

# STANDING COMMITTEE ON PUBLIC ACCOUNTS

October 1, 1987

## Crown Management Board (continued)

**Mr. Chairman:** — Good morning.

**Mr. Martens:** — Before we move into CMB (Crown Management Board) I'd like to move this as an order of business, and it says on here, and I've given you a copy:

The Public Accounts Committee recognizes the necessity for the auditor to be accountable to the Legislative Assembly;

recognizes the necessity for the independence of the auditor in relation to the executive branch of government; and

recognizes the importance of the auditor to freely express his opinion on the financial records of the executive branch of government.

We therefore move:

That we acknowledge the opinions rendered and proceed to the itemized agenda as presented by yourself.

And when we dealt — and I want to speak to this just a bit — when we dealt with the issues that were on hand on the item that you gave us to begin with, I did not see Crown Management Board on that agenda, and therefore I would suggest that the agenda be adjusted to suit the . . . or the meeting be adjusted to do the things that we had suggested be done when we went through this initially.

**A Member:** — . . . (inaudible) . . .

**Mr. Chairman:** — Yes. I'm not sure. I have your motion. I'm not sure what you're saying about the Crown Management Board not being on the agenda.

**Mr. Martens:** — Well you gave us a list of the things that we were going to do, and we had gone through them earlier, and Crown Management Board wasn't even on that list. Therefore I think we need to deal with the agenda as you presented it and deal with it in that manner.

**Mr. Chairman:** — As I recall, Crown Management Board had, and it's in the minutes, where this committee had indeed decided that Crown Management Board . . . in fact it was on date — on the September 22 meeting where we decided we would call Crown Management Board. Having decided that, then I presented the agenda for the remainder of the items that we had not made a disposition of for prioritization.

So I would, with respect, dispute your comment that Crown Management Board was not called by the committee; indeed it was. And if you check your minutes back to the September 22, you will see that that is the case.

**Mr. Martens:** — Okay.

**Mr. Chairman:** — In fact it says here:

The committee agreed to consider the remainder of the Provincial Auditor's report on September 21 at the next meeting, followed by a hearing on Crown Management Board at 9 a.m. respecting the use of private sector auditors in Crown corporations.

That was the decision of the committee.

**Mr. Martens:** — Then I will have to agree with that; however I will say this, that I will object every time discussion is made when it is not made under the year under review.

**Mr. Chairman:** — Fine.

**Mr. Rolfes:** — I have no objections, and he can object all he wants. I'll still make comments if I feel they're necessary.

**Mr. Chairman:** — Just keep in mind we're now considering a *Report of the Provincial Auditor* — that year under review.

**Mr. Martens:** — I recognize that.

**Mr. Chairman:** — We have this motion; does anybody have any comment on it?

**Mr. Rolfes:** — Mr. Chairman, just a comment. I certainly can't disagree with what's on paper, but what I object to is not what's on paper, it's what actually happens in reality, and that's what I want to pursue. We can write all we want.

We know what the laws state, and I want to . . . that's one of the questions I want to ask a little bit later — we know exactly what the law is, and I believe the law is not being upheld, and I think as a member of this committee I have a right to pursue that. I don't care what we put on paper; I want to find out what's actually happening and whether or not the people abide by the laws and regulations that are put out. And I think we as members of a committee have a right to pursue that, and I intend to do so.

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

I have this motion which is certainly in order and it's a recommendation that the committee can make.

The Public Accounts Committee recognizes the necessity for the auditor to be accountable to the Legislative Assembly:

And the Public Accounts Committee:

recognizes the necessity for the independence of the auditor in relation to the executive branch of government:

Which is . . . I think all members have argued that.

The Public Accounts Committee:

recognizes the importance of the auditor to freely express his opinion on the financial records of the executive branch of government.

And that we therefore move:

That we acknowledge the opinions rendered and proceed to the itemized agenda as presented by the chairman.

In light of . . . I'm quite happy with the motion, but I would not want that the latter part take away from what was earlier decided on September 21. Now is that what you're intending?

**Mr. Martens:** — Mr. Chairman, the intention of the motion is to reflect that we have been discussing items outside of the years under review, and I do not believe that that is as it should be. Whether the auditor has that in his statement, that is a statement of an opinion, and I recognized that in the preamble to the motion, and I dealt with it on that basis. And I don't believe that we need to discuss those aspects of it.

And I could have, if I would have been . . . and I thought about this, as putting those first 16 pages in there and said we would move that this was an acceptance of those 16 pages as it regards to what the auditor stated, and then we would deal with it. And I could have put that in there because I thought of it. But I said, this is the way it should be. But I do not believe that we should be reviewing those items where opinions are stated on the basis of things that are in the Assembly at this time. I don't believe that we ought to be doing that. And the reason I'm saying that is because the minister is not here to defend the position, and I do not believe that the Crown Management Board should be here defending a decision by executive branch in government.

**Mr. Chairman:** — I think that the mandate of this committee, and I'm asking if committee members dispute that, the mandate of this committee is to review the *Report of the Provincial Auditor*, in this case for the year 1986, for the year ending March 31, 1986. That is the mandate of the committee. I don't think . . . Is that what you're disputing?

**Mr. Martens:** — No, I'm not disputing that. I'm just saying that the recognition of the fact that the years under review do not deal with the things that we were discussing at the last meeting that dealt with the new auditor's Act or anything related to that. And if that is identified in the preamble to any extent, it really is not the year under review. And if the auditor would have wanted to put that into a perspective, he could have done that on his own initiative in a separate folder to this committee where it could have been discussed separate from the accounts. But what you're doing is placing the year under review together with that, and I don't think that that's right.

**Mr. Chairman:** — Well all I will attempt to place before the committee is what is referred to in this auditor's report because that's the year under review. That's the mandate of the committee; that's the rules. I don't intend to allow us deviating from that, but if the auditor makes a statement in here, I think it is the mandate of the

committee to ask the auditor about that statement and ask any officials that are necessary to be here in order to discuss it. That is the long-standing tradition of this House, and any attempt not to allow that to happen will be a pretty major change in the tradition and, I'm afraid, an attempt to muzzle this committee and its work that it ought to be doing. And I won't accept that.

**Mr. Martin:** — Whether or not the people of the province will have an opportunity to hear about what the auditor had to say in his statement, the place for that is the Legislative Assembly.

**Mr. Chairman:** — Not true.

**Mr. Martin:** — You'll have . . . the members of this committee will have every opportunity they'll ever need to talk to the Minister of Finance about the issues here, written here in the auditor's report. And that's been the preamble to the 1986 report, plenty of opportunity to do that. That's where it should be discussed, not in here,

And the person you should be asking the questions of is the person that made that decision, that is, the minister. He's the one that made the decision that the auditor's talking about. He's the one that should have to answer to that. He's the one who has to answer to the people.

**Mr. Rolfes:** — Mr. Chairman, first of all, let me correct the hon. member opposite. I well recall, when I was absent from this House, when a new Bill was introduced the legislature saw fit to move that Committee of the Whole to the Public Accounts Committee because they felt that that was the appropriate place where the whole area should be discussed, and not in the legislature. Because . . . and he said the people on that committee were the ones that were most knowledgeable about the Provincial Auditor and those matters that pertained to the Provincial Auditor. I read that. I was not in that legislature at the time, but I agree that that was the right decision that was made that that's the way it should have been handled, and that's the way it was handled. That was not my decision; I wasn't in the House.

I simply want to say that if the hon. member from Wascana is correct, that it's the Minister of Finance that made that decision, that the law can well be broken and he is not answerable, then yes, it is incumbent upon us to try and get some of those answers in the legislature,

But it is very clear that the function and duties of the Public Accounts Committee is to scrutinize very carefully the Provincial Auditor's report — that is our function.

**A Member:** — As it deals with the year under review . . . (inaudible) . . .

**Mr. Chairman:** — Let the member finish . . . Mr. Rolfes has the floor. Order. Mr. Rolfes has the floor.

**Mr. Rolfes:** — It is our function and our duty to scrutinize the Provincial Auditor's report. And he says that in his report he was not given information that he needs in order to carry out his function.

**Mr. Martin:** — That's not true. He may say that, but he

was offered that information and refused to accept in terms . . . with the letters we've already talked about. He's talking about 1987 issues.

**Mr. Chairman:** — Order. I think . . . We do not . . . If people will wait for their order, I will let you in. I have in the past, and I will in the future. Let the member finish his remarks.

**Mr. Martin:** — I'm sorry. I apologize. I apologize.

**Mr. Rolfes:** — Mr. Chairman, if the hon. member wishes to debate with the Provincial Auditor that the Provincial Auditor was misleading the committee, then he should have that discussion with the Provincial Auditor, not with me. I am simply stating what the Provincial Auditor stated in his report. And Mr. Lutz can well defend himself.

What I am saying is we have the right, if he says that information was withheld from him and he was not able to perform his duties as prescribed by law, then we have an obligation to pursue that to make sure that he can carry out his duties.

What I'm simply . . . well I just want make a comment on this paper. So I think we're well within our rights to have the Crown Management Board before us to ask them questions as to whether they prevented the Provincial Auditor to perform his function. And if they prevented him from doing so, then they should be answerable to this committee, and through the committee to the legislature. That's the way the committee works.

I want to, Mr. Chairman, just make a brief comment on this statement. I didn't read it carefully enough when I first perused it. And if we . . . I'm quite willing to accept this statement after we are finished with our discussions today if we clean up the Crown Management Board. Then I'll be agreeable to accept it.

What this statement simply does if we accept it now, it says that we send away the Crown Management Board and don't question them any more. That's what this statement does, because I didn't read it very carefully. It says, and we therefore move:

That we acknowledge the opinions rendered and proceed to the itemized agenda as presented by (the chairman).

And that means just the list that you presented the other day and ignored the decision made by the committee that we call the Crown Management Board. And therefore I say we should not proceed with this today, do it only after we have finished with the Crown Management Board.

**Mr. Van Mulligen:** — Mr. Chairman, it appears to me that some members of the committee are trying to draw a very artificial line or distinction between issues that are currently under discussion in the legislature and issues that I would submit, because they are raised by the auditor in his report, are also issues of concern to this committee.

In my view, it's not only artificial, but it's a rather silly distinction. I certainly agree that the Minister of Finance,

executive branch, tables legislation, in this case dealing with the use of private auditors as opposed to the Provincial Auditor, It's his right to do that, and I agree that he's answerable to the Legislative Assembly, and I agree that he's accountable to the public.

By the same token, if the Provincial Auditor raises concerns in the report before us, whether they pertain strictly to the year under review or they're in his view current issues of importance, it matters not one whit. The fact is that those are issues that he's raised in his report for the year, and I might say raised them prior to the government coming down with legislation on this matter.

But to draw a distinction and say, well it's now being discussed in the House so therefore the committee really shouldn't be discussing it any more, to me is an artificial and silly line of distinction.

Yes, the Minister of Finance is accountable to the public through the Legislative Assembly, but we are also accountable to the public in a very different way. And the Provincial Auditor reports to us. I think the public will view it as an attempt to further stifle discussion on issues that are important should you carry through with this motion.

Again I really fear for this institution if at every turn efforts are going to be made to shuffle issues of importance to the public around in such a way that full discussion and full disclosure of information is not going to be provided. And again, I think the motion attempts to draw an artificial and silly line of distinction.

**Mr. Muller:** — Well we've always had a condition in this committee to deal with the year under review, and I think the Provincial Auditor has expanded his mandate past the year under review. And this is why I'm in favour of the motion — that we deal directly with the items on the list, and they're the items in the Provincial Auditor's report that are under the year under review or previous years. And we agreed to that in the other meetings that we had. And I think that's the simplest way I can put it.

**Mr. Neudorf:** — Yes, I think I concur with Mr. Muller. This is a point that I made at Tuesday's meeting already; it's very similar to what he is suggesting. I can't quite believe all the comments that I was hearing from Regina Victoria member there. We either have a set of rules, or we don't have a set of rules, I suppose.

If the auditor wants to make comments on a certain year, then we as a Public Accounts Committee, I feel, are very justified in scrutinizing those comments and taking a good, close look at them. But as has been pointed out by tradition, this is the way that it is handled as we work, one year at a time.

Now if Mr. Lutz wants to make comments that are going to be talking about 1987, 1986-87, whatever, in his 1986 report, I feel that what we should do is take a look at it. We can recognize that his comments are in there. And when the appropriate time comes, which is when that year will be under review, it will be closely scrutinized. We will have a good look at it, and we'll call in all the appropriate officials and make sure that there is proper accounting

done so that the public interests are protected and maintained.

And I take a little bit of exception as to saying that this kind of reasoning and this kind of philosophy is silly and that it is an artificial line. I don't think that our attention is to stifle or to prevent the public from knowing what their representatives are doing with their tax money — that is not at all the case. But we are going to do it at the appropriate time, and this is not the time for that.

**Mr. Martin:** — I just want to read an article by Gordon Osbaldeston who is, I think, recognized as one of the former top civil servants.

**A Member:** — Is he the Hamilton football kicker?

**Mr. Martin:** — No, he's now at the University of Western Ontario's National Centre of Management Research and Development; that's the Gordon Osbaldeston.

**A Member:** — Okay.

**Mr. Martin:** — He was a senior civil servant for many years. He points . . . in an article on how deputies are accountable — and obviously I'm not going to read it all, but I'd like to read a couple of things. He says:

The heart of the accountability system for parliamentary government is the responsibility of ministers to parliament in the accountability of deputy ministers to ministers. The conventions of the parliamentary system dictate that it is the minister who is responsible to parliament for the actions of his department on all matters of politics, policy, and administration.

And later he says:

One of the primary advantages of our system of government is that it provides a clear focus for parliament and the public to determine who is responsible. The government has a right to govern and must accept responsibility for its actions. If, instead, parliamentary committees assert a role in government decision making by holding deputy ministers accountable to them, the government's activities ultimately will be checked less by parliament, responsibility would be more diffused, and the government would be less responsible for its actions.

Which is why I said earlier that I think that this is something that can more properly be discussed on the floor of the House, and you will have ample opportunity to discuss that.

And also, I agree with what Mr. Muller was saying, and that is that we're talking about issues that are not the year under review.

**Mr. Chairman:** — Interesting article. Can you tell me when that one was written?

**Mr. Martin:** — September . . . Okay, it came . . . I don't know when it was written, but it was produced in *Policy*

*Options (Politique)*, 1987, September.

**Mr. Chairman:** — As I recall, I remember reading that article. It was written about 30 years ago.

**A Member:** — No, it was published this last month, which makes it . . . (inaudible) . . .

**Mr. Van Mulligen:** — You know, I'm a rookie member of this committee, but I just want to get this clear now. What Mr. Martens is saying is that we have an auditor's report for the year ended March 31, 1986, which is a year and a half ago, and the auditor in the report goes through a variety of departments and agencies and makes comments with respect to accounting practice in those departments. But in addition to that, the auditor has provided where in his view some current issues of importance.

Well as I understand the motion, it's okay for this committee, a year after the fact, to discuss everything in this report that strictly talks about events ending in March 31, 1986, but it would not be appropriate for us to discuss comments of the auditor that he considers are current issues of importance, including the matter of private auditors; including the issue of Public Accounts, you know, not being tabled in a timely way; including the fact that the Provincial Auditor is having his own problems getting his reports out because of lack of staff; that we couldn't discuss issues like the independence of the auditor; that we can't discuss the fact that financial statements were not tabled by a number of corporations; that we can't discuss items like a summary general purpose financial statement; that we can't discuss items such as the fact that some parts of the Crown seem to be suppressing information or not providing information to the auditor.

Except, as I understand it then, these current issues of importance would then become an appendix or further comments in the auditor's report ending March 31, 1987, and we would then discuss those in 1988 or 1989, depending on when the government sees fit to give us the auditor's report. Is that what the government members are suggesting, Mr. Chairman?

**Mr. Chairman:** — I don't know whether I can comment on what the government members are suggesting, but you . . . I think members have to put their own interpretation on it, and I shall too, as a member of this committee, and the chief prosecutor of this committee, when I'm on the agenda again.

**Mr. Rolfes:** — Mr. Chairman, I want to draw the attention, the government members' attention, to appendix II on . . . I don't know how you . . . II-5 in the back. And it says:

In my 1985 annual report I reported that in total \$776,000 was paid to private sector auditors for the audit of certain Crown corporations for the 1984/85 fiscal year.

The information that I have obtained indicates that the present practice of using private sector auditors appears to cost the people of Saskatchewan an approximate additional sum of

\$200,000 annually.

I humbly submit to this committee that that is the year under review, and I challenge anyone to tell me that it isn't. That is the crux of the whole problem that we're trying to discuss here — information that was denied to the Provincial Auditor in order for him to carry out his particular function, and our duty as members of the Legislative Assembly to determine whether or not the moneys of the people are effectively and efficiently spent by the government, and that is the problem that we are discussing, and it is under the year under review. And I challenge the members opposite to prove that I'm wrong.

I have no further comment until I hear from the members opposite.

**Mr. Martens:** — I'm just going to make a comment to that. I'm not debating whether we're discussing the year under review as it relates to that. I agree with you, but when we were going through the discussions with Crown Management Board on our last meeting, we were dealing with 1987, and I do not believe that the decisions made by the executive branch in 1987 need to be discussed in this report. And that's what we were doing.

And I don't want to stifle any part of the committee's responsibility in dealing with the year under review. When we are authorized to review 1987, we will do that in the context of 1987, but right now we're down to 1986, and that's where I think it should stay. And that's why we decided that that's where it should stay, because that's our mandate to work on.

**Mr. Rolfes:** — Mr. Chairman, as it relates to this, as it relates to private auditors, my understanding is of the law that as of now, the only one that can audit the accounts of the government, and that includes Crown corporations, is the Provincial Auditor. That's correct, I'm sure — as the law states today, the only one that can do it unless it's otherwise specified in the Act. And some are excluded.

But if it is true that the law is not upheld, if it is true that the law is not being upheld at the present time, and Provincial Auditors are doing the auditing, isn't it incumbent upon this committee, as it relates to private auditors and the auditing of the accounts of the government, that we make the government aware of that through this committee?

That's what I want to pursue with Crown Management Board. Surely the committee must be concerned. If the law says that the only one that can do — with those exceptions that are noted — that can do the auditing of the books, and we as a committee find that others are doing it and the law is being broken, surely it is incumbent upon us to make the legislature aware of that. That's what I want to pursue.

**Mr. Martens:** — That, Mr. Chairman, was not what you were pursuing at the last meeting. You were pursuing it on the basis of the year of 1987, and I don't agree with that, and that is not our mandate, and I don't even believe that the auditor has the right to bring that to this committee under those conditions, because that is not the year under review and we are dealing specifically with 1986. And to deal with the appendix, I have no problem with that either

— none of that. However, 1987 is out.

**Mr. Chairman:** — Members of the committee, I've heard the debate; in fact, I've gotten into it. I am raising with you the concern I have with the way that the last portion of your resolution sits here before us. As I read this resolution, this resolution would prevent us from, one, questioning the Crown Management Board about anything, even page 8 and 9 which we agreed earlier we would; two, would prevent this committee from adding any other departments to the agenda. And I worry about that because it has always been the practice of the committee, as the departments come before us, from time to time as we find information out that is of concern, to call or recall departments.

I would entertain an amendment. As a matter of fact I'm prepared to offer one. I'm afraid that as your motion reads here, that's what it would do, and I don't think that is what — I hope that's not what your intention is. I would prefer the motion said, in the last clause: we therefore move . . . No, I don't have it quite worked out. Anyway, while I work it out let me entertain any suggestions on how we may solve that what I think is a very serious problem.

**Mr. Rolfes:** — I have no suggestion as to how we can resolve it. All I'm going to say is I'll be extremely upset if I'm prevented from my role in this committee to question the Crown Management Board on a particular item that I feel is going against the law that presently exists. If I'm proven wrong, fine, I welcome that. But if I'm proven right, I don't want this committee to prevent me from questioning the Crown Management Board on items that pertain to the Provincial Auditor's report — as it pertains to the Provincial Auditor's report. And I've asked members on the government side to prove me wrong, that I am wrong in my interpretation. Check appendix II.

The law of the land, Mr. Chairman, the law of the land presently reads that the Provincial Auditor shall audit the books of the government and all Crown corporations and agencies other than those that are exempted. All right. I want to question the Crown Management Board as to whether or not that law is being upheld today, and if not, why not . . . (inaudible interjection) . . . The law is the law. Well, anyway, I've said my bit.

**Mr. Chairman:** — Well we have a motion here.

**Mr. Martens:** — Mr. Chairman, I'll amend it if you want, to say:

as presented by the chairman, or as reviewed and amended by the committee.

**Mr. Chairman:** — Can you explain that motion?

**Mr. Martens:** — The amendment?

**Mr. Chairman:** — Yes. I'm not sure what's intended.

**Mr. Martens:** — Pardon me?

**Mr. Chairman:** — I'm not sure what's intended.

**Mr. Martens:** —

We therefore move that we acknowledge the opinions rendered and proceed to the itemized agenda as presented by the chairman; or the items be reviewed on occasion by the committee to determine whether they will be called.

**Mr. Chairman:** — But I don't see that a very substantial change. You still have ignored the fact that we have called, this committee has called the Crown Management Board to the committee. May I inquire: how do you propose we deal with that in your amendment?

**Mr. Martens:** — After we pass this, we can adjust the agenda in whatever way we choose as a committee. And I have absolutely no problem dealing with the year under review. I have a lot of problems dealing with 1987 because I don't think it is my responsibility nor any members of the committee to speak to, number one, policy as it relates to the executive branch, and policies that are being put into the legislature at this time as it relates to the executive branch. I don't have to sit here and defend them, and that it not the role of the committee.

**Mr. Chairman:** — True.

**Mr. Martens:** — And that's part of what we want to do. And if, under the year under review, we find that there was an extraordinary amount of money spent, then we'll deal with it then. However, the year under review is 1986, and I believe we have to stay there.

**Mr. Chairman:** — As your chairman, who has consulted staff from the Legislative Assembly, my interpretation of the rule is that the mandate of the committee is that we review the Report of the Provincial Auditor. That is not questioned by anyone.

**Mr. Martens:** — No.

**Mr. Chairman:** — Okay. So therefore if the Provincial Auditor makes a report in here, we review the report. That's my interpretation, and that's the direction I'm giving to the committee.

**Mr. Van Mulligen:** — Do we have an amendment on the floor, Mr. Chairman, and is it appropriate to . . .

**Mr. Chairman:** — I don't know if it's an amendment or a suggestion.

**Mr. Van Mulligen:** — I'd like to move an amendment, if it's possible.

**A Member:** — I have.

**Mr. Chairman:** — I think he has one. I thought I'd heard one made. Can you repeat it for the benefit of the other members?

**Mr. Martens:** — Just add:

Or as reviewed and amended by the committee.

**Mr. Chairman:** — Okay. Did you hear the amendment? Any comments on it?

**Mr. Rolfes:** — Mr. Chairman, it doesn't change a bit. It doesn't change the item at all. All the members opposite have to do is refuse to then accept our suggestion that the Crown Management Board now be heard and, you know, it amounts to exactly the thing. I simply can't accept that. It doesn't change it at all.

**Mr. Van Mulligen:** — I'm not sure I quite understand the amendment except to clarify that agendas as presented by the chairman are, in fact, agenda items that are, in fact, reviewed or amended by the committee. The chairman does not act unilaterally; the chairman acts on behalf of the committee. So I'm not quite clear as to what the amendment is proposing to do.

I have another amendment, Mr. Chairman, but maybe we should finish this one and then we can get on to that one.

**Mr. Chairman:** — Okay, you have the amendment. Any other discussion?

**Mr. Martin:** — Yes, I just wanted to expand, just for a moment, on Mr. Muller's statement about how the auditor expanded his mandate. I guess what I find quite clear is that it says on the first page:

To the members of the Legislative Assembly

I have the honour to submit to the Legislative Assembly, this report, upon the examination of the accounts of the government of the province of Saskatchewan for the fiscal year ending March 31, 1986 . . .

Signed by Mr. Lutz.

And then over on page 3, he starts talking about on April 3, 1987. And clearly . . . I mean, I see it as Mr. Muller does, and I guess there are other members that see it, that he is just expanding his mandate. We're talking 1986, and that's the issue before this Public Account Committee.

**Mr. Rolfes:** — Mr. Chairman, I want to make the statement once more. The issue is not that; the issue is whether or not we as the Public Accounts Committee are given the liberty and the freedom to discuss the Provincial Auditor's report. That is our duty. That is our duty, and if we are now going . . . if the members opposite are now going to say, no, we're not going to allow you to discuss page 8 or page 9 because we feel it's not within the jurisdiction of the committee, then you're simply saying we will decide what this committee is going to discuss. And if there are some things in here that may be somewhat embarrassing or critical to the government, we're not going to allow you to discuss it.

**Mr. Martin:** — Oh, that's ridiculous.

**Mr. Rolfes:** — You may say it's ridiculous. I know exactly what you're attempting to do. I know exactly what you're attempting to do. Look, . . . Mr. Chairman, I have the floor I think.

And I want to say to the members opposite, you also agreed last day that we call the Crown Management

Board. Why now are you deciding not to call the Crown Management Board, or is it that you've been told by somebody in the Executive Council that you shouldn't have the Crown Management Board come before you? Is it because you were embarrassed the last time; the government was embarrassed because of contradictions said by someone from the Crown Management Board, as opposed to the Minister of Finance? Is maybe that the reason?

The Minister of Finance made it very clear the other day that private auditors were at work in Crown Management. He made that very clear to the media. In answer to the question of the Provincial Auditor, the manager of the Crown Management Board clearly indicated as far as he was aware there were no private auditors at work. I want to know whether or not the committee is getting the answers from someone who should know, or is he being kept in the dark also by the Minister of Finance, and the law of the land is not being upheld and private auditors are at work as the Provincial Auditor was suspicious of the other day.

Have you been told by the executive branch not to hear the Crown Management Board any further? And I think that's the crux of the problem; that's probably what has happened.

**Mr. Muller:** — Well private auditors have worked in the Crowns prior to 1982, and certainly you have even admitted that in some of the Crown corporations you allowed private auditors. And the other thing is I brought to the attention of the committee either last meeting or the meeting before that, I felt that the comments of the Provincial Auditor weren't in the year under review, and I still have that feeling.

And the other thing going to your 2.5 in the Appendix II, I understand under the . . . prior to 1982 that the Provincial Auditor never had the opportunity to look at cost effectiveness as you have cited in the paragraph 3.9, and you fought against him at that time having the mandate to look at cost effectiveness, and so all your arguments seem quite hollow to me.

**Mr. Chairman:** — I think we're now debating something rather than talking about what we're going to be doing in the committee here. I support what Mr. Rolfes says. And I support it because I draw to the attention of the committee, and I think the committee should have to address this later today, and I forewarn you that I will be proposing to the committee after we dispose of this resolution that I will be asking the committee to address it. In the questioning of the committee on September 24, a question was asked of the president, or the acting president of the Crown Management Board: have any auditors been appointed to the Crown corporations which now do not have legal authority to appoint private auditors? The president of the Crown Management Board said, and I quote:

There is nothing for him to report on because the Crowns have not done anything. We have not appointed other auditors.

Now if anyone should know whether auditors have been

appointed, it should be the president of the Crown Management Board. Either he's not doing his job or he's been instructed to mislead the committee.

The Minister of Finance, on September 25 or 24, in the House and to the press, said, I quote from the article:

. . . Lane confirmed that private auditing firms are probably already working in some Crown corporations even though enabling legislation has not been passed.

And in a further article he actually confirms it and does not even use the word "probably." Now I think that is the kind of contradiction from officials who come to this committee that this committee cannot tolerate, and I think we have a right to ask them questions about that.

Now you can do with your motion what you want, gentlemen, but I will be raising that at the end of the disposition of this motion and asking the committee to consider that, and I would hope that members will allow that to happen.

Do I have other speakers? Mr. Muller.

**Mr. Muller:** — Well in the article the Minister of Finance didn't say which Crowns, and of course private . . .

**Mr. Chairman:** — Oh yes, he did. Yes, he did.

**Mr. Muller:** — He named the Crowns in the article?

**Mr. Chairman:** — He named the Crowns that were at dispute. He never named the Crowns, but he refers . . . he talks about the Crowns at dispute.

**Mr. Muller:** — Well like I said before, private auditors have been working within the Crown corporations prior to 1982 in some Crowns.

**Mr. Martens:** — You raise a point exactly what I was talking about. You want to deal with 1987, and this committee's mandate is 1986. You've raised the point in the Legislative Assembly over and over again, and you have every right to do that. You have every right to challenge him on 1986, for that matter. But in this committee it's the year under review, and when we get to 1987, the auditor's report will be dealt with in just as candid a manner as it is being dealt with today.

But 1986 is going to be dealt with, and I'll raise this point one more time. We, in outlining the amount of time it took and the agenda, did not raise any objections to any one of those things being brought forward. And I would say that your statements regarding 1987 are out of order, and they should be remaining out of order because that's what we're talking; we're talking '86 and '86 only — or 86 and prior to that.

**Mr. Rolfes:** — Mr. Chairman, I want to make three points. First of all, the members opposite also agreed that we call the Crown Management Board before us, number one — point number one.

Number two, Mr. Muller is trying to cloud the issue by

saying, well, the private auditors were in Crown corps before, And we all know that; I admitted that. I said the law states, with the exception of those Crown corporations. That is not the point, Mr. Muller, and you know it.

What the Minister of Finance said clearly, in contradiction to the acting chairman or manager of Crown corporations, was that in spite of the enabling legislation not being in effect, private auditors are at work in those Crown agencies and Crown corporations which only the Provincial Auditor, by law, is allowed to audit. That is the point.

My third point is that I am not concerned about the year under review. I am concerned that the law is being broken, and I want to know whether or not the government and the executive branch have the right to simply say: we don't say what the law is; we don't care what the law says about the Provincial Auditor and who has the responsibility; we will simply limit his jurisdiction; we will limit his jurisdiction despite what the law says.

We, as the Public Accounts Committee who are responsible for examining and supervising the Provincial Auditor's report, should be concerned about the executive branch ignoring the law and saying to the Provincial Auditor, no, regardless of what the law is we're going to tell you; we're going to tell you. That should be our concern, and we should alert the Legislative Assembly and the people of Saskatchewan to that fact that the executive branch is ignoring the law. And they have no right to ignore the law.

And I need the Crown Management Board here to find out whether or not I am right in my assertion. If I'm wrong, I'm glad I am. But if I'm right, it should certainly be of concern to the members opposite. And that's the point that I want to make.

**Mr. Chairman:** — The longer this debate goes on the more I'm tempted to get into the debate, and I'm trying not to get into it, okay, although I have from time to time.

I think we should deal with the amendment, and I'm going to take Mr. Neudorf, who's indicated he will move it because Mr. Martens can't move it — because you moved the original motion. So I will take Mr. Neudorf as having moved the amendment which you all have heard. I don't think it needs to be repeated.

Can we vote on it? Those in favour of the amendment? Those opposed? The amendment is therefore passed.

Agreed

**Mr. Van Mulligen:** — Mr. Chairman, I'd like to move another amendment, and that is:

To delete all the words after "rendered" and to substitute therefor:

In our discussions with the various departments, agencies and corporations called to this committee

So that the motion would then read:

We therefor move that we acknowledge the opinions rendered in our discussions with the various departments, agencies and corporations called to this committee.

In moving that amendment, Mr. Chairman, I am of the view — and after listening to various members of the committee — that it is the job of this committee to review the comments of the auditor as provided in his report. And where those comments of the auditor pertain specifically, particularly to departments, agencies and corporations for the year ended March 31, 1986, or whether those comments are more current, or as the auditor calls them, current issues of importance, is not the issue.

But the fact of the matter is that the auditor has seen fit to make those comments, and those comments are included in his report. I believe those comments are valid comments for the committee to be discussing.

I think that it's wrong for you to take the position that the auditor has raised an issue; subsequently the Minister of Finance decides to make amendments or to propose amendments to the House which have a bearing on some of the comments that the auditor has to make; so therefore we should no longer discuss the comments that the auditor has to make. I think that is a wrong approach. I do not believe in that. And I have a very strong sense that when I look at comments of the auditor, and activities such as the late tabling of the *Public Accounts* so that the information is not timely; when I look at issues such as reduced funding for the auditor's office; when I look at issues such as the government sitting on a special report of the auditor, as reported by the auditor; when I look at issues such as financial statements for certain corporations not being tabled; when I look at issues such as refusing to provide summary general financial . . . general purpose financial statements; when I look at issues such as lack of expenditure detail; look at issues such as now the government attempting to restrict even further the work that the Provincial Auditor does, and now when I look at the kind of motions that you are putting before us, I really think that the public is going to have some real problem . . . some real problem in retaining any sense of support, any sense that this committee is, in fact, credible.

What you're doing with your motion is adding to a long list of activities from the last few years designed to restrict the flow of information that is legitimately the public's information — trying to muzzle those who have something to say about how the government operates; trying to limit the financial information and the financial picture of this province — even though, because of the government's own mismanagement, we have unprecedented fiscal challenges.

And in light of all those things, I think that if this committee and if this Legislative Assembly is to maintain some credibility with the public, it's important that we become more forthcoming, rather than less. It's important that we become more honest, rather than less honest. It's



important that we provide more information, rather than less information if we are to maintain some credibility with the public. But to engage in activities such as trying to muzzle the auditor, trying to restrict the auditor, trying to restrict the scope and the function of this committee, simply does no good for this province, does no good for the people of this province.

So therefore I think that in keeping with tradition of this committee that the appropriate amendment is that we note the comments of the auditor, and we bear those in mind in all our discussions with the various departments and agencies that are called before us.

Thank you, Mr. Chairman.

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

**Mr. Neudorf:** — Could you repeat the amendment.

**Mr. Van Mulligen:** — Mr. Chairman, it is:

To strike all the words after "rendered" and to add:

in our discussions with the various departments, agencies, and corporations called to this committee.

So that the motion would then read:

We therefore move that we acknowledge the opinions rendered in our discussions with the various departments, agencies, and corporations called to this committee.

**Mr. Chairman:** — Is that clear? Any other questions? You have the motion before you. Those in favour of the motion, so indicate.

**A Member:** — The motion or the amendment?

**Mr. Chairman:** — I'm sorry. Those in favour of the amendment so indicate; those opposed? The amendment is defeated.

Negated

**Mr. Chairman:** — Okay, we now have the main motion which is as amended by Mr. Neudorf, and I shall not take the time to repeat it as it is. Any other comment before I put the vote?

**Mr. Neudorf:** — Yes, I would just like to, Mr. Chairman, if I may, just respond a little bit to what I consider almost nonsensical rhetoric coming from across the last member speaking from the other side in terms of his interpretation of events. And muzzling and unaccountability, and so on, I think are the last things that this government is wanting to do. All that we are proposing here right now is that in due time, sticking with historical procedures as I understand this committee has operated in the past, this will in due course come to pass that the government will be accountable for its actions of the day.

But to proceed at this point in mid-stream in terms of actions that are going on right now that are not completed

— the auditor's report is not completed — everything is up in the air, as it were, to start to discuss issues that have not culminated, I think is totally premature. When the time comes that the 1987 report is finalized, many of these concerns perhaps that are being expressed right now will be found to be in error, to be somewhat altered. And then when the final report is done, then we can address it and accountability will be there ultimately.

Your concern about the lack of accountability for this government is not well founded. It will be brought to account. And I have no concern about that, and I don't think the people of Saskatchewan have a concern about that. But there is a due process and it will take its course. So be it, when the time comes this will be thoroughly discussed. Until that time comes, 1986 is under review, and we will thoroughly discuss the auditor's report as it pertains to 1986.

**Mr. Rolfes:** — Mr. Chairman, just a few words in response to the hon. member. Accountability two or three years down the road is absolutely . . . and we found this out already. Public Accounts did not finish their functions last year, the ones that they should have done. We know now. Who cares really what happened in 1984-85? You're concerned about what's happening now. That's the thing.

Now . . .

**A Member:** — Change the procedure.

**Mr. Rolfes:** — Change the procedure — how can we change the procedure? When we wanted to extend the sitting of this committee the members opposite refused to. When we said, let's make sure that everything that the committee has sufficient time to adequately look at, all the . . . the whole auditor's report and all the Crowns and departments, we couldn't get any co-operation from members opposite. They would not agree to sitting as long as is needed. We've got no assurance that when this legislature finishes that the public accounts will continue if we haven't finished our business. We've got no assurance from you people, and therefore you're putting us in a strait-jacket.

You say you're either going to do it within the time limit and we're going to hold it up if we have to; we're going to determine what you're going to be able to look at and what you're not being able to look at. That's not accountability, and you know that.

What the government is doing right now . . . Many of those Crown corporations will no longer be under the scrutiny of this committee or the Provincial Auditor come next year, and you know that. Each and every one of you knows that. Look, it is true, and you will find out next year that there are many agencies that will not come under our scrutiny.

Secondly, I want to simply say to the members opposite, I want to find out whether this committee is concerned about the law being upheld, right now. Surely that should concern each and every one of us. Or doesn't it bother you that the law says . . . Right now the law on the books is . . . It may be wrong and you want to alter it. Fine. And you're in the process of doing that. But while it still is not a

Bill . . . While it still is not a law and it's only a Bill, the law says that the Provincial Auditor shall have the final supervision.

And that's not being done right now, according to the Minister of Finance. According to the member over there, Mr. Gibson, yes, it is. But according to the Minister of Finance, no. And he's simply saying: I'm going to continue, because I'm going to change the law. That is wrong, and that should concern each and every one of us here. And that should be drawn to the legislature's attention and to the executive government. They should be made aware that we, as members, are concerned about that.

But we can't make them aware of that if you're not going to let me examine and question the members that are sitting at the table. I can't do it, so I'll have to go out and tell the media that's what's happening and let you guys dispute it if you wish. Because I will quote what has happened, what the manager has said, and what the Minister of Finance has said, and then, all right, let the chips fall where they may.

And you'll say, well you're irresponsible. But you're not allowing me to carry out my function as an MLA on this committee. And muzzling isn't too hard a word, because that's exactly what you're doing. You're not allowing me to carry out my function. And I know members opposite have to agree with that.

**Mr. Neudorf:** — In due course you'll get that opportunity. We're just following procedures, historical procedure. Sorry, Mr. Chairman, sorry.

**Mr. Chairman:** — Please let the speaker . . .

**A Member:** — They obviously have received . . . No, they've received their instructions.

**Mr. Van Mulligen:** — Well, Mr. Chairman, it's been suggested that muzzling anybody is positively the last thing the government would do. I would submit, Mr. Chairman, that when I look at the events of the last few years, that it seems to be the first thing the government seems to use; the government that is just extremely heavy-handed, extremely heavy-handed when it comes to dealing with anyone or any group that has the least criticism, or in dealing with those that are independent and might have an independent voice.

Whether it's groups or individuals that might be in a position to comment on the government's affairs, we see the government cutting back, restricting. We see the government and independent bodies such as the Public Utilities Review Commission — they set it up; they don't like what it has to say; do away with it. We see the government . . . the public being offered an opinion by the Legislative Counsel. What does the government do? Attack an independent employee of this Legislative Assembly. We see the government trying to, or has, restrict the amount of resources that the auditor has to do his job adequately because they don't like what the auditor has to say.

And now you're trying to, in a very perverse way, trying to

change the role of this committee, trying to change what the committee has traditionally been able to do — to restrict its purview even more, so that the committee will be less effective in dealing with the public accounts and how the public's money has been spent.

You know, there are two ways that a government can deal with the question of how moneys are spent and how it can deal with criticism: one, it can try and muzzle and suppress and hide in the cold, and hope in this way that all of the information that might have some minor embarrassment for it will be withheld. On the other hand, you can choose to be open and not withhold, but be forthcoming so the public at least has some sense that this is a government that's prepared to be honest and open with the money that this government is spending.

I just . . . I'm very pessimistic, Mr. Chairman, about the function of this committee, about the public's access to knowledge, the public's right to knowledge, if the members take the position that we're going to use every opportunity we can to restrict, to withhold, to muzzle, you know, to keep people in the dark.

**Mr. Chairman:** — I have one more — Mr. Muller — and I'll try to get this motion disposed of.

**Mr. Muller:** — Well Mr. Rolfes made the allegation that we were trying to hold up the work of this committee, and I think that . . . I made the motion to extend the sitting hours of the committee so we would be able to get our work done, and sitting twice a week instead of once a week, and we want to move along with the 1986 *Public Accounts*, the Provincial Auditor's report, and the *Public Accounts* of 1986. We'd like to move along with it, but they seem to be holding it up.

And in the first page of the Provincial Auditor's report . . . I can read it to you. It says: from March . . . the Saskatchewan fiscal year ending March 31, 1986. He says that himself, that that's what we were supposed to be dealing with here, and I'm all in favour of that. And I say that we should move on with the work instead of sitting here haggling. And I say we should deal with the motions before the committee, and let's get on with the job.

**Mr. Chairman:** — I agree that we should be there. I . . . (inaudible interjection) . . . Okay. Mr. Martin.

**Mr. Martin:** — I won't talk about hard-handedness or threats from the opposite members or whatever, but clearly, to me, the use of private auditors has nothing whatsoever to do with whether or not they like what Mr. Lutz is saying. It's a policy decision that was decided long before Mr. Lutz made any comment whatsoever about whether or not we were going to be using private auditors for work.

**A Member:** — Who cares?

**Mr. Martin:** — Well I care because Mr. Van Mulligen said that the government is stifling Mr. Lutz and that they're using private auditors because they don't like what Mr. Lutz has to say about that.

I don't agree with that. It has nothing whatsoever to do

with . . . Mr. Lutz can say anything he wants to say. He, I feel, has made this a public issue, and therefore you have an opportunity to go line by line, clause by clause, when this issue comes upon the floor of the legislature. You can debate it for weeks and weeks and weeks if you wish. And the public will get a better hearing there than they will here because there will be more media interested in it. So you'll have ample opportunity to discuss what Mr. Lutz has to say about use of private auditors.

I asked Mr. Lutz one day if he had had a problem with . . . if he didn't think that they were good enough, and he said, no, he has no problem with the private auditors whatsoever so far as professionalism is concerned.

So we're talking about section 14 of The Provincial Auditor Act which is what he's talking about here when he says, for the year ending, fiscal year ending March 31, 1986. His comments deal with issues for 1987, and clearly 1987 and 1986 is not finished yet. Those issues will come up later. You'll have every opportunity to discuss Mr. Lutz's comments on the floor of the legislature where they should be aired.

**Mr. Rolfes** — Mr. Chairman. That is the irony and the weakness of your argument. Who can best explain what the Provincial Auditor meant by what he said than the author himself, the Provincial Auditor. You tell me where I have the Provincial Auditor in the legislature and he can say what he wrote, and explain what he wrote in his Provincial Auditor's report . . . (inaudible interjection) . . . He can't speak in the legislature, and you know that. But he can here, and he does so; he can here, and he does so. And he expresses, he is an employee of the legislature and therefore he speaks his mind openly and without any fear to this committee, as he did before 1982.

And I can tell you people right now, there were many times I didn't care for what he said either because it hurt, because he hit my particular department. And you guys can't take a little bit of criticism that he levels at your government.

**A Member:** — That's not the issue.

**Mr. Rolfes:** — The issue is that the law is not being upheld. Period.

**Mr. Chairman:** — Order. Order. The speaker has the floor, please.

**Mr. Rolfes:** — The issue is that we have a conflict between the Minister of Finance and the president of the management board. The president of the management board says, as far as he is aware, there are no private auditors presently doing auditing in those agencies and Crown corporations which have not been authorized by law for private auditors to do.

The Minister of Finance says there are private auditors doing auditing now in Crown corporations that have not been authorized by law to be done by private auditors.

The Provincial Auditor says that he asked for information in his report which he was refused. And he said he was not able to make a judgement as to whether or not it was

cost-efficient to have private auditors versus provincial auditors, because he could not get the information. That is in his report. That is what we are discussing.

Has someone infringed upon the job of the Provincial Auditor in doing his job by refusing to give him information that he needs? That is the question. No one here, and you can do away with the bogey man of saying private auditors — we're opposed to private auditors. Goodness sakes, we're not opposed to private auditors; we had them before in '82. That's not the issue at all. The government wants to put in private auditors, let them put in private auditors. But it is the Provincial Auditor's responsibility to find out whether they are cost-efficient. And because he can't get the information, he can't do his job. Therefore he noted a word of caution, and I'm simply saying it's our duty to be able to examine that. And you're saying, no, you can't.

**A Member:** — Yes, you can, in due course.

**Mr. Rolfes:** — He put it in this report. He doesn't put it in next year's report, do you know what you're going to say? If he doesn't put it in next year's report, I know what you guys are going to say — well that was in last year's report. He didn't put it in this year's, so you can't discuss it. I know how this circus goes, you know, and you guys do it over and over and over. We do it . . . We ask in the legislature — go to Crown corps; you can ask that in Crown corporation. So if we want to ask anything about Crown management, who do we ask?

**Mr. Martens:** — Crown corp.

**Mr. Rolfes:** — Exactly, thank very much. But the member from Wascana says, you will have all the opportunity you want to discuss it in the legislature. I say you're wrong, and your member proved that you are wrong. Thank you, Mr. Chairman.

**Mr. Chairman:** — Let me try to clarify some things here because I think there have been some misconceptions in the debate. And let me show you in The Provincial Auditor Act itself, and I'm reading from the Act so that we can clearly understand what the mandates are here.

**A Member:** — What page are you on?

**Mr. Chairman:** — I'm on appendix 1, section 13 of the Act. And when I am finished here I'm going to ask for Mr. Lutz since, as someone said, he has an opportunity to speak here to comment on what he thinks his role is.

But in section 13, I don't think there is any doubt what the Provincial Auditor can report on. And I point this out because some people have questioned his right to comment. It states in section 13 that:

The provincial auditor may prepare a special report to the Legislative Assembly on any matter that is, in his opinion, important or urgent.

And it seems to me that is what we've been talking about here today.

Now I will ask Mr. Lutz and he will elaborate further on

that provision and expand on it for our benefit.

**Mr. Lutz:** — Thank you, Mr. Chairman — with the leave of the committee. I guess what this report to the legislative Assembly amounts to is three reports in one. There was a special report prepared in November. I had some additional problems when this report was being prepared, and I had my report on the '85-86 government operations.

Now if this is going to cause a problem to the members, I would welcome your direction. I can indeed prepare a special report relative to failure to obtain information, and I will put that on the table as a special report and then there's no quarrel with this book.

I can put another report on the table relative to — oh, my work will be late next year because I don't have enough resources. That will be a special report and it won't interfere with this book. Now I don't know what the wishes of the committee are, but I can do that.

What in essence I have done is exercise my prerogative under section 13 and report it to my employers, the Legislative Assembly, under the . . . Without calling it a special report, I have in fact rendered in this thing a special report on certain matters which I thought at the time were important and should be brought to the attention of the Assembly. I can do it either way.

**Mr. Chairman:** — Thank you. Okay, you have the motion now and it's been repeated several times so I won't restate it. All those agreed? The amended motion, your motion, by Mr. Martin. Martens, I am sorry sir.

All those in favour of the motion? All those opposed?

Agreed

**Mr. Van Mulligen:** — Mr. Chairman, I would suggest then that, as I interpret the motion, the government members are saying the comments of the auditor, while interesting, should not be the subject of any further discussion, or general comments in the first part of the report.

And therefore I would suggest that the auditor take the opportunity, as provided by section 13, to make such special reports to the Legislative Assembly as he sees fit so as to ensure that all those issues that are contained therein are brought to the attention of the Legislative Assembly and to the public.

**Mr. Chairman:** — Are you referring to the two special reports that the Provincial Auditor indicated that, if the committee wishes, he can provide to us?

**Mr. Van Mulligen:** — To the Legislative Assembly, yes.

**Mr. Chairman:** — Okay, that's the recommendation?

**Mr. Lutz:** — Mr. Chairman, I wish not to enter into your debate. I don't think that's my function at all. I guess when this was being written our problem was: if I have concerns about the legislation being prepared certainly I was aware it was being prepared; I think everybody in government and legislature, and

everywhere else knew it — if I have concerns about that legislation, if I indeed wait until the applicable year to make my concerns known, I think it would be quite logical for the Legislative Assembly to say to me, don't tell me you don't like it; you didn't say a word.

Conversely, I certainly understand the other side of the argument. If I do, in fact, address something like that, which seems to be in a wrong year, there is always the possibility that somebody will say, you jumped the gun. Now I chose maybe to anticipate. I would rather be accused perhaps of jumping the gun in diligence than to miss the boat with indifference. So I think in all cases I will likely always be accused of jumping the gun. I would much rather be so accused.

**Mr. Chairman:** — It seems to me that comes with the territory.

**Mr. Martens:** — Mr. Chairman, I specifically put the three items as a preamble to the motion for the specific reason, to identify that we recognize that the auditor has to do that. That's what was in there and that was what the intention was. And as you go through those three items, prior to the moving of the motion, deal specifically with that preamble to the audited statements, or the auditor's report on statements that he made. And I have no problem in accepting those kinds of things, as he states there, in reviewing them as exactly as we just finished voting on and dealing with those items.

I think that that's what that . . . I know that that's what I drew that up for because I recognized that I did not want to infringe on the rights of the auditor in relation to the Assembly, and I specifically stated that there and to this committee too.

**Mr. Chairman:** — Agreed. That's why I consider Mr. Van Mulligen's recommendation in order, and what he's recommending is that the committee request the auditor to give us a special report on his concerns regarding what . . . as he sees it. Lack of consultation, inability to get information, and his concern about inability to get his work done because of whatever. I won't assume what the reasons might be. And I think if we get that report, maybe it will clear for all of us what may be, or may not be, a reason for concern, and that's the best way to do it.

**Mr. Martens:** — When do you anticipate, Mr. Chairman, that that should be done?

**Mr. Chairman:** — Well, whenever Mr. Lutz is able to do it, and as . . . I can't anticipate how long . . . Maybe we should ask him how long it would take him.

**Mr. Martens:** — No, I'm going to ask you, as the committee, when we think it should be put into place. I think that . . .

**A Member:** — . . . (inaudible) . . . you guys vote against it anyways. There's no sense even giving you our opinion.

**Mr. Chairman:** — Let the member make his comment.

**Mr. Martens:** — The opportunity for the auditor to do that in next year's report is there, and I'm not going to deny

him that opportunity and, if it's the wish of the committee, to have a report that is separate from that at some other point in time; or is this committee expecting him to deal with that before we finish the discussion on aspects of the report as we've outlined in the agenda?

**Mr. Chairman:** — As I understand it, the recommendation is that within the parameters of section 13 of The Provincial Auditor Act where the Provincial Auditor may prepare a special report, rather than debating further this issue, we ask him to prepare those special reports under section 13, and which he can begin now, assuming he's not taking time away from auditing his books or everybody else's books. And that we authorize him under section . . . direct him under section 13 to prepare those special reports now.

**Mr. Rolfes:** — Yes, Mr. Chairman, just to clarify it — special reports to the legislature, not to this committee, because if it is to this committee, the motion we have just passed . . . the members would say, no, it's not under the year under review, therefore we can't consider it.

**Mr. Chairman:** — Well that's what this section says. The section says legislature.

**Mr. Rolfes:** — Exactly. So it's report to the legislature rather than . . .

**Mr. Chairman:** — Just so it's not misunderstood, ultimately, the legislature then refers it to us. But it's a report to the legislature, as it should be, as is his own Public Accounts report. Okay, the recommendation is there.

**Mr. Martens:** — The opportunity for the Assembly to deal with it on the basis of whether they want to pass it on to the Public Accounts Committee may at that point in time be something that should be discussed. And if your House Leader and our House Leader would get together on it, perhaps that's something that could be discussed. But it will be probably discussed after the second reading and the Committee of the Whole of the discussion on the Bill.

**Mr. Chairman:** — Okay, is that recommendation concurred then?

**Mr. Rolfes:** — I just want to make one statement, Mr. Chairman. I think it's unfortunate that the members opposite wouldn't give Mr. Gibson the opportunity to clear a misunderstanding.

**Mr. Chairman:** — I'm going to come to that yet. I'm going to dispose of the agenda.

**Mr. Rolfes:** — Well okay, because he'll have to defend his statement somewhere now, and I would rather that he had been able to do it in this committee.

**Mr. Chairman:** — Okay, that is disposed of. We can go back to the order of business that's before us. Before us we have called Crown Management Board, who are here, and I apologize for us. I'm sure you could have done more productive things than listen to our debate here, but hopefully it was interesting. I will then ask the committee members if we may pursue the questioning on the *Report*

*of the Provincial Auditor* with regard to . . . as it pertains to the Crown Management Board. I have some questions if I may begin.

**Mr. Martens:** — You're probably going to deal with page eight and page nine as it relates to those items . . .

**Mr. Chairman:** — I will.

**Mr. Martens:** — . . . on item 25, 26, and 27, and that's in the Auditor's Report. I don't see any problem in dealing with that as long as you keep it specifically in 1986 as we have said.

**Mr. Chairman:** — We'll see as it flows.

**Mr. Martens:** — You will be calling order, Mr. Chairman, if it goes beyond that.

**Mr. Chairman:** — My questions, if I may begin, deal with financial statements that are not being tabled on page 8 and 9. And they deal with the question that the Provincial Auditor indicates that:

"The . . . Assembly has not enacted any legislation to ensure that the duly audited financial statements for Crown agencies established pursuant to The Business Corporations Act are tabled in the Legislative Assembly. (And therefore) . . . the Legislative Assembly does not have all the essential information to hold the executive government accountable . . ."

And it specifically refers to five Crown corporations: Prince Albert Pulp Company, CIC Industrial Interests Inc., Prairie Malt Limited, Westank Industries Ltd., and SaskPen Properties Ltd.

My question to the Crown Management Board: can you explain to the committee what the process is in the reporting on the financial affairs of these Crown corporations is? Who are the reports provided to, and how in your view does it finally get to the Assembly?

**Mr. Gibson:** — Well the audit reports are addressed to the shareholders of the company which, I guess, it varies. Prince Albert Pulp Company is CICIII, Industrial Interests Inc. . . . sorry, Crown Management Board. And CIC Industrial Interests Inc. is Crown Management Board. Prairie Malt is owned by CICIII which is the company listed above there. Westank is owned by Sedco. And SaskPen is owned by a number of pension plans.

**Mr. Kraus:** — If I could just talk about the last item. I think that particular entity should . . . the problems with that one, or the questions, rather, regarding SaskPen should be answered by Finance, because although it's here under this caption and tied to some of these Crown Management Board corporations . . .

**Mr. Chairman:** — I won't expect these gentlemen to refer to what is within their jurisdiction. I know that.

So these four — I will delete SaskPen Properties — report . . . their financial statements are part of the Crown Management Board.

**Mr. Gibson:** — Well except for Westank, they would go with Sedco.

**Mr. Chairman:** — Westank will go to Sedco, which in turn reports to the Crown Management Board.

**Mr. Gibson:** — That's correct.

**Mr. Chairman:** — Therefore the Crown Management Board in your view are the shareholders of these companies?

**Mr. Gibson:** — Well we represent the shareholders . . . We either represent the shareholders or we are the shareholders.

**Mr. Chairman:** — The shareholders of the Crown Management Board or the Crown investments corporation — which is the correct title I think — in your opinion, who are they?

**Mr. Gibson:** — It's the government.

**Mr. Chairman:** — That's right. Thank you. Which means the government represents the population of Saskatchewan, and therefore Crown Management Board shareholders is the public.

The reason I try to clear that up is because ultimately the financial statements of these corporations — and I'm not being critical of the Crown Management Board because the problem is with the legislation, not with the people who are working in Crown Management Board — ultimately the financial statements should be reported to the ultimate shareholders which is the public of Saskatchewan. But the legislation here does not require that to be done. I think that's what Mr. Lutz is saying.

**Mr. Lutz:** — Yes, that's what I'm saying.

**Mr. Chairman:** — Have you ever . . . Has the Crown Management Board ever considered the need to change the legislation?

**Mr. Gibson:** — No, not that I'm aware of,

**Mr. Chairman:** — Okay.

**A Member:** — If they keep you in the dark, you can't ask answer any questions.

**Mr. Chairman:** — Yes, I guess that's why we're concerned, and that's why the auditor is concerned. And once again, that's simply a political decision that, I think, the elected body has to grapple with. Do you have any opinion from an administrative point of view on whether it would be beneficial to have such legislation?

**Mr. Gibson:** — I can't answer that.

**Mr. Chairman:** — Sorry, staff tells me I should not be asking that kind of a question for an opinion, and they're right. I won't ask opinion questions. You're not here to give opinions, you're here to give us the facts. Mr. Rolfes.

**Mr. Rolfes:** — Mr. Chairman, this has been going on for some time, I believe.

**A Member:** — Oh sure, we were just as guilty.

**Mr. Rolfes:** — Yes, that's true. No, that's what I mean. No, I think we were. And what I . . . let's say, for example, that all of the Crowns that are going to be privatized are going to be put under similar boards or . . . let's say they're going to be all made responsible to CMB; would that mean then that people have no right to accountability or finding out information? How do we find out information about it?

**Mr. Gibson:** — I guess Saskoil is an example of one that has been privatized, and its financial information is readily available.

**Mr. Rolfes:** — But only . . . I mean, not through the legislature. There is no way . . . after this year, Saskoil will no longer come before Crown corporations, I believe. Yes, only this year because in 1985 it was still a Crown. But after this year, I'm sure that Saskoil will no longer come before Crown corporations. And if the same thing applies to all the others that are going to be privatized — if I'm right, I may be wrong on that, but I think I'm right then who are they going to be held accountable to? The executive branch of government? And if you can't get to the executive branch of government because it's no longer in Crown corporations, who are they accountable to?

Well, again, maybe that's the wrong . . .

**A Member:** — No, it's a fair question on where the report would go.

**Mr. Gibson:** — Any company is accountable. Any company is accountable to its shareholders. Saskoil has shareholders; it has shareholders' meetings. Those companies, I think, do have an accountability stream.

**Mr. Rolfes:** — So the majority of the shares of Saskoil now are held outside of Saskatchewan, so Saskoil is accountable . . . really not true. Yes, it is — 75 per cent now.

**Mr. Martens:** — 75 per cent of the shares that are available . . .

**Mr. Rolfes:** — That's right. So that means that Saskoil is now not accountable to the people of Saskatchewan, but to people outside of Saskatchewan mainly, except through the government?

**Mr. Gibson:** — Mr. Rolfes, 47 per cent of Saskoil is owned by the government.

**Mr. Rolfes:** — Yes, well except . . . but the other shares, the majority of those are held outside of Saskatchewan,

**Mr. Gibson:** — Well 53 per cent of the shares are held by somebody other than the government. I don't know whether they're . . .

**Mr. Rolfes:** — And most of those . . . 75 per cent of that 5 per cent is held outside Saskatchewan. Am I correct?

**Mr. Martens:** — What's 75 times 53?

**Mr. Rolfes:** — Put 36 per cent?

**Mr. Martens:** — That's right. So that's what it's based on.

**Mr. Rolfes:** — All right, but that's my point. The government owns 47 per cent. It's no longer a Crown corp. It's not accountable to Crown corporations; we can't ask about it in . . . there is no one really that you can ask about it in the legislature under a department. How are they accountable? Who are they accountable to? I mean, how can we question?

If I'm a member of the legislature — if I'm not . . . I don't have any shares in Saskoil — how am I going to question the government on Saskoil? What avenues do I use?

**Mr. Gibson:** — Well, you know, I am not totally familiar with the legal rules of the various committees that operate around here, but there are shareholder meetings. You can probably talk to the management directly if you wanted to. There are any number of investments that the government has that are not reported through Crown Corps Committee or Public Accounts Committee.

**Mr. Rolfes:** — But answerable within the legislature.

**Mr. Gibson:** — Yes, the Crown Management Board appears before a Crown Corps Committee. Right now we're the holder of those government shares. I would assume that perhaps . . .

**Mr. Rolfes:** — Okay, so we could ask then through that?

**Mr. Gibson:** — Well, as I say, I'm not . . . I'm a long way from being an expert on what the rules are on Crown Corps and Public Accounts Committees.

**Mr. Rolfes:** — No, I'm saying, if that's a vehicle — great. You know, as long as there is some vehicle that we can . . . See, my point is, I don't own any shares in Saskoil directly, except through the 47 per cent that is owned by government. But that would not entitle me to go to any of their meetings and ask questions. I don't think so. I wish it would but it doesn't, I don't think. And if they were no longer reporting to Crown Corps, then I think, you know, we'd have a problem. But if they report through CMB, then we have an avenue, and I think my fears are allayed.

**Mr. Chairman:** — Can I just pursue that for a moment? Is it your opinion — sorry, shouldn't use the word "opinion." In your roles as the chief officers of the Crown Management Board, do you consider it your responsibility to provide a report through Crown Management Board to the Legislative Assembly on the financial state and the operations of Saskoil?

**Mr. Gibson:** — Mr. Chairman, I think if there are any questions on Saskoil on any topic, if those were asked of us in Crown Corps Committee we would . . .

**Mr. Chairman:** — No, Mr. Gibson, that's not good enough. You're here in the Public Accounts Committee, and I'm asking you a very straightforward question and a

question which you should be able to answer because you're the man responsible. Surely a person in your position, who is appointed there, should know what your role is — and I assume you do. I don't question that at all.

Do you consider it your role and responsibility, as the president of the Crown Management Board of Saskatchewan, legally known as Crown Investments Corporation, to report through Crown Management Board to the Legislative Assembly on the financial affairs and the operations of Saskoil? Do you consider that part of your responsibility?

**Mr. Gibson:** — No, I do not.

**Mr. Chairman:** — You do not?

**Mr. Gibson:** — I report to the board of directors of Crown Investments Corporation.

**Mr. Chairman:** — Do you then consider that you provide that report so that the board of Investments can provide that information to the Legislative Assembly of Saskatchewan?

**Mr. Gibson:** — Well can you clarify what you consider to be a financial report?

**Mr. Chairman:** — They are standard financial statements that all businesses and corporations, including Crown Management Board, has to prepare.

**Mr. Gibson:** — I don't know if you're aware, but Saskoil does issue quarterly reports, and they are readily available and . . .

**Mr. Chairman:** — But that's not my question, sir. I'm asking you to answer my question.

**Mr. Gibson:** — Well I'm sorry. I'm not trying to be difficult but . . .

**Mr. Chairman:** — I know that.

**Mr. Gibson:** — . . . (inaudible) . . . financial report, and I thought you indicated those were financial statements. And as I said, Saskoil does issue quarterly reports which does have financial statements in them.

**Mr. Chairman:** — Well let me put it this way. You can put your definition on it, but do you feel it is your responsibility — the responsibility of your position; I don't want to sort of pick on you — to provide a report on Saskoil — whatever form, annual report, financial statements — so that the public who has shares in it, through the Government of Saskatchewan, knows? Do you think that you have a responsibility to provide to the Crown Management Board a report which is then required to be provided to the legislature?

**Mr. Gibson:** — Mr. Chairman, first of all, I can't control; you know, I can make a report, and I can't control whether or not that goes to the legislature or not. I have no direct responsibilities to the legislature. Saskoil is an investment of Crown Management Board, Crown Investments, and, as with any investment, I think we have

a responsibility as management of Crown Investments to be aware of what is happening within the particular entity and to report any major problems that we become aware of.

**Mr. Chairman:** — Saskoil has now been operating for almost a year, or more than a year?

**Mr. Gibson:** — Pardon me?

**Mr. Chairman:** — Has Saskoil been operating for a year or more than a year, as it is now — the new version of Saskoil?

**Mr. Gibson:** — I believe the first share issue was in January '86.

**Mr. Chairman:** — Has the Crown Management Board in their policy or their instructions to the . . . (inaudible) . . . position of the president not indicated whether a report should be prepared which then will be required to be tabled in the legislature? Have you not received those instructions even though a year has been completed?

**Mr. Gibson:** — No.

**Mr. Chairman:** — What instructions have you received with regard to providing information to the legislature and therefore the people who own 47 or 53 per cent . . . 47 per cent of the shares of Saskoil?

**Mr. Gibson:** — I have received no special instructions relating to Saskoil.

**Mr. Chairman:** — And so what are, then, your intentions?

**Mr. Gibson:** — Well we act as the representative of the shareholder, and one of the commitments that the shareholder made was that we would act as an investor and not as a manager. So we definitely do not intend to partake on an active basis in the management of the company.

We would attend shareholders' meetings; we would monitor what is happening within Saskoil, and if something came to our attention that we felt was important, we would inform our board members of that.

**Mr. Chairman:** — Those 47 per cent who are also shareholders, the Government of Saskatchewan — 47 per cent of the shares are owned by some one million Saskatchewan citizens, I would assume, since the government represents them. How do you intend to report to them?

**Mr. Gibson:** — The financial statements of Crown investments are public documents, and within those statements are the financial results of Saskoil.

There is a commentary in front of the . . . in the annual report on our various investments. We appear before Crown Corporations Committee. There are a number of vehicles that are available to pass on information about our investments.

**Mr. Chairman:** — Sorry. Those million people who are

shareholders, 47 per cent of them, cannot attend annual meetings. They do not carry their certificate or whatever it is you're supposed to have. How do you report to them unless you report through the legislature on behalf of Saskoil, since you are the one . . . since it is your agency that is acting in their behalf?

**Mr. Gibson:** — Well through such things as our annual report, Crown Corps Committee . . .

**Mr. Chairman:** — Yes. Any other questions?

**A Member:** — Not on this angle.

**Mr. Chairman:** — Not on this? Okay, let me pursue this, going back to the general question here.

In 1.26, do you see any administrative problems in complying with any legislation that would require for the providing of financial statements for Crown agencies as these four are? If that was required, are there any administrative problems that would prevent you from being able to do that?

**Mr. Gibson:** — I guess, just so that it's noted on the record, the financial statements of Prince Albert Pulp Company were, in fact, tabled last year for 1981 to 1985 or some period like that.

I think it's been a policy of the government not to disclose these financial statements because they are reported within a consolidated set of statements further up the ladder, so to speak. And I think . . . I'm just going from memory here, I certainly can't recall verbatim all the discussions that I've listened to, but I think in many of those cases, you know, if you took at . . . Prairie Malt is probably a good example of that. It's a single product company, and it would be very damaging, from a competitive point of view, to disclose the results of those operations on an individual basis.

**Mr. Chairman:** — I understand that, and I understand the difference between government policy and straight technical administrative problems. If the policy was changed — I'm not asking you to comment on the need for policy change; that would be unfair. I'm simply asking: administratively, would it be impossible to do it, or administratively would it be possible to do it?

**Mr. Gibson:** — To publish the statements?

**Mr. Chairman:** — To provide those statements. Yes.

**Mr. Gibson:** — Yes. Well there would be an additional cost to the government, but it's not impossible.

**Mr. Chairman:** — So, administratively it's realistically possible.

**Mr. Gibson:** — Within . . . assuming that the cost was not a factor,

**Mr. Chairman:** — Okay, that's all I have on that. Anybody else on this particular subject?

**Mr. Van Mulligen:** — Mr. Chairman, I'm of the view —



and notwithstanding which government may have subscribed to the notion that the Legislative Assembly should not be enacting legislation to insure that duly audited financial statements for certain Crowns be provided to the Legislative Assembly — I am of the view that any and all activities that the government participates in should be fully disclosed to the extent that it's possible so the public is at all times aware and knowledgeable about what it is that their government is doing. So if there is any comment I would have with respect to the specific industries, it is that perhaps the Legislative Assembly should be enacting legislation.

**Mr. Chairman:** — Thank you, Mr. Van Mulligen. Okay. Let's . . . can we move on? When we get in camera, after I have a recommendation on this, but we don't need to deal with that now.

I want to ask questions about something else, mainly for my clarification. And the reason I ask this is because in the past, with all present company excluded, we've talked about inability to get information or information not coming on time. And I'm talking about government operations in general. So I just want to, for my information . . . as I understand it The Crown Corporations Act does require that the annual report be prepared and be provided to the minister, whoever it may be, by a certain period of time after the end of the fiscal year. Can you explain to me what that period of time is?

**Mr. Gibson:** — I believe what the rules are, are that financial statements have to be delivered to the minister in charge by April 30 of the subsequent year, So December year end, it would April 30 of the following year.

**Mr. Chairman:** — I see, so you have a period of four months to do that.

**Mr. Gibson:** — Four months.

**Mr. Chairman:** — Okay, So that means your end of . . . You answered my next question. The end of your fiscal year is then December 31 of each year.

**Mr. Gibson:** — That's right.

**Mr. Chairman:** — It's a calendar year and not the government fiscal year. In other words, therefore you have to have it by April 30. The latest report is the 1986 report, I guess. That would be the latest one. Was the Crown Management Board or CIC able to have its report completed on time this year, for '86?

**Mr. Gibson:** — No, they weren't. No.

**Mr. Chairman:** — It was not completed on time?

**Mr. Gibson:** — No.

**Mr. Chairman:** — It was not ready by April 30?

**Mr. Gibson:** — I think the best response is the vast majority of our report was completed by April 30. But you'll note that there were some subsequent events that were reported in the audit report portion of it itself. The

audit report is dated March 24, except for some subsequent information which was July 8, 1987.

**Mr. Chairman:** — Can you explain . . . can you elaborate what it is that made it impossible for you to provide, or the corporation to provide, this annual report to the minister within the prescribed period of time as prescribed by The Crown Corporations Act, 1978?

**Mr. Gibson:** — The subsequent information that was referred to in the auditor's report causing the dual dating was relating to the sale of PAPCO (Prince Albert Pulp Company) to Weyerhaeuser, where part of that sale included an income debenture with provisions that would allow Weyerhaeuser to reduce the amount that would be owed to the government in the event of losses being incurred. And Weyerhaeuser waived that requirement so that there would be no reductions in the event that they did lose money. And as I said, that was considered to be a significant event and the statements were changed.

So that was not . . . you know, by April 30; we thought that was coming but we didn't know that was coming. So that is one specific example. You know, I'm sure there are more, other reasons that . . . as well.

**Mr. Chairman:** — This is difficult because I don't think you've been in this position . . . How long have you been in this position, your position?

**Mr. Gibson:** — Less than a year.

**Mr. Chairman:** — Less than a year. But there are obviously other people on staff who must have been around. Can you find out and tell us here what other issues there were, the cause for the delay and the corporation not, within the requirements of the law, providing the report to the legislature?

**Mr. Gibson:** — Sure.

**Mr. Chairman:** — Can I have it now?

**Mr. Gibson:** — Immediately, or can we get back to you . . .

**Mr. Chairman:** — Well I'd like to talk about them now, those that you're aware of.

**Mr. Gibson:** — Well I don't know whether we've got a . . . yes, I don't know whether we've got a complete list here or we can come up with one. There were some matters relating to some accounting technicalities within one of the Crown corporations that had to be resolved.

**Mr. Chairman:** — Which one?

**Mr. Gibson:** — I would rather not disclose that here if I can we go off camera?

The example I was referring to, Mr. Chairman, was for potash, PCS (Potash Corporation of Saskatchewan), and it was . . . as you're aware there was the anti-dumping charges levied in — what was it? — February of 1987, which had potential for a serious impact on PCS

statements, and we had to evaluate that — I'm presuming that you're aware that the CMB annual report cannot be completed until all the Crowns that are under us are completed. And the anti-dumping, as I'm sure everybody is aware, has a potential of a very significant impact on PCS. And that resulted in a number of things that had to be reviewed and looked at within PCS because of the impact, or the potential impact of the anti-dumping.

**Mr. Chairman:** — In other words, just for my clarification so I fully understand this, one of the problems that created the situation wherein you were not . . . Crown Management Board was not able to get the report of CIC was the Potash Corporation?

**Mr. Gibson:** — That's correct.

**Mr. Chairman:** — Because of some accounting difficulties, you said?

**Mr. Gibson:** — Well the potential impact of the anti-dumping duties.

**Mr. Chairman:** — I don't understand; I don't understand.

**Mr. Gibson:** — Well that's something that happened in 1987, but because of the potential significance of them it would have an impact on 1986 statements, conceivably.

**Mr. Chairman:** — I don't understand how one can adjust — some people would call it creatively write — the accounting, financial statements which are based on facts and figures in order to suit other purposes other than what is required by normal accounting practices. And I'm confused by the comments here, and I would like for your clarification.

**Mr. Gibson:** — Well it's not necessarily . . . I'm not necessarily talking about changing the numbers. Under the rules of financial statements, if you want to call them that, there are a number of footnotes, explanatory footnotes, that are part and parcel of the financial statements, so there could be a commentary in those footnotes. And I guess the other thing that has to be considered is the auditor always has to be aware of and concerned with subsequent events, events happening after December 31 which is the fiscal year-end.

As I said this anti-dumping thing came up in February, and, you know, the annual report for PCS was still in the process of being prepared, and therefore that was a legitimate, subsequent event for the auditors to consider. And the footnotes are as important to a set of financial statements as are the numbers themselves. So it could be a comment that would be included in the annual report relating to the anti-dumping.

**Mr. Chairman:** — The actions in the United States started in February, early part of February, as I understand it.

**A Member:** — Yes.

**Mr. Chairman:** — It was February, March and April three months. What was the problem that Potash Corporation couldn't provide, whatever it is they were trying to either clarify or confuse; what is it that they

couldn't fix by that three-month period of time which caused this thing to be delayed beyond April 30?

**Mr. Gibson:** — Put most simply, it was trying to assess what the impact of the anti-dumping would be on PCS. And it just takes time because everybody you talk to has a different opinion. As I say, the anti-dumping itself was a very complex matter, and it has potential significant effects on PCS, and it was not something that the people involved wanted to treat lightly or casually or quickly.

**Mr. Chairman:** — How would this reflect on the annual report for 1986?

**Mr. Gibson:** — Because it was the subsequent event that could have an impact on the 1986 statements. The anti-dumping itself came up in February of 1987. The audit was not completed at that point in time, and therefore it is something that has to be considered under the CICA (Canadian Institute of Chartered Accountants) guide-lines.

**Mr. Chairman:** — I'll pass to Mr. Rolfes for a little while.

**Mr. Rolfes:** — Just a brief question on this. If the auditing had been finished by December 31, would the report submitted by PCS, the annual report, be significantly different than what it was now because the auditing wasn't complete and they took into consideration the impact of the anti-dumping tariffs.

**Mr. Gibson:** — That's a hypothetical question, Mr. Rolfes. But it is, it is, I can say, categorically impossible to complete the audit of a company that has a December 31 year end by December 31.

**Mr. Rolfes:** — All right, let me rephrase it then: if the report had been completed by February 7, I believe the anti-dumping tariffs came down on February 8 or 9 — I wanted to just establish the date before us, but if you want to, I'll say February 8 or the day before the anti-dumping tariffs came down — if the auditor's report had been finished, would the 1986 report of that time be significantly different than what it is now? That's not hypothetical.

**Mr. Gibson:** — Well it is hypothetical because we weren't in that situation. I . . .

**Mr. Rolfes:** — Well, sir, with all due respect, you know what it would have been . . . I mean, if you're the auditor — let's say that you're the auditor and you're completing PCS report on February 7 and you haven't heard of anti-dumping, hadn't come down, what kind of report would PCS have submitted?

Now because it wasn't completed, the auditors took into account the anti-dumping tariffs. All I'm asking you, sir, is would the PCS . . . I can put it the other way if you wish: did the anti-dumping tariffs have a significant impact on the annual reports submitted by PCS for 1986?

**Mr. Gibson:** — It had a significant effect on the Crown investment — we're talking about the Crown investment annual report, and it had a significant effect on our report. We have footnote 20 which is headed up: "Subsequent

event", and if you want I can read that.

**Mr. Rolfes:** — Which page is that?

**Mr. Gibson:** — Okay, and I also understand this note is also in the PCS annual report. Would you like me to read it?

**Mr. Rolfes:** — What page is it, sir?

**Mr. Gibson:** — Page 30 of the CMB report.

It reads that:

On February 10, 1987, Lundberg Industries Ltd. and New Mexico Potash Corporation filed a petition with the International Trade Administration, United States Department of Commerce, and the United States International Trade Commission for the imposition of antidumping duties against inputs (imports) of Canadian produced muriate of potash alleged to be the cause of or to threaten material injury to the United States industry. Potash Corporation of Saskatchewan will participate in the proceeding and will deny the allegations.

**Mr. Rolfes:** — All right. Not knowing the implications, what you're saying to me is that that took a fairly lengthy time to come to that conclusion.

**Mr. Gibson:** — That's correct.

**Mr. Rolfes:** — Okay, good enough.

**Mr. Chairman:** — I'd like to ask Mr. Lutz: did the Provincial Auditor's office, was it aware of the problem that Crown Management Board was being faced because of the delays by the Potash Corporation of Saskatchewan?

**Mr. Lutz:** — I don't do that audit, Mr. Chairman.

**Mr. Chairman:** — You don't do either CIC (Crown investments corporation of Saskatchewan) or Potash Corporation?

**Mr. Lutz:** — I do CIC yes, but not the Potash Corporation.

**Mr. Chairman:** — Well, okay, so there was a delay in the CIC. Were you aware of the reasons why there was a delay in the CIC?

**Mr. Lutz:** — Mr. Atkinson, perhaps he's . . .

**Mr. Chairman:** — Mr. Atkinson?

**Mr. Atkinson:** — Yes, we were.

**Mr. Chairman:** — You were aware of the Potash Corporation's problem?

**Mr. Atkinson:** — Yes, we were.

**Mr. Chairman:** — Okay, thank you. The reason I have asked some of these questions is because, once again, when we have reports that are later than they ought to be,

it gives us some difficulty in pursuing the questions.

The greater problem is that there now is a Bill — and I would ask the officials to consider this and take whatever actions you need necessary when we have finished this session — there's a Bill in the House now dealing with the postponement of tabling of documents, which is a normal kind of a Bill. The problem with that is that it applies only to documents prepared with respect to a period ending March 31, 1987, and therefore they're not going to affect the tabling requirements as they relate to the Crown Management Board annual report of 1986.

The minister tabled the annual report of 1986 on September 16. Therefore that is totally in contravention of what are the requirements under the Act. I would urge the officials to recommend to their minister that although the cabinet and Executive Council obviously has not noticed this, they ought to take some action to make sure that this is legally correctly done. And I leave that with you.

The other thing I want to ask is: if the report was not done — and then I'll finish with this — by April 30, when was it done? I think you mentioned it, but I didn't make a note of it.

**Mr. Gibson:** — Well the auditor's report is dual-dated. The secondary date I think is July 24 — sorry, July 8. I do not recall the dates, Mr. Chairman, but . . .

**Mr. Chairman:** — But in July?

**Mr. Gibson:** — Well it was in July. And then, you know, July 8 is when I guess we were officially informed of this change in the PAPCO transaction with Weyerhaeuser. You know, there's a chain of events that has to happen after that. If it was in fact September 16 that the CMB statements were tabled, I can assure you that the printed version had not been available for months before that. I have no idea specifically how many days, but there was certainly not an undue delay from receiving the printed copy to when they were actually tabled,

**Mr. Chairman:** — I'm more interested in when did the Crown Investments Corporation provide to the Lieutenant Governor in Council — that's not the legislature but that's the government — the documents that were required to be tabled in the legislature?

**Mr. Gibson:** — That would be — just giving you an estimate of the time because I don't have the specific date — but I would suspect it was probably around somewhere in the first week of September, which is when we received copies of the printed report, and we sent them over so that that process could begin.

**Mr. Chairman:** — The report was available in July, you said, roughly — and I won't hold you to the date, but I'll hold you to the month. All the work was done in July?

**Mr. Gibson:** — No. The notification from Weyerhaeuser was received in July.

**Mr. Chairman:** — Okay. When was your report then complete?

**Mr. Gibson:** — I stand corrected. I think we received notification from Weyerhaeuser prior to July, but there's a process that has to be . . . that is followed in these cases. Number one, it was a significant item; we had to redraft the footnotes; we had to consult with the Provincial Auditor's office. The statements have to go through a various approval process. So July 8 refers to the date, I guess, of the completion of the Provincial Auditor's review of the changes. And then from July 8 to the end of August was the process of the various people that review the statements reviewing them, running them through the printer and all the other processes.

**Mr. Chairman:** — Can I ask the auditor's office when all your work was completed?

**Mr. Lutz:** — Mr. Atkinson, would you please?

**Mr. Atkinson:** — All of the work with regards to the financial statements, as we've said in our auditor's report, was completed on July 8. Now after that date there would be a certain length of time . . . I don't know the date specifically, but there is a certain length of time after that date when we do finalize our position, at which point in time we give our auditor's report to the management of Crown Investments Corporation. After that point in time there is another period of time in which the financial statements themselves are prepared, given to the printer. The printer's drafts are then returned to us for review. They are then reviewed and given back with a letter to the printer saying, you may go ahead and print these statements and include the Provincial Auditor's signature.

As I'm saying that there is a process after the date of the auditor's report that must be gone through. And I can't give you specific dates at this time. I can go back and get that information.

**Mr. Chairman:** — That's fair enough. I know the process is there, and your point is well made.

**Mr. Lutz:** — Mr. Chairman, I guess I wish to say that sometimes the process can become very time-consuming. Other times it goes pretty fast. You can't rely on this particular set of circumstances to produce any kind of a consistent time-lag. You can't do it. Sometimes it takes longer; sometimes it takes less.

**Mr. Chairman:** — So in the final, when all this process was done, you were able to have the report done first part of September.

**Mr. Gibson:** — That's correct.

**Mr. Chairman:** — And you provided it to the ministers, first week of September.

**Mr. Gibson:** — I'm going from memory there, but I don't think I'd be far off.

**Mr. Chairman:** — First week of September?

**Mr. Gibson:** — That's what my recollection is, Mr. Chairman. I can't say it was September 1 or September 2.

**Mr. Chairman:** — Can any of your officials help you?

**Mr. Gibson:** — Well I just checked with Mr. Mrazek and he thought it was at the end of August or September 1.

**Mr. Chairman:** — That's pretty wide-ranging — end of August. Even if we finish with you today, and we may, can you provide to the Clerk the date on which you made it available to the minister?

**Mr. Gibson:** — Certainly.

**Mr. Chairman:** — And we don't have to wait for the committee. She can distribute it to the rest of the members. Then that's all I want to know. Any other questions on this one? Any other questions on this thing? Okay, that is disposed of.

Anything else while we have these people here?

**Mr. Rolfes:** — Mr. Chairman, I want to pursue the matter that occurred in last day's meeting, and I want to give Mr. Gibson an opportunity to clarify what obviously seemed to be a contradiction. And it relates to a question directed to you, sir, by the Provincial Auditor, and let me quote the Provincial Auditor from last day when Mr. Lutz says:

Mr. Gibson, I want to ask a question: are there presently, in the Crown corporations today, private sector firms doing audit work?

Your reply, sir, was:

Not that I'm aware of.

My question to you simply is this: have any facts or information come to your attention since that time that would make you change your answer today?

**Mr. Gibson:** — No.

**Mr. Martens:** — I was just going to tell the member that that is not the year under review, and therefore it's a point of order.

**Mr. Chairman:** — Let me put my interpretation on it. It may not be the year of the review, but it was testimony given to this committee at the last meeting. And I think out of fairness, if nothing else than out of fairness to Mr. Gibson, I think we ought to . . . I don't want a cloud to hang over officials. And if we have a chance to clear this up, or that he can clear it up, I think he should have the right to do that,

**Mr. Neudorf:** — I would agree with you if the official feels inclined that he wants to do that, but other than that I would probably challenge the Chair, as well, on originally having allowed that question to be asked in the first place.

**Mr. Rolfes:** — Mr. Chairman, I don't know what the members are so touchy about over there. I just simply wanted to give Mr. Gibson an opportunity to, if he mistakenly gave us erroneous information, to clear it, rather than having to do it outside this room. And all I'm asking is . . . I'm not taking anything that is not under the

year under review; I'm simply discussing something that happened in this committee. And . . .

**Mr. Neudorf:** — The point, Mr. Rolfes, is that it should not have happened in the first place.

**Mr. Rolfes:** — Well whether it should or should not, it did, sir. And at that time it was quite legit. You couldn't again anticipate that you were going to move this . . . or Executive Council were going to ask you to move this motion. Therefore I think I have the right to discuss materials that came before this committee in the last meeting.

So I simply want to ask Mr. Gibson again whether or not information has come to his knowledge and that he would have a different answer today than he gave us last day.

**Mr. Gibson:** — I was not aware of any on that day. I have since heard that there may have been some work done at some point in time on one of the Crown corporations by one of the proposed new CA (chartered accountant) firms, But I think it's true that on that particular day there was no work being done, and I'm not aware of any specific instances where there has been work done since then.

**Mr. Rolfes:** — So your answer is still the same — that you are not aware of any that have been done since then.

**Mr. Gibson:** — Since I was last here.

**Mr. Rolfes:** — No, no. Since last meeting . . .

**A Member:** — That's what he says.

**Mr. Rolfes:** — So you're not aware that any is being done since . . .

**Mr. Gibson:** — That's correct. But I have not looked for it either, Mr. Rolfes. I have not contacted the CA firms, or I have not gone out to the Crown corporations. My answer stands. I am not aware of any.

**Mr. Rolfes:** — As the president of Crown Management Board, you would certainly be aware if any was going on.

**Mr. Gibson:** — Not necessarily.

**Mr. Rolfes:** — You don't take total responsibility for what happens in Crown Management Board, sir?

**Mr. Gibson:** — Mr. Rolfes, the question of private sector auditors covers 18 Crown corporations. Some of those are not even Crown Management Board Crowns, so I would have no authority or jurisdiction over those; and secondly, I do not consider it part of my responsibility to be in daily contact with the Crown corporations asking them who is doing what on that particular day.

**Mr. Rolfes:** — Let me ask you then: under those Crowns that come under your jurisdiction, as far as you are aware, there are no private auditors at work at this particular time?

**Mr. Gibson:** — That's correct.

**Mr. Rolfes:** — Thank you.

**Mr. Martens:** — Mr. Chairman, I want to make something absolutely clear to the member from Saskatoon South, and that is this, that I did not solicit the Executive Council to draft this resolution that I'm making. I did that all by myself, and I will stand on that anywhere.

**Mr. Chairman:** — That's fine. Mr. Martin, do you still have a question?

**Mr. Martin:** — Well, just as a matter of clarification, and I wonder if Mr. Lutz might straighten me out on this. Is it not the practice for chartered accountancy firms to go into a company in anticipation of doing work for them, to look at what possible work might be done? Do you know what I'm saying? Is that fairly common practice?

And if that is the case, could that not be happening in this particular situation, where they might be in to looking to, you know, prepare their own bids, etc.

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

**Mr. Martin:** — No, I know that's not what you asked, but it's for my own clarification. Because it seems to me that if that is the case, this perhaps is what has happened here.

And I would also like to say at the same time that sometimes remarks that appear in the media can be interpreted in many ways. Anyway, I just want to make that statement.

And at the same time, after I get this answer, would it be all right if I leave? I have another function to do upstairs at 10:30.

**A Member:** — Anything.

**Mr. Martin:** — Thank you, sir.

**Mr. Lutz:** — I think I heard several questions perhaps, Mr. Chairman, and Mr. Martin. I think the first thing I would have to say is: any time an auditor has been appointed, under the rules of professional conduct, unless that auditor has been disappointed, if you will, and another duly appointed auditor has been put in place, I would expect that wouldn't happen.

Now in the event that a new auditor has been appointed — in this case maybe they will be; maybe they won't be — I would expect from that auditor a letter to me, which is also a thing required in the professional standards, asking, is there any reason why I should not accept this appointment, etc., etc., etc.? There is a protocol . . .

**Mr. Martin:** — I guess what my question was that if several auditing firms are being considered for contract with a corporation, with an outfit, is it fairly standard procedure for all of those auditing firms — CA firms — to go into that company and look at the possibility of doing the work in anticipation of preparing a bid to get their contract? Is that . . .

**Mr. Lutz:** — I would think that's not unreasonable. Certainly, I think that would be not unreasonable, but again perhaps the . . . I'm not sure about this professional standard, but I would think before they do that they might want to somehow let me know that was going to happen. But in addition, if their request for the bid contains sufficient data as to what they would be doing, that would also ease their path.

And as long as I am the auditor of an auditee, I think any other firm that goes in there and starts auditing does so at their peril. I don't think that's an unreasonable statement to make.

**Mr. Chairman:** — Are there any other questions . . . (inaudible interjection) . . . Yes, sir. Hearing none, on behalf of the committee I want to thank the officials for being before us and being patient and answering the questions. We appreciate the work you do in preparing for this. If there are any other questions that arise in the work of the committee, we'll of course be asking you to come back. But in the meantime, have a good day.

Okay, gentlemen, first of all, I bring you back to page 9, because at a previous meeting the committee instructed that I should raise whether we want to make a recommendation out of this to the Executive Council after we discussed it with the officials. And the recommendation we had considered was that we simply suggest the following:

The committee recommends that the government consider preparing legislation to ensure that the duly audited financial statements for Crown agencies, established pursuant to The Business Corporations Act, are tabled in the Legislative Assembly.

Are we interested in making that recommendation for them to consider?

**Mr. Martens:** — Could we have a little bit of discussion on that?

**Mr. Chairman:** — Yes. Yes, we should.

**Mr. Martens:** — And I would want to raise a point. I'm not terribly much against it; however, when you have a business competing with other businesses in the field, there is — and maybe this should be a question for discussion — that that competition then has an undue advantage over other competitive agencies. That business cannot proceed on the basis of what they know and what they understand within a certain field, but rather, then, the agency that is represented by government has a disadvantage. And I would not be against having some statement available, provided that that was not a detriment to that company from being competitive in its field.

**Mr. Chairman:** — Because it's my recommendation, let me try to clarify. That's one of the reasons I specifically used the words: that the government should consider. And it softens it more than probably I would like, but I do that so that the government then has an opportunity to be able to say, look, it's not possible here or there, but it's

possible here. And I recognize what you're saying, and that's why I worded it in that particular way.

Anyone else?

**Mr. Rolfes:** — I just have a comment. I think if the government feels that it's not within the interest of that particular agency or Crown, and as Mr. Martens has pointed out, then they won't submit a report. But I think it wouldn't hurt for them to give us some reasons as to why it can't be done. Not simply, because, no, we're just not going to do it.

I'm sure that they are going to protect the interest of those agencies or companies, and so they should. So I think it gives them enough flexibility to safeguard, as Mr. Martens has indicated.

**Mr. Chairman:** — Mr. Martens, did you have your hand up again?

**Mr. Martens:** — Yes, I just raise this as a comment. The Canadian Wheat Board has dealt with this issue ever since it's started. And what they do when they supply information as to the price of their product in sales that they've registered prior to and dealing with that, they have special concessions that they don't reveal those kinds of things to the public because it would make it extremely difficult for them to compete on the international market because they have had to provide to the public of Canada that information. And that would make it extremely difficult.

I've questioned often whether they do it right, in my own mind. However, on the basis of their record, I think that it stands as it is. And that's the reason that I say to you, you want to be very careful what you do because you might force these people to go under because they lose their competitive edge.

**Mr. Chairman:** — And that again, that's why we're not requiring it. The committee could require it, but we're not doing that.

**Mr. Van Mulligen:** — Mr. Chairman, I think, if that's the case, then the government can take the appropriate action in those circumstances. I would also point out that any number of companies that are publicly owned in the sense of share offerings, I understand they're also required to provide audited financial statements and reports to their shareholders, so that therefore that kind of flow of information is available. And you know, but if there are particular good reasons for the statements of one company or another not being provided to the Assembly and to the public, then fine, let those reasons be given at that time.

**Mr. Neudorf:** — If I read the tenor of the discussion correctly, I think perhaps an addendum to that recommendation might be in order where we would simply state that the committee recognizes that there will be . . . that there possibly will be occasions when this would not be in the best interests of parties involved for the release of these detailed documents.

**Mr. Chairman:** — That's not my recommendation.

**Mr. Neudorf:** — That is my addendum to your recommendation, Mr. Chairman.

**Mr. Rolfes:** — Yes, I don't disagree. In the committee here I wouldn't disagree with the tenor of what you're saying. I think it's already in the original motion. I mean, we give them lots of flexibility for the government to consider, you know, and if they take all that in consideration, fine.

If you water it down too much, we'll never see anything, even though it may not do any harm. I think we've got to give them all the flexibility they need, but at the same time, I think, pressure them a little bit into the fact that, hey, maybe some of this stuff could be made public and it wouldn't do anybody any harm. But if you water it down too much, I can guarantee you're not going to get very much. I have a fear in that regard.

**Mr. Martens:** — I'm going to raise a point that was raised earlier regarding the potash situation and the conduct of the auditor and the CMB.

And I thought that both of them did a good job in dealing with a very, very strategic issue dealing with the components in relation to the potash discussion. Those are the kinds of things that point precisely to this kind of stuff as being necessary for some things to not be held in the public views, and that's the reason why. Those are very significant impacts in Saskatchewan, and the auditor's assessment and evaluation, and CMB's evaluation and assessment on dealing with that issue was very well done. And that's the kind of thing that I see here as being necessary to happen. I'm not against that.

**Mr. Rolfes:** — Well I think, you know, as I say I think the word "consider" gives them all the flexibility; and surely they'll use their best judgment, say: look, it's not in the best interest of the companies and . . .

**Mr. Chairman:** — We won't get into that.

**Mr. Rolfes:** — No, I mean . . .

**Mr. Chairman:** — Okay, what shall we do here? I have . . . (inaudible) . . . a . . . not a motion, I'm just giving you a recommendation. Deal with it as you like.

**Mr. Martens:** — Mr. Chairman, would you supply that to us and then we can with it first thing on the next meeting. I'm quite prepared to do that.

**Mr. Chairman:** — Write it for me.

**Ms. Ronyk:** — With or without Mr. Neudorf's . . .

**Mr. Martens:** — Both.

**Ms. Ronyk:** — Do both.

**Mr. Martens:** — Do both. Do one . . . (inaudible) . . .

**Mr. Chairman:** — Okay, time is running. We'll do that in camera first item next day, which is Tuesday. We did not quite finish Tourism and Small Business, I understand, in my absence. That . . . I say this with great risk, because I

said that about Crown Management Board, that should not take very long.

**Mr. Rolfes:** — Well it won't take nearly as long because I won't be here, sir.

**Mr. Chairman:** — Okay, well that'll help. So Crown Management Board, we will . . .

**Mr. Rolfes:** — Well if you want me here, I can change my plans.

**Mr. Chairman:** — No. Tourism and Small Business then, we will call for 8 o'clock or shortly thereafter.

**A Member:** — On Tuesday?

**Mr. Chairman:** — On Tuesday. And that will not take long so be . . . Department of Education is in . . . Advanced Education and Manpower and Education indicated to us when they first had a problem with the council of education meeting, that they might have a problem with a number of events until October 19.

We already had Finance standing by today. I suggest, why don't we just call them on Tuesday and deal with it in that order.

**Mr. Kraus:** — Well, the acting deputy minister, Jack Vicq, will not be available because he's on a seminar in Saskatoon. And I think it's at 9 he's on a panel on Tuesday morning; it's called Adventure in Saskatchewan. And then unfortunately he also has a meeting with the deputy minister of Finance, Canada, on October 8, which is Thursday, so if Finance comes, he wouldn't be able to be here.

**Mr. Chairman:** — I worry about that. I really do. I think that officials have to make this committee a priority. And if it's something like the council of education, something like that, we have to recognize it. But if it's a seminar in which there can be a replacement, members can do what they like; I think we cannot let officials begin to prioritize all their other events and then make time for this committee when they see fit. And I'm not being critical, I'm just saying . . .

**Mr. Neudorf:** — In defence of Mr. Vicq, he has been sitting out there very patiently for an hour and half today already in anticipation, so he has paid his dues to a certain degree.

**Mr. Chairman:** — I'm not saying . . . I know he has, but that's one of the functions. And my comment is, it comes with the territory.

**Mr. Martens:** — Is there some adjustment we could make in discussion between you and the deputy chairman as to arranging this for next week Tuesday, and without Finance here, and deal with Agriculture or some other related issue? Mr. Rolfes isn't going to be . . .

**Mr. Chairman:** — What worries me is I'm hearing Mr. Kraus say not on Tuesday and not on Thursday, and for all I know, maybe not next Tuesday or next . . . He didn't say that. I'm not putting words in his mouth, but what I'm

saying is this is a bad precedent to set for the committee. I think we have to . . .

I, as chairman, at least want to know from the acting deputy of Finance what is so compelling about this seminar that he can't rearrange his schedule. Maybe Mr. Muller and I can work that out. Am I being too difficult? I don't think I am.

**Mr. Rolfes:** — Mr. Chairman, I would like to know which committee you're going to be calling on Tuesday, because if it's Agriculture, I want to be here. I want to be here for Agriculture. I've got some questions on Agriculture that I want to ask . . . (inaudible interjection) . . . Pardon me?

**Mr. Neudorf:** — We've got the answers.

**Mr. Rolfes:** — Sure you have. just like you had today; muzzle the committee again.

**Mr. Van Mulligen:** — I suggest that you get together with Mr. Muller and talk to Mr. Vicq and determine amongst yourselves.

**Mr. Chairman:** — Yes. Let's do it this way. Let's call Tourism and Small Business, and Finance — subject to Mr. Muller and I determining what will happen. And we really should do that today at the latest, or tomorrow morning. We'll get our clerk to help us in the process. Can we adjourn?

The committee adjourned at 10:35 a.m.