will find out on our next visit whether or not they are. If they aren't, we will, in all probability, report it again.

Mr. Lyons: — Sort of a note of a technical matter — do the trustees actually administer the plan, or have they entrusted the funds to professional fund managers, pension fund managers?

Mr. Lutz: — No, 39.14 will answer your question, I believe, Mr. Lyons. They have a firm of . . . something handling their pension funds, but they don't have any written agreement between the . . .

Mr. Lyons: — As a former — I just want to say this — as a former trustee of a pension plan, I find that almost just incredible to see that there is no written, actuarial agreement between the parties of the pension fund arrangement that the . . . It is just a . . . It's something that's beyond my . . .

Mr. Lutz: — Mr. Lyons, I will repeat the thing I have said many times: I am not in a position to compel anything; I merely report.

Mr. Kraus: — I was going to say, on that issue, they have concluded an administrative agreement between the firm and themselves so that they did take care of that. And they also assigned the minute-taking to the assistant to the

president, so that that responsibility is now assigned and that problem should be taken care of.

Mr. Chairman: — Okay. Any action required, or shall we just note it and wait and see whether the next year's report shows that this has been rectified?

Mr. Van Mulligen: — Just out of curiosity, are there sort of provincial government guide-lines that have been laid down for any and all pension funds that come under the umbrella of the provincial government?

Mr. Kraus: — With respect to?

Mr. Van Mulligen: — I just look at this one, the research council pension plan, and the fact that there doesn't seem to be agreements. The whole business appears to be sloppy. And I'm just wondering whether the provincial government has identified this and perhaps other pension funds and said, look, there needs to be some clear, overall provincial policy and set of guide-lines for the operation of all these various funds.

Mr. Kraus: — To the best of my knowledge, there isn't anything specifically directed towards the type of thing that Mr. Lutz has been talking about here. At least I'm not aware of any policies in regard to this issue.

Mr. Van Mulligen: — Any thoughts on this subject of whether there might be a need for some clear provincial guide-lines?

Mr. Kraus: — Well certainly, although the individual funds have been working towards putting these policies in place, I suppose it's fair to say that it doesn't mean that there shouldn't be a policy on it anyway so that everybody's clear as to what rules they should be following.

Mr. Chairman: — Thank you. Let's move on to the Workmen's Compensation Superannuation Board, page 176.

Mr. Rolfes: — Could I make a similar note, Mr. Chairman, here on 40.02, and again:

... not established control procedures to ensure that only investments permitted by the Act were acquired.

But this isn't new. I mean, it's ...

Mr. Kraus: — Again, Mr. Chairman, this issue is one that was raised with respect to quite a few of the pension plans, and the Worker's Compensation Board did sign an agreement; they did get it in place.

Mr. Chairman: — So they have acted on this.

Mr. Kraus: — They have acted on it, yes.

Mr. Rolfes: — Okay.

Mr. Kraus: — Well just a moment, I'm just going to qualify that. I see that they were working on an agreement. I may have read my notes wrong. Okay. I'm

sorry, I've got to qualify that. They were working on an agreement with the Public Employees Benefits Agency, but at last word that we had in July, and I haven't followed up since that point in time, they hadn't signed it. They did have a draft agreement, but they hadn't signed it.

Mr. Rolfes: — Well if it's legitimate disagreement, they should sign it within the next three years or so, eh?

Mr. Kraus: — Hopefully not that long.

Mr. Muller: — Well they're working in the right direction.

Mr. Kraus: — Yes. There's no disagreement, It's just getting the words correctly. I'm involved on one of the pension boards, and we took some time with our lawyers to draft what we thought was appropriate, and we got one signed. It really shouldn't take you more than a few months to get the wording right and then sign it. That's all there is to it, really.

Mr. Chairman: — I think we should note with some satisfaction, I guess, that some action has been taken. And I would like to ask Mr. Kraus, the comptroller, if he would check for the committee and report on whether it is signed or when the Workers' Compensation Superannuation Board thinks it might be signed. So in other words, what I'm asking for is a status report. Can you do that?

Mr. Kraus: — I would even go one step further. Maybe to resolve this thing, or at least put a status report in front of the committee, I should perhaps do a survey of some of the ones that are outstanding, or give you a survey on those who have and who haven't got these agreements, because there's nothing complicated about it. It's just getting down and doing it.

Mr. Chairman: — I think that's an excellent idea, so why don't you incorporate that in the rest of my requests here, and we'll say it's on behalf of the committee, and we'll get Mr. Kraus to do that for us. And if any questions arise out of that, we can then pursue it, okay.

Westank Industries, 178. There's a lot of reporting here I see. This, as members of the committee will know, is one of those industries which has had its share of financial difficulties. I think Sedco ... a great deal of Sedco money is involved here.

And one of the first things that I noticed ... and it comes back to what I said earlier about this huge and overwhelming problem of what flows through this auditor's report of atrocious mismanagement. And when I see a note from the auditor that's saying, in an industry that's had its share of difficulties with a lot of public money, that "formal minutes of the meetings of the board of directors were not prepared for all board meetings," I'm wondering who is asking the questions of the board — the person who's responsible for the purse strings of Saskatchewan, and why this has not been addressed at that level. I leave it at that.

I'll see if committee members have any other comments or questions.

Mr. Rolfes: — Mr. Chairman, I have one, and again it refers to revenue deficiencies and lack of controls and procedures to guarantee that revenues which are due to the company are recorded and the right amounts are recorded, and in 41.14 the company's control procedures were not adequate to ensure that these control objectives were achieved, as there was no check to ensure that "all goods shipped were invoiced to customers."

And there was no check "to ensure that the invoices prepared were for the correct amount." You know, if a company's having financial difficulties, you don't have to go very far to see maybe why some of their problems are. But I, you know . . .

Mr. Lyons: — Mr. Chairman, has there been any action to correct the deficiencies as outlined in this report? I guess the question is to Mr. Kraus.

Mr. Kraus: — I can't speak to the Westank Industries Ltd. because it's on the Crown Management Board side; I'm only involved in the treasury board Crowns.

Mr. Chairman: — Yes, I would very much like to be able to discuss this with the people involved. But what I'm asking . . . someone who could advise me; I guess our clerk. Do we call Westank Industries, or Sedco, or Crown Management Board, or all of them? What is the procedure?

I think . . . why don't we just say we are concerned about the issue involving the report on the Westank Industries and that we call the responsible officials, and somebody should determine for us who they are.

This is really one of the most glaring ones. I refer to the fact that there were no minutes of some of the meetings of the board of directors, which . . . I mean it's almost unbelievable. And then I see in 41.05 that:

During the course of the audit it was observed that an operating budget was not prepared.

Now I don't know how many millions of dollars this outfit handles, but even in my household we have a small operating budget that we run by, otherwise the mortgage wouldn't be made at the end of the year. This is kindergarten management. It's unbelievable.

Mr. Van Mulligen: — All the more ludicrous in a financial position of the industry, and perhaps in no small part due to the kind of sloppy management that we see here.

Mr. Lyons: — I think we're correct, Mr. Chairman, in calling for the officials to come. When you look at 41.17 that talks about:

During the course of the examination it was observed that there were many payment vouchers where there was no evidence that supplier invoices had been matched to purchase orders . . .

In other words, nobody has any idea of what comes in the door or what's going out the door. It's just that the whole situation seems to be totally out of control down there.

Mr. Chairman: — Okay, I think the committee feels strongly that we will be calling Westank Industries and whichever officials we must call to get some answers and see if we can assist them in getting their act together. Okay, Western Development Museum, page 182.

Mr. Rolfes: — Yes. I just want to ask an explanation of 42.01.

My representatives observed that there were inadequate physical controls over the inventory.

Could you tell me which place you're talking about? I want the physical description.

Mr. Wendel: — If I could, Mr. Chairman, this would be the gift shop inventories at the museums at the various locations.

Mr. Chairman: — With all of them, the gift shops?

Mr. Wendel: — Generally speaking, yes.

Mr. Rolfes: — How do you mean physical controls? Would you just explain that . . . You mean people could just walk in and remove things?

A Member: — It happens in Bi-Rite every day.

Mr. Rolfes: — Yes, I know. But I mean is that what the problem is? It's not a big matter; I don't want to waste the committee's time on it really . . .

Mr. Chairman: — Mr. Kraus maybe can be of some help here.

Mr. Kraus: — Yes, there was inadequate control over the inventories. It sounds like they must have had some of their inventories out somewhat accessible to the public, as opposed to perhaps just keeping a small amount of the retail, a small amount of it that they wanted to keep out there for display in the retail area.

So now they've made sure that all the gift shop inventory items that aren't on display in the retail area are stored in locked store-rooms. I'm not just sure where they were, but they must have been accessible to the public. And as well, they've put in a computerized cash register system that's going to be able help them control the purchasing of inventory items right through to the final sale. So they have taken steps at all four museums really to improve control over these items for resale.

Mr. Chairman: — Okay. So we note that, and we note also that some steps have been taken to rectify the problem and that we will wait for the report on it in another year to see whether there's still a continuing problem.

Members of the committee, we are completed on this section, except I want to pause for a short time on this appendix 1 because it brings . . . It deals with The Provincial Auditor Act. It brings forward the fact that yesterday in the Assembly some amendments to The Provincial Auditor Act were tabled and some

consequential amendments that result from it.

I note that when we spoke on page 4 to the Provincial Auditor about his concerns about The Provincial Auditor Act amendments being done without any consultation with the Provincial Auditor's office, I understand that there, even at the tabling of that legislation, has not been any consultation with the Provincial Auditor's office, nor any consultation with the Public Accounts Committee.

One of the pertinent points in the legislation is that the Provincial Auditor is appointed by law after consultation with this committee. Now I know that that is not affected in the new amendments, but it seems to me that flowing from that one should also conclude that any amendments to The Provincial Auditor Act should involve this committee as well.

Mr. Lutz did indicate in his report that he will make a special report of the members of the Assembly if, in his opinion, the proposed legislation would make the executive . . . government less accountable to the Legislative Assembly for the administration of Crown corporations. I think we should take up Mr. Lutz on that and ask him if he, now that the Bill is tabled, will give us a report expressing his opinion. I'm asking Mr. Lutz to do that on the legislation, to point out to us whether it is adequate or whether there is some weakening of legislative control here. I think that's something that I think the auditor ought to have a comment on.

Further to that, I want to bring to the committee's attention that in 1983 there was a new Provincial Auditor Act debated in the House and introduced and passed. At that time, the Minister of Finance was called before the committee in which he answered questions clause by clause on the Bill.

I don't know whether we want to do that till we see the report from the Provincial Auditor, but I think you committee members should keep in mind that we may want to call the provincial . . . the Minister of Finance to explore this amendment clause by clause with the committee. We don't need to make that decision right now, but I do think we should be asking the auditor to give us his report, his written report on the proposed amendments. I think that's fair, quite a normal procedure.

Mr. Lutz: — Mr. Chairman, I just received my copy of the Bill yesterday afternoon around 3:30 or 4 o'clock, so at the present time I really am not in a position to comment on it. We will examine it starting this afternoon and, I think, sit down with my solicitor; and yes, I expect we will be making a report on the amendments to the Bill.

Our concern is still accountability; it always has been; it always will be. And while I have not examined the amendments thoroughly, I would hope that the accountability will still be there. We are encountering some problems these days in that for the first time in the history of the audit office I am unable to get information that I asked for. I think information I need has been denied me.

I have been advised recently that I probably won't be getting the minutes of board meetings of Crown

corporations, which at one time were mailed to me. So we're going to have to look at this legislation in the entire context of accountability, I believe. And that is really where we are going to come from when we make our report to the House.

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

Mr. Van Mulligen: — On that comment, Mr. Chairman, and Mr. Lutz, I note that section 25 of the Act indicates that you have all the powers of commissioners under The Public Inquiries Act, and therefore I would assume that you have the power to issue subpoenas. And if in fact persons are denying you information to which you are entitled by right, as defined in this law, have you considered the issuance of subpoenas to in fact force people to provide you with the information that you feel that you should be having?

Mr. Lutz: — Mr. Chairman, Mr. Van Mulligen, yes, I am quite conscious of section 25. I think I would be not remiss in saying that section 25 would be invoked with great reluctance. I think my life would never be the same again. I can further tell you that my solicitor is presently looking at that.

Mr. Lyons: — What you're saying, Mr. Lutz, is that section 24, which guarantees free access, is now being denied you; that you're being denied free access to that material?

Mr. Lutz: — I've been endeavouring since June of this year to obtain certain information from Crown Management Board. To date I have not received that information, as I said to Mr. Van Mulligen. I have my solicitor looking at the subpoena route, which I do with great reluctance, because it's going to I think be fair trauma all around. It will be for me, anyway. But if I have to do that, I will do that.

Mr. Van Mulligen: — But again, just to come back, the denial to information — it's unusual that you have actually been denied information that you have requested pursuant to the Act?

Mr. Lutz: — That is correct.

Mr. Van Mulligen: — Are reasons offered for the denial of this information, or are you simply being stonewalled?

Mr. Lutz: — I think it's probably a combination of factors. I don't know what they are. I haven't really provided a great deal of dialogue relative to this matter. It's been a case of a series of letters back and forth. I believe I spelled out my reasons for wanting the information, not that I thought it was necessary, but I thought it would be reasonable; and I have done so — a series of letters since June, I guess three or four in number. There comes a point when you no longer give reasons why you want the information; you say, I want it, and then, if it's not forthcoming, I guess you either go get it or perhaps you abdicate; I don't know.

Excuse me, one more thing. The amendments to my Act that I have seen so far, I do not believe have disturbed

section 25. I had about 20 minutes on it yesterday, just a quick scan. Until we put the old Act and the new Act together and get a new Act, I believe that 25 has been left alone; I would hope it has; and we will invoke it, yes, we will.

Mr. Lyons: — Mr. Lutz, when you say you've been denied the material, have you been denied the material by the ministers? Have you been denied the material by elected officials, or by appointed officials?

Mr. Lutz: — I believe the person with whom I'm dealing has the title: president of Crown Management Board.

Mr. Muller: — With the legislation that's on the table and the 18 Crowns going to the private sector auditing, you will still have the right to look at the auditing of those Crowns and oversee them, the way I understand it, by just perusing the legislation yesterday that was put before us.

Mr. Lutz: — Mr. Chairman, Mr. Muller, I haven't really looked at enough of it to know if that is still there, or partially there, or all there, or not there. I'm not sure yet. We have our solicitor who's going to be in this afternoon. We've got the thing together now so that this old Act includes the new amendments. Then we're going to have to look at it to see what it says.

Mr. Muller: — Maybe we'd better reserve comment on this until our Thursday meeting, and we could bring it up again and get some comments from you on it at that time.

Mr. Chairman: — I think on the Bill, certainly I think that's a fair comment. But on the issue which we're discussing, which I think is very troublesome, and that is: what has been happening since June when the auditor has been requesting certain information that he obviously has a right to have, and that information has been denied him. That's got nothing to do with the Bill that is before the House.

It seems to me that denial of this information to the auditor is denial of information to the Legislative Assembly, and therefore denial of information to the public of Saskatchewan.

This one kind of surprises me and shocks me because I don't know what reason there might possibly be for the Crown Management Board to deny this kind of information, unless something is attempting to be hidden. And I don't want to say that's happening, but I think that's a question I have to ask: what are these people hiding that, for the first time in the history of operations of the Provincial Auditor, information is being denied which he needs to have to do his job? June is some time ago.

I note in the Bill, and I just make the comment — and I don't expect anybody to comment on it now till the work has been done — but there is some retroactive provisions in the Bill to January 1 of 1987. I don't know whether it deals with some of this aspect that we're talking about or not, but if it does, then I think this committee should have some great deal to say about it when it comes before us.

Mr. Muller: — It does have something to do with the Bill before the House, because if the private sector auditors

are doing the audit of the 18 Crown corporations and then the Provincial Auditor has the right to review the audit if he so wishes, it certainly has some . . . the Bill does have some effect on it.

Mr. Chairman: — Except the point is that if private sector auditors are doing the auditing of all the Crown corporations already, one being Saskatchewan Telecommunications, Saskatchewan Computer Utility Corporation, Saskatchewan Economic Development Corporation, Saskatchewan Development Fund corporation, Saskatchewan development fund, Saskatchewan Housing Corporation, municipal financing corporation, and Saskatchewan Crop Insurance Corporation — if indeed private auditors are auditing those corporations now, they're doing it illegally because the legislation that is in existence today does not allow them to do it. The amendments will allow them to do it, but if that's already happening, then somebody, in this case the Minister of Finance — because he will have to have appointed them as acting illegally, and that's the problem.

Mr. Muller: — Well, I don't know if they are doing it already or if they're going to do it subsequent to the legislation; probably it will be done after the legislation has passed the House, and it's on the Table now. And certainly this goes back to the consultation that the Department of Finance had with the Provincial Auditor when I think he was asked how much money he would need to run his office, less those Crown corporations that were going to be done by the private sector, and of course this was brought to light with comments by the Provincial Auditor earlier.

He didn't know if they were going to be audited by the private sector, and now that we see that they are, that puts a different light on the amount of money and people that the Provincial Auditor has for running his office.

Mr. Chairman: — Unless . . . Mr. Rolfes was first but, unless ultimately the Provincial Auditor yet has to oversee all of them, and I think that's what even the new Bill says — Mr. Rolfes.

Mr. Rolfes: — Yes, Mr. Chairman, I think we are missing the point on the question, that denial of information. Under law Mr. Lutz is entitled to that law. It doesn't make any difference what we are anticipating will happen in the future. The law that is . . . or the Bill that is before us, I haven't seen it, I wasn't here yesterday, but is still only a Bill, it's not law. Until it becomes law and somehow excludes Mr. Lutz or does not exclude Mr. Lutz, he is entitled to that information. I think that's the point that we were debating here, now.

And if there is information that the Crown Management Board does not want Mr. Lutz to see, I would assume he will still have access, or entitled to that access, if he has final supervision over the auditing. He must have, otherwise how can he do his final supervision. So regardless of whether the Act is passed, and if the Provincial Auditor still has the final supervision, he must be entitled to all that information. So that won't change, otherwise his final supervision can't be done to the extent that it has to be done.

So I think it's . . . you know, the point that we're concerned about: what is it that the Crown Management Board doesn't want Mr. Lutz to have? Why don't they want him to have that information if he . . . I mean, if he has to do his job, he needs that information, and he's entitled to it by law. So if they're trying to exclude him now, once the Bill is passed, saying: well we've stalled him long enough; now he's not entitled to the information, and therefore we have successfully prevented him from having it — I think that's a serious matter, but I, as I say, have not had an opportunity to study the Bill, and hopefully that Bill does not exclude Mr. Lutz from final supervision. Now if it does, then, you know, I think it's a very, very serious matter.

Mr. Muller: — The way I've read it is that he will have the option of final supervision, and it'll be in his purview of having the option of supervising any of the Crowns.

Mr. Rolfes: — Okay, well he can still report on the Bill.

Mr. Lyons: — Yes, just a couple of questions that arose I'm want to comment on. Mr. Lutz, to your knowledge are there private sector auditors now working in those Crown corporations?

Mr. Lutz: — I can't answer that, Mr. Chairman, in that I don't know; neither have I made inquiries.

Mr. Lyons: — I notice that under section 24(2), that you may station an agent of the auditor in any of the departments of the Crowns. Have you taken action to inquire of any of your people to find out in fact whether that preliminary audit work is being done by any of the private audit firms?

Mr. Lutz: — No, we haven't, Mr. Lyons, Mr. Chairman. We haven't pursued that at the present time.

My problem in this whole area hinges on the original statement made by the Minister of Finance in January, I believe the 16th, of 1987, when he said, private sector auditors will be appointed where they are cost effective. Concurrent with that I have to read in our appendix II on page 5, I make the statement in my report that on the five or six or seven private sector auditors in place at that time, the cost to the province was 200,000 more than it would have been had I done that work then.

So now if we are going to be cost effective and maintain accountability, what I endeavoured to do with the Crown Management Board was get from them the documentation that they had received from these other auditors as to what they would charge that Crown to do that job, and what kind of a job they would do. This was what I was trying to accomplish.

Now if they are going to do less than I was going to do, then I suggest to you that accountability is going to suffer. Conversely, if they're going to do the same as I did but charge more than I charged, then I say it's not cost effective.

So I have two concerns in this area, and those were the only two concerns. And I did in fact tell the Crown

Management Board that I needed this information so that I could report with confidence to the Legislative Assembly. And I believe my first letter was June 29. I think the last letter was probably the first of September perhaps some place in there, and so far I have not been able to get that information. And presently that's where it stands.

Now in the midst of my problem with Crown Management Board I must take some time out and analyse what has happened to my legislation, just to make sure that all of these things are still in place so that this information can be gleaned, so that I can in fact report with confidence to the Legislative Assembly.

I think that's about all I have to say about this this morning.

Mr. Lyons: — I certainly want to express, first of all, my sympathy with the problems that you're facing, which relates to the comment, I guess, made by Mr. Rolfes somewhat, that what the issue here, it's not just a question of even the auditor's ability to know and the freedom of information guaranteed by law.

But there's a deeper problem that we're all facing as members of the legislature, and that is this government's tendency to precipitate actions and go ahead with actions on the basis of announced intentions to legislate. That is to say, that there is an intention of a legislative action announced in the press or by a minister, and then all of a sudden things are put in the work before the legislation is enacted, and the legislature ends up as a rubber stamp for those announced actions in the case, as it appears to be, with the new auditor's Act.

But we can also refer to other instances, for example around the question of community colleges, or in which the reorganization of the community colleges was taken out before there were the amendments, the necessary legislative amendments brought forward; or in the case, if you like, of the sale of soft drink cans in the province where soft drinks are now being sold in cans, contrary to the law of the province, and with the obvious encouragement of the provincial government, if you like.

Your situation is not unique in that extent. What is so frightening about your situation, I believe, is that the ability of the public's right to know through your office, and the public's right to know what is being done with its money, given the vast sums of money which are put into the Crown corporations, which have been invested through the Crown structures, and which obviously is going to become a major political issue in terms of the future of the Crown corporations — the public's right to know whether or not what the government is saying about the value of those investments is at stake.

And I just want to put it on the record that I think that there is a method behind what is happening here, that there is a purpose and a reason, and that is to draw the blinds down on the operations of the Crown corporations and to draw those blinds so that the Minister of Finance can make statements like an \$800 million write-down of debt which to our best ability, we can't find, vis-a-vis the potash corporation.

And I want to say that I support whatever actions you take, Mr. Lutz, in terms of obtaining that information, because I think that for the future of the people of this province, in terms of their right to know, whatever precedent and whatever action you take will serve as a valuable precedent. And I want to encourage, if you have to go the subpoena route, if you have to station one of your people in the Crown, then you have, I know, my personal support in doing that.

Mr. Van Mulligen: — Mr. Chairman, I just want to review a situation here. The Act is clear that the Provincial Auditor is entitled to free access to information and is entitled to receive information within the constraints of the Act from, I guess in this case, the Crown Management Board. Perhaps there are others involved; I don't know. The denial of information is apparently unusual. The auditor has the right, and I think Mr. Lutz is appropriately reluctant to exercise the powers of commissioners, under The Public Inquiries Act, that is to say to issue subpoenas.

Again he indicates that this would be unusual, and I gather precedent setting. I'm not aware of the Provincial Auditor having to do this in any previous case. I appreciate the fact that the auditor is not required to lay before us any of the specifics of this process that he is now involved in. I think section 26 of the Act is clear that in the audit working papers of his office are not required to be laid before this committee or the Legislative Assembly.

Having said all that, I wonder if there's anything that this committee and in particular, you, Mr. Chairman, might be able to do to assist Mr. Lutz. I say that because Mr. Lutz is a servant of the Legislative Assembly and works directly with this committee. And so therefore, I wonder if there's anything that you or this committee might do to help him. I'm not quite sure; perhaps it might be a letter from yourself to the Crown Management Board, perhaps to the Legislative Assembly to outline to the extent that is possible the situation and encouraging all those involved to comply with the request from Mr. Lutz so that we might see a situation where this information will be forthcoming, where Mr. Lutz is not put in the situation of having to go to that ultimate step of issuing subpoenas.

And it might be indicated by some that, well, this is just an attempt to embarrass the government. But I think the greatest embarrassment of all would be for the Provincial Auditor, a servant of the Assembly, having to issue subpoenas to get information to which he is rightfully entitled by law.

And therefore I wonder, again — and I throw this out. In saying this, I recognize my own limited time in this committee and the workings of the committee and the powers of the committee. But again, I wonder if some good purpose might be served by the chairman being acquainted to the extent that it's possible with the facts and undertaking to write to all those involved, and perhaps alerting the members of the Legislative Assembly, recognizing that such an act — in bringing to public attention the dilemma that we're involved in that such an act may help to focus the attention of the responsible people at the Crown Management Board and he responsible people in the government. It may help to focus their attention on the situation and result in some

good resolution and the proper resolution of the issue.

And I throw that out, Mr. Chairman, again with only a limited background in this committee. I don't know whether those things are possible, but it seems to me that this committee would do well to assist Mr. Lutz in trying to obtain the information that he's asked for.

Mr. Chairman: — Thank you. I have some thoughts on that and I want to comment on it, but I have Mr. Muller on my speaking list.

Mr. Muller: — Well, yes, just to address that though, I don't think we can address that today. It seems like we're a little short of quorum. I can't, of course, stop the chairman from writing to anyone that he wants to, and nor would I want to stop him from writing to anyone. But if it's going to come from the committee, I think that it has to be done when there's . . . If it's going to have the blessing of the committee, it should be done when there's quorum here.

The other thing is the private sector auditors, the way I understand it, are also going to supply consultive services to make . . . They will actually be doing more than the Provincial Auditor is doing for the Crown corporations. So if they're working under approximately the same costs, the Crown corporations will be getting more for their money than they would through the Provincial Auditor unless, of course, he is willing to go into the consulting services besides his auditing services, and this is the way I understand it.

Mr. Lutz: — Mr. Chairman, and Mr. Muller, the Crown corporations have always had available to them whatever consulting services they needed in addition to the audit I did.

I, over the years when I did those Crowns, stayed away from doing consulting work for them. There were opportunities when they would ask advice on how to do this and how to do that, and as the auditor, I thought it might not be too appropriate for me, the servant of the Legislative Assembly, to be advising management, whom I may have to criticize from time to time, so I stayed away from that stuff.

Now if these Crown corporations do in fact appoint their own auditors, as they may do, I have to wonder how much consulting a place like Sask Transportation Company might need. They've been in the business since about 1947; they should know their business forwards and backwards. So how much consulting do I need to make my business run the way I've always run it?

I concede your point exactly, but still again if I thought that the auditors were going to go in there and end up charging an audit fee greater than I would have charged — now I'm back into cost effective — and then if the auditor says to me, ah, but I was also doing a lot of consulting work; or if he takes some of the things I used to do and calls it consulting and charges for that, then I still have the same problem with cost effective and accountability and making sure that the work I used to do is still being done by the private sector auditor who is acting in my stead. I have this problem, and it just won't

go away. I concede your argument entirely, sir.

Mr. Muller: — Well I'm sure . . . But like in . . . with STC, if consulting services can bring STC to a break-even position instead of to a deficit position like they've been running in, certainly it would be to their advantage.

And maybe they do know their business backwards and forwards, but I have used consultants on my farm. I've farmed all my life, and certainly I've used consultants from time to time to come in and show me where I'm doing things right or wrong. And it certainly doesn't matter how long you're in business, if you're in a rut, doing something the same way for many years and you don't change, you keep going downhill if you're going in that direction.

And I don't see anything wrong with good consultants taking a look at your operation. And I've done it many times and they've certainly helped me, or else I may have been gone a number of years ago — especially in the feedlot business which is very volatile, and I've certainly used consultants in that.

And I think that some of these Crown corporations should have some consulting done to take a look at which direction they're going and how to better the Crowns and make a profit. I have nothing against profit.

Mr. Chairman: — As I hear Mr. Lutz explain, in responding to your original question, he is not arguing, as I understand it, against Crown corporations or any other agency of government using consultants to advise them.

What I hear him say, and he didn't put it in these words, is that for him to do that and his office to do that, would possibly be considered a conflict of interest, because he then also has to then audit that which he gave them consulting advice on. And I certainly agree with Mr. Lutz, it would be quite inappropriate. And I don't think that's what you're suggesting.

Mr. Muller: — No, I'm saying he still, the way understand it, he's still going to have the right to look at the audited reports, or go over the audited reports, or re-audit the Crown corporations. But this strengthens my argument that then private sector auditors who aren't in the position that Mr. Lutz is in can give consulting services to the Crown corporations and maybe turn them around and make them more efficient. And I certainly have no problem with that.

And I can understand Mr. Lutz's problem when he audits the books and he has done the consulting, that he didn't want to do it because he might be reflecting on himself on some of the consulting he'd done. I understand that. But I still think that the private sector auditors that do the consulting, and if they can turn STC or any other Crown around and make it profitable, then I say, let's go for it.

Mr. Chairman: — A couple more speakers and then I'm going to try to bring this to a head so we can move on. Mr. Rolfes, and Mr. Lyons.

Mr. Rolfes: — Mr. Chairman, I have a couple of points to make. First of all, I think it's incumbent upon government

to appoint managers who know what they're doing, number one, know how to manage. We don't appoint people because we happen to know them or because they happen to be of a political stripe that suits us and know nothing about management. I think that's number one.

Number two, as I said the other day in this committee, he who pays the piper calls the tune. And if you're going to have an auditing firm that is also doing consulting, and the auditing firm comes down very critical of the Crown corporation, I can assure you it wouldn't be very long that that auditing firm would probably be gone.

They can't do that with the Provincial Auditor, and that is the difference. The Provincial Auditor is an employee of the legislature. And therefore if he is critical, as he is from time to time, and was from time to time when we were the government — and thank God he was — he's independent; and that's the difference. That's the difference between a private auditor and an auditor of the legislature who is independent.

I think we're kidding ourselves if we think that the private auditors of Crown corporations are going to have the same objectivity that the Provincial Auditor had, because they're not going to. They're going to be paid by the provincial government or by the Crowns, which virtually are controlled under the provincial government, and they're not going to be nearly as critical as the Provincial Auditor is going to be. And I therefore say that they're not going to be as objective.

No one opposes consultation, but maybe the consultation should be coming from somewhere else rather than from the auditing firm that is doing the auditing and should be doing the critical analysis of how that particular Crown corporation is being run. You can't on the one hand give consultation and then be critical, because that very consultation, if it was carried out and didn't pan out, how the hell are you going to criticize yourself? You're not going to do that. Therefore your objectivity is gone. That's the whole problem with this.

It's a conflict.

But the Provincial Auditor would not be in a conflict, because he is going to put forward a critical analysis which is in the best interests of the people of Saskatchewan — not in the best interests of the people who are running a particular Crown corporation,

Mr. Muller: — The Provincial Auditor can still be critical by going over that . . .

Mr. Rolfes: — Not if he can't get the information.

Mr. Muller: — . . . that audited report. He can still be critical of the Crown corporation or the way it's being managed.

Mr. Rolfes: — If he's denied information, how can he?

Mr. Lyons: — That's precisely my point is that it doesn't matter what happens in theory. The practical reality, as we're being shown now, Mr. Chairman, is that the Provincial Auditor is being denied access to information

which is guaranteed to him by law; that the Crown Management Board is not providing the Provincial Auditor, for the first time in the history of the province, for the first time in the history of the province he's being denied access to that information. That does not bode well, particularly if the Provincial Auditor gets one step even farther removed from the process. And all the fine theory of private sector that you want to put forward, private sector auditors, if this is the kind of example of what the people of the province are going to be faced with in terms of being denied access to that information, then I think that we have got some very serious problems.

And I'd like to urge the chairman of the Public Accounts Committee, if it is at all possible, to express in writing that concern. Because I'm sure, Mr. Muller, that you as well as every other member of the provincial legislature must share that concern when the Provincial Auditor is being denied access, that this committee express that concern to the Crown Management Board in writing from the chairman of the Public Accounts Committee.

Because I don't think any member of this Legislative Assembly, no matter what their political stripe, wants to see the kind of information that the Provincial Auditor wishes to see to be denied from that, or is that your position? Maybe I'm prejudging it? It seems to me that . . . I may be prejudging that, but I certainly know that every reasonable person doesn't want to see that kind of information denied.

Mr. Muller: — Well according to what I've . . . and I just got the legislation yesterday, that I don't see where there is any denial of access to the Provincial Auditor in the new legislation that's before the House. Now certainly I'll have to go over it a little more extensively, but to this time I have seen where there is no denial of information. He has the right to go over or go into any of the Crowns or do anything that he wants, any of those 18 Crowns that are going to be audited by the private sector. And he has that right.

Mr. Chairman: — I think we're missing the point here. We're not talking about the Act. We're going to wait for the Provincial Auditor to give us a report on his opinion on the Act. We're talking about information which the Provincial Auditor has requested of Crown Management Board since June which he has the authority to do by The Provincial Auditor's Act, 1983. This information has not been denied, although he tells us that he has requested it on a number of occasions. It has nothing to do with the new Act, and I think we . . . I can't fathom how we can possibly let that by without question.

I have a proposal to make, but I want to ask Mr. Lutz this question: is he able to tell us today, or does he have it with him somehow, what information he has requested which he has been unable to get?

Mr. Lutz: — Mr. Chairman, I requested from Crown Management Board copies of their communication to private sector auditors in which I presume they have told the private sector auditors of their plans to privatize these audits, and I want to know the content of those communications to private sector auditors to make sure that the private sector auditor has been told that he will be

doing the same thing that I was doing.

In addition, I want then copies of the submissions that were put in place by the private sector auditors to Crown Management Board relative to, if you bid on the Sask Power Corporation audit, what level of dollar bid did you enter so that I can determine whether or not it is going to be cost effective as was the declared intention on January 16, 1987. I want those two things.

Mr. Chairman: — Well let me just . . . I think for now we can as a committee do two things . . .

Mr. Lutz: — Oh, excuse me, Mr. Chairman, one more thing.

Mr. Chairman: — . . . after Mr. Lutz is finished.

Mr. Lutz: — I also asked that they give me the board minute for September where they advised me they would resolve this problem for the last time. They inferred in the last letter that this matter had not been referred to the board for a decision. They would now take it to the board of Crown management to come to a decision. I asked to see those board minutes and I can't get those either, so I don't really know what the board decided.

Mr. Chairman: — My two-pronged approach to this, I would suggest to the committee, would be as follows. One, I really think we should ask Crown Management Board to appear before this committee as one of our priority calls. And I'm not sure whether it's fair to ask them to come on Thursday — that's not a great deal of notice — but I certainly think we should look at calling them on Tuesday. That's one suggestion I would make.

Secondly, that prior to that I write to the president of the Crown Management Board and ask the president whether private auditors have been appointed for those Crown corporations which I referred to earlier, and I will give them to you by number because they are on the September 11 *Report of the Provincial Auditor* to us — number 3, 4, 7, 8, 12, 13, 14, and 15. The request being, have provincial auditors been appointed . . . private auditors been appointed to those Crown corporations, and if so, when were they appointed?

And the other part of my communication to the president of the Crown Management Board would be for him to report to this committee, in response to my letter, why information which the Provincial Auditor has said he's requested since June 29 on the items which he has listed, has not yet been provided, and see if we can get an adequate explanation for the committee.

And I think the committee needs to know this if we are going to be able to deal with this thing in a responsible manner. And I am quite prepared to undertake to write that, and I'm prepared to do it on my own if necessary. But I think it would be useful if the committee would say, go ahead and do it.

Mr. Muller: — I don't think that the chairman should on behalf of the committee. Being that we're a little short of quorum today I think it should be brought before the whole committee. Like I said before, I can't stop you from

writing on your own, but I want to go on the record as saying that I feel that there should be more of a quorum at the committee before this is agreed to.

Mr. Chairman: — I find that quite objectionable. I'm not moving a motion, neither is any member of the committee moving a motion. I think this is not an innocent letter, but I think a responsible letter.

And it is no fault of the other members of the committee here that we don't have a quorum because a great deal of the members chose to stay away, quite frankly. And if this is the way the new rule of quorum is going to operate then I think we have some very serious troubles on this committee and how it's going to function.

So I'm not asking for a motion, please understand that. I'm asking for the co-operation of this committee, acting in a responsible manner, to ask a very serious question of a delinquency which I think is inexcusable.

Mr. Muller: — Well I don't agree with the delinquency on the committee by any means.

Mr. Chairman: — I'm talking about the delinquency of the . . . (inaudible) . . . I apologize if that's . . . don't misinterpret me.

Mr. Muller: — I certainly don't agree with the delinquency on the committee. I think this committee should be a priority to all members and certainly that's why I very rarely ever miss the meeting on public accounts, when I was appointed to this committee, and I very rarely will.

I don't know what's happened to my colleagues, but something else that they felt was more important came up this morning; or what happened, I don't know; I can't speak for them. But I still think that they are a part of this committee and should be a part of the discussions that go on, and any letters that are written from the committee to any department or Crown of government, that they should have their input on that before it is done, with the blessing of the committee. And I wanted to go on record as saying that I feel that everybody should have their input.

Now, like I said before, I can't say why they're absent. I don't think they should be. There should be a commitment . . .

Mr. Chairman: — Please, let me clarify. When I was talking about delinquency, I was not talking about the committee members. I know there are good reasons sometimes members can't attend — both sides of the House. When I was talking about the delinquency I'm talking about the delinquency of the Crown investment board . . . or Crown Management Board in not providing the information. I'm not referring to committee members. I don't want anyone to misunderstand that. There may be days when I have to be away. I fully understand that, so don't make that mistake.

Mr. Lyons: — Yes, just a point of clarification. It is my understanding that we do have a quorum here for the purposes of conducting the meeting with the exception of

passing a motion that has been moved and seconded, or duly seconded. But as a point of clarification, is that your interpretation of the new quorum rules?

Mr. Chairman: — As I understand it, we are short one member. Am I correct? We need six to have a quorum; you have to have 50 per cent plus one. There are 10 members of the committee, therefore, we must have six,

Mr. Lyons: — I want to make this clarification correct. In order to call a meeting and conduct a meeting, according to the new quorum rules, aren't one-third of the members . . .

Mr. Chairman: — Yes. The only thing we cannot do without a quorum is pass a substantive motion. We can discuss, we can recommend without the form of a motion, but we can't pass a motion or vote on one.

Mr. Lyons: — Okay, but we can make recommendations without passing it, and that's what I'm urging the chairman to do and urging the committee to recommend, is that basically . . . perhaps I'm wrong; perhaps I'm misreading what Mr. Muller is saying, but it seems to me, Mr. Muller, through the chairman, that is it your position that you don't share the concerns of the committee; that you're not concerned to the fact that the Crown Management Board is not providing that information to Mr. Lutz. Is that your position?

Mr. Muller: — My position is that I feel that there should be more members on the committee to have their say on this before — and they may have something they could enlighten us on — before there is anything forwarded from the chairman on behalf of the Public Accounts Committee. Like I said, I can't stop the chairman, on behalf of himself, writing to anyone, nor would I want to, but I think on behalf of the Public Accounts Committee when we have so few here, that it isn't a reflection of the feeling of the whole committee if the quorum isn't here,

Mr. Lyons: — Mr. Muller, would you be willing to have, in fact, the chairman write that letter on behalf of the committee members here and present?

Mr. Muller: — I have to defend some of my members that aren't here and I think that the input from all members, or at least quorum of the committee, should be here to support, or not support, the chairman. And I would say that holding it up until next meeting isn't going to be a great deal of . . . make a great deal of difference whether the letter goes out after today's meeting or if it goes out after Thursday's meeting. And I would like other members to have some input in it before it goes. And they may want to broaden it to ask for more things than what we have thought of. So I really think that it should be held off until the next meeting, and if there's a letter that goes forward there should be more committees involved in the decision.

Mr. Rolfes: — Mr. Chairman, I have two remarks to make, First of all, I'm concerned about members not being here. We had passed, or tried to pass a motion earlier that this committee sit while we're not in session. That was turned down; we would reconsider, and possibly later on. Now we have a time constraint on our hands. If members are

not going to come, and therefore we can't make decisions, I'm going to have to hold them over to another meeting, that means less time for us to pursue other matters. And I'm concerned about that. If this happens more than once, you know, then I think yes, we only have about possibly 15, 16 meetings and that'll be it.

Therefore because I would like to see this item expedited rather quickly, I would suggest that we call Crown Management Board officials for the next meeting, that's Thursday, and let's . . .

Mr. Chairman: — And dispense with the letter.

Mr. Rolfes: — . . . dispense with the letter. Let us get to the crux of the problem immediately. Those people can defend themselves. Let's call them on Thursday and see what they have to say. Let them answer to this committee.

Mr. Chairman: — Just before I let Mr. Muller speak. I made a suggestion of the letter, and I did it hopefully in a constructive way. But I really would prefer as a chairman to communicate with officials of the departments really on behalf of the committee. I can write as an individual member, but as an individual member I don't have any authority, and I know that. And I need to also be always cognizant of the fact that as chairman I have to represent you as the committee. So if I were to write such a letter, I would prefer to have the support of the committee on it.

That doesn't mean at some point in time, in a serious situation, I might as an individual want to do it, but I think in this case it's better. But I think Mr. Rolfes may have the right answer, and if we can talk to the Crown Management Board, then we don't need a letter. We can have them defending themselves before us.

Mr. Muller: — Well I am certainly going to have some discussions with other committee members and find out what their valid reasons were for not being here today. I mean, I don't like wasting my time either, coming here, You know, I have other things to do other than Crown corporation, or public accounts. I have important things that I should be doing also.

Mr. Rolfes: — I got up at 5:30 this morning to be here for this meeting, and I'm not going to just sit around and . . .

Mr. Muller: — I got up early too.

Mr. Chairman: — Let me try to . . . our time is fast fleeting by. We should call Crown Management Board to the committee on Thursday. I don't think that's a problem; that's routine stuff. We will put that on the agenda for Thursday. We should also then, we will have before us . . . can we have your report on the legislation by Thursday or you want to give us more time? You want to take more time?

Mr. Lutz: — Mr. Chairman, if we can do it, we will do it. I'm not sure that I should be tabling a report here before it has been tabled in the House. I've got two problems with that. I'm not sure where they are . . .

Mr. Chairman: — Then we won't put your report on the legislation on for Thursday unless you are able to table it

before.

Mr. Lutz: — My problem, Mr. Chairman, I don't know what the constitutional protocol is. Maybe our clerk can tell me. I have never discussed at this committee, my report, until all members had a copy of that report. I'm not sure I would be in the right ballpark to do that.

Mr. Chairman: — Unless the committee requested a particular opinion on legislation.

Mr. Lutz: — I would think if there was a motion of the committee that any special report I was doing to the House required me to put that report on this Table on a given day, I would do it.

Mr. Chairman: — Well that's . . . anyway, maybe Thursday is too short a time frame.

Mr. Muller: — I really feel that it is. We've . . . by suggestion of Mr. Rolfes at the last meeting, we started our meeting an hour late. We didn't really finish our business on the balance of the auditor's report. We'd have to go through that on Thursday prior to calling anyone in. And certainly we felt that we would be able to do our work in an hour and a half today and it didn't work out that way. And so we have some unfinished business that we have to go through before we call Crown Management Board. And I think maybe we should make the decision next Thursday to call them for the following Tuesday, if that's . . .

Mr. Chairman: — Well I don't know that it matters.

Mr. Rolfes: — Mr. Chairman, surely we can finish the rest of this in an hour. We meet at 8 o'clock next Tuesday; why can't we . . .

A Member: — Thursday.

Mr. Rolfes: — Or next Thursday. Why can't we call them at 9 o'clock or 9:30, have them here for an hour . . .

A Member: — Give it a time limit.

Mr. Rolfes: — . . . and that may be sufficient.

Mr. Chairman: — That's a better idea. I think we should deal, at 8 o'clock, with the Provincial Auditor's report; that we can finish it, and the Provincial Auditor can give us a status report on how his study of the amendments are going, and we won't expect him to have a report for us. If he wants to table it in the Legislative Assembly first, fine, but he can give us a status report of where he's at.

So we should deal with that from 8 to 9, that's all we need, and at 9 we should call the Crown Management Board. And I don't think we need to call any other department on stand-by. And I will further suggest that all the rest of the departments which we have decided that we are going to call, that we should make it easy and just call them by alphabetical order. Is that okay with the committee, or do you prefer some other way?

Mr. Rolfes: — Well that depends on what progress we're going to make, because I think there's some that we

certainly want to see for sure.

Mr. Rolfes: — And if we don't get through all of them, and there's no way of sitting after the session is over, then I want to make darn sure we meet with some of them at least. So I'd like to, you know . . . If we can get through them all, fine. But . . .

A Member: — Can't guarantee that.

Mr. Muller: — Agriculture . . . (inaudible) . . .

Mr. Rolfes: — Yes, well that's . . . Agriculture, fine.

Mr. Chairman: — Well I'm free and easy on how you might want us to deal with the priority. What do you suggest? I guess I should be making the recommendations.

Okay, we're not going to call them next week. Next week I'll come and I'll give you a recommendation that's written on paper and you can dispose of it. Okay.

Mr. Muller: — So if you're going to put a time constraint on the first hour — we have to get so much work done — there might be some discussion on the priority of departments to be called. It may stretch out past the hour if we're going through the balance of the auditor's report and dealing with the priorities of departments. So I don't see how you can put a time restraint on . . .

Mr. Chairman: — Well these are tentative. They're just tentative.

Mr. Muller: — Yes, tentative.

Mr. Chairman: — Oh yes. There's no way the committee . . .

Mr. Muller: — There may be many people that want to speak to it, or there may be many people who want to speak to different things in the balance of the auditor's report.

Mr. Lyons: — It's my understanding that the auditor's report, basically, that we are, except for Appendix II, finished. Maybe in terms of prioritizing, in order to expedite the meeting on Thursday that we withhold the — or put off the discussion on the priority until after we deal with the Crown Management Board.

Mr. Muller: — Yes, Thursday next.

Mr. Chairman: — But I'll bring forward a recommended priority list other than the alphabetical list which we have got from our staff.

We're adjourned. Thank you.

The committee adjourned at 10:35 a.m.