

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**October 22, 1987**

**Public Hearing: Department of Finance (continued)**

**Mr. Chairman:** — Good morning. I'll call the meeting to order and continue where we left off. Just to remind the committee, we need to be out of here at 10:30 sharp or before, because apparently there's another committee that meets in here at 10:30, the Estimates Committee. So we shall . . . (inaudible interjection) . . . a little committee that does a little bit of work on the Legislative Assembly budget. So I just leave that with you.

**Mr. Vicq:** — Mr. Chairman, with your permission, could I make a couple of comments?

**Mr. Chairman:** — Mr. Vicq, sure.

**Mr. Vicq:** — Two of my people are from the investment and financial services, will be a little late. They were active in a deal out of North America, and therefore it was in progress, and I hope you'll excuse them if they're a little bit late.

The second comment I would like to make, if I may continue, is with respect to one of the discussions, part of the discussion we were having last Tuesday relating to summary financial statements. At that time I indicated to you that I would make available to you a report prepared by Dr. Hopkins. When I returned to my office on Tuesday I reviewed that report and in my opinion it is clearly a policy document, and from my interpretation of what Ms. Ronyk had said to you on, I believe, September 8, that it is not a document to be considered by this committee.

**Mr. Chairman:** — I see. How has that determination been made?

**Mr. Vicq:** — Which determination?

**Mr. Chairman:** — The determination that this committee does not have access to certain important information that it must have to get its job done.

**Mr. Vicq:** — I looked at the verbatims of September 8, and in my opinion I interpret them as saying that this committee was to look at actions taken as a result of policy but not to be involved in the formation of policy.

**Mr. Chairman:** — Well that may very well be, not that it be involved in the formation of policy which is in the process of happening. We're looking at the past; we're looking at work that has been done. And quite frankly, Mr. Deputy Minister, I question your judgement on that. And I'm wondering, is it your decision, as a public servant paid by the people of Saskatchewan, that you are not prepared to make this document available to this committee of the elected representatives of those people, or is it a decision that has been given to you by someone else?

**Mr. Vicq:** — It is the decision that I have taken as a result of Mr. Hopkins' employment by the treasury board, as a treasury board staff. The formation of policy, in my opinion, first of all goes through treasury board as a cabinet committee for indication and . . . or for consideration, and then on to priorities and planning and

then to full cabinet.

**Mr. Chairman:** — Who is Mr. Hopkins?

**Mr. Vicq:** — Mr. Hopkins was the employee of the treasury board that wrote the report.

**Mr. Rolfes:** — Mr. Vicq, would you mind . . . Do you follow the proceedings, on a daily basis, of the Public Accounts Committee?

**Mr. Vicq:** — Not on a daily basis.

**Mr. Rolfes:** — How then were you aware of the minutes of September 8?

**Mr. Vicq:** — When I became aware from Mr. Kraus some time ago, when I was preparing for Public Accounts, as to what would be expected from me.

**Mr. Rolfes:** — Mr. Vicq, could I just ask a further question. Why were you not aware of that? Obviously you've studied the Hopkins report.

**Mr. Vicq:** — I had not studied the Hopkins report until Tuesday. I had looked at an executive summary prior to that.

**Mr. Rolfes:** — On a major report, the deputy minister of Finance did not study the report!

**Mr. Vicq:** — I don't consider it a major report.

**Mr. Rolfes:** — All right. If it's not a major report then, why . . . Is it . . . Let me ask a further question. Is it solely a policy report and nothing else?

**Mr. Vicq:** — No, there are some research issues, and I think the summary that we've provided for you identifies the research issues. But in addition there is an identification of certain alternatives that the government could follow, and also a recommendation of one or some of those alternatives.

**Mr. Rolfes:** — Mr. Vicq, let me ask you one further question. When you got back to your office last day, who drew to your attention that you should not submit this report to the committee?

**Mr. Vicq:** — I drew the report out, and I had a meeting with my staff, including treasury board members and Mr. Kraus.

**Mr. Rolfes:** — And did the committee make that decision?

**Mr. Vicq:** — The committee did not make the decision; I made the decision.

**Mr. Rolfes:** — Were there any cabinet ministers present?

**Mr. Vicq:** — None.

**Mr. Rolfes:** — Have you had any consultation with cabinet ministers since Tuesday on the Hopkins report?

**Mr. Vicq:** — None.

**Mr. Rolfes:** — Thank you.

**Mr. Chairman:** — Well the committee has a choice here. I'm looking at the power of committees to send for papers. And the committee can either accept the decision of the deputy minister not to provide the information, or the committee can report to the House and request that the House order the deputy minister to provide the information. Those are clearly the two options that are available to us.

I would entertain the committee's wishes, but I would also recommend that the committee indeed do report this. I think this is a serious matter. It's a decision that the deputy minister has made, and he can make it. But I think that this is a matter that should be reported to the House.

Whenever a committee of the legislature of this type is refused information, it's serious enough that I think it should be reported in the House. And I would really be quite, quite disappointed if the committee did not at least go that far and allow the House to make that decision.

**Mr. Martin:** — I just want to say that . . . at least I see this as a policy matter, and surely the initiative for this came from the treasury board. Surely the initiative for this study came from the treasury board, a document that would eventually give certain options to the treasury board as to how they might want to proceed with, you know, financial matters in the future.

So I don't . . . And I really don't think that he is responsible personally because it's a treasury board matter. And that's obviously political, and therefore policy. And I refer you again to page 12, September 8, 1987 — Mrs. Ronyk's comments concerning the responsibilities of the administrators and politicians.

**Mr. Rolfes:** — Mr. Chairman, my concern is . . . The reason I asked whether a cabinet minister was present is that if a cabinet minister makes the decision, fine, because then we have further access to questioning him or her in the House. If a civil servant takes it upon himself or herself that it's policy matter and therefore it shall not be made public, that becomes a very bad precedent because no committee of the legislature then has any further access, because the minister will simply say, well I didn't make that decision, it was my department that made that decision. And ultimately the elected members must take that responsibility.

If the minister decides it's a policy decision . . . or it's a policy document and therefore shall not be made public or shall not be accessed by the committee, all right, fine, then the minister must accept that responsibility.

I simply say to the members here that if we allow civil servants to make the decision as to whether or not something becomes a policy matter and therefore we don't have access to it, that's a very dangerous precedent. That must be accepted by a member of the Crown . . . The responsibility must be accepted by the Executive Council and, that said, a cabinet minister. I'm really concerned

about that. If it's a policy document, fine, but let the minister make that decision then saying, no, that shall not be made available to the committee because it is a policy document. But it should not be the decision of a civil servant.

And if that is going to happen, I say to the members opposite, we're setting a very dangerous precedent. And any time a particular department doesn't want to give us any information, they can simply say it's a policy document and therefore we will not make it available. And we have no further recourse. How do I know it's a policy document?

I want to ask Mr. Martin, how does he know it's a policy document? Is he taking the word of Mr. Vicq that it's a policy document? It's simply his interpretation. I haven't seen it, and I don't know what's in the document.

So all I want to say to the committee is that I'm really afraid of this being a precedent being set in the future; this committee will not have access to information that, by the rules set down, we have a right to. No further comment on that until a motion is made a little later.

**Mr. Martin:** — Well I want to repeat again that this would be an initiative started by the treasury board, which is a political decision. I mean, you can just discuss it in the House with them some day if you wish. That's probably the proper forum to discuss this matter.

And so, I mean, Mr. Vicq was right in his saying that it's not his decision. It's not his business to discuss it because it's a policy of political decision made by the treasury board, and that's where the initiative must have come from. So I mean, you can have lots of opportunity to stand up in the House and talk about it. So, you know, that . . .

**Mr. Chairman:** — Keep in mind — just to remind the committee — that this initiative came from this Public Accounts Committee some two years ago, which recommended that there be consolidated financial statements. That's the initiation of this issue, not the treasury board.

**Mr. Martin:** — But the treasury board made the decision to go ahead with it then.

**Mr. Saxinger:** — If that's a serious concern, I would like to make a recommendation that they should consult with the minister in charge and report on this matter next meeting. Go to the minister and get his opinion.

**Mr. Vicq:** — I was just going to make a comment with respect to Mr. Rolfes. My understanding is that the form and format of financial statements has been delegated to treasury board, and that treasury board makes the decision on form and format of financial statements, And having read, as I have said, this document that deals with the form and format of financial statements, it is my interpretation that it is a document to be dealt with by treasury board.

**Mr. Rolfes:** — Mr. Chairman, I don't disagree with what Mr. Vicq says; I simply think it's not within his purview to make that decision. I respect your decision, but I just

simply think you're overstepping your bounds as far as this committee is concerned. That clearly has to be a decision of the minister in charge, and if he makes that decision, then we have access in the House to question the minister.

If we leave it up to the civil servants to determine what is policy and what is not, then what you're simply saying is that the civil service will now decide what you will have access to. And that's just a dangerous precedent for us to set here. If the ministers want to do it, fine, then we have further access to the minister.

Mr. Chairman, I would like to move that this committee report to the legislature in our report that the Hopkins report, which was initiated by this committee, was not made available on the decision of the Finance department. And I would urge the committee to recommend that this report be made available to this committee.

**Mr. Chairman:** — Thank you, Mr. Rolfes. I think we should direct our comments therefore now to the motion of Mr. Rolfes. Mr. Neudorf had his hand up.

**Mr. Neudorf:** — Yes, thank you, Mr. Chairman. I think basically what we're looking here at is a breakdown of responsibility or breaking it up into the realm of responsibility — who's responsible for what. And I think what we're looking at here is at a very, very fundamental issue, an issue that is fundamental to the democratic process as we know it. I still firmly believe that we are in a parliamentary form of government, not in a republic form of government.

And as such, it amazes me when I read back, and at the meeting following the first meeting when the Clerk of the legislature had her presentation to us, I could not help but wonder about some of the issues that were raised on this committee. It just seems to me that this committee is kind of operating on a foreign premise. And that premise is that we can ask officials to come in here and we pretend that they are accountable, that they are responsible to us. And by precedent, perhaps that has been established, but what I am saying, Mr. Chairman, is that that is a dangerous precedent because it is not in keeping, and it is not consistent, with a parliamentary form of government.

These gentlemen here should not be responsible to anybody but their minister. Ministerial responsibility — that is where the buck stops. That's where the buck ends. Responsibility is with the minister.

Now we can get into all kinds of discussions here as to . . . are these gentlemen here, and lady, responsible for policy? Are they responsible for administration? Or are they responsible for anything? Mr. Lutz had a great deal of concern that somewhere along the line his resources were being cut back. Why were his resources being cut back? Was that an administrative decision, or was that a policy decision? At what point are the officials going to be responsible for the end effect of an action? And I maintain, Mr. Chairman, that for us to sit here and say you are accountable, you are responsible, is not in keeping with parliamentary procedure.

Now I know that the Clerk did make mention that the ministers are not even welcome here, and so be it. I think by precedent this has been established. But I don't think necessarily that that is a healthy precedent, unless we want to get more into a republican form of government where this ministerial responsibility is going to be cut down. And as such, if the decision has been made that this is a policy paper — and I thank Mr. Rolfes for concurring with us, that if it is a policy decision then we have no business asking for it, because this committee deals with the hard nuts and bolts facts of how administration is carried out.

Now whether Mr. . . .

**A Member:** — Vicq.

**Mr. Neudorf:** — . . . Vicq, thank you. Whether Mr. Vicq has made that decision, or whether the minister makes that decision, I still maintain that ultimately the minister is going to be responsible for what Mr. Vicq presents in this committee here. So I do not think that it is only his decision. Whether he says he made that decision on his own or not, the minister ultimately is going to be responsible for what he has said, and we can take that up in the legislature; in public forum you have access to media or whatever other avenues that you wish to pursue.

And having said that, the motion that Mr. Rolfes is still busily writing on and as having indicated what it will be, I see no need for it, and I certainly would not be able to support that.

**Mr. Chairman:** — Thank you. I just may . . . if I may make a comment because I earlier suggested that this would be an appropriate motion, and it certainly is in order.

I live in fear of the day when the bureaucracy can decide what it can or cannot provide to the legislature. That is no longer a democracy, and that is no longer a parliamentary system of government. There is not any such thing as the bureaucracy not having to be accountable. There is no such thing.

**Mr. Neudorf:** — They are to the minister. I just said that.

**Mr. Chairman:** — They are to the legislature.

**Mr. Neudorf:** — The minister is, not the bureaucrats.

**Mr. Chairman:** — And so is the minister. This is a Public Accounts Committee, which is a committee of the legislature, and if members would look at the mandate of this committee, you will find that the mandate of this committee is to question the officials, at which time those officials are required to answer the questions.

Now it may be that Mr. Vicq and his officials can decide that they should not provide this document to the committee. That's fine, but I think whenever that happens, any committee worth its salt and any committee that is interested in providing information to the public more than protecting some official or some minister — and I speak to all members of the committee here — should at least report such a refusal out of normal practice and out of concern for the parliamentary system

to the Legislative Assembly.

It may very well be that the minister will then decide that it's a policy paper and that he does not want to provide it, that it's an internal document. But that's . . . I agree with Mr. Neudorf and Mr. Rolfes, that's a decision of the minister.

And whether Mr. Vicq used the wrong choice of words or whether he was serious in what he's saying, I am not going to make a judgement. But he did say, under questioning by Mr. Rolfes, that it was his personal decision not to provide the document. I say to the committee, that's not his decision. I say he's holding the committee in contempt. And I say that somewhat strongly today because I have heard in this committee other officials come and act in a contemptuous way with the proceedings of this committee.

Since this committee started sitting, we have had departments try to say when called, oh, I can't come today, I'm too busy. And we've allowed that out of courtesy. Mr. Muller and I have tried to work it out. But when some departments consistently say that we can't come because they have something more important to do, I suggest we are seeing signs of officials of this government holding the committee in contempt.

I remind you, ladies and gentlemen, that this committee is like a court of law. I remind you that you have the same protection as a witness in a court of law. But I also remind you that you're required to answer questions that are asked.

Now if this paper will not be provided, that is a decision that has been made. And I don't think we're going to force the officials to do it because I'm not even sure we can. But I certainly think that we have an obligation, if we are acting responsibly, to report it to the legislature and let the legislature then scrutinize it and decide. If we are not prepared to report it to the legislature, we are not acting responsibly as a committee. And so I would urge that the committee, out of its role, at least go so far as to report this to the legislature, which ought to know. And I'll leave it at that.

**Mr. Neudorf:** — I'd just like to respond. My response to your comments about contempt is simply that it . . . whether it's contempt or not is a matter of judgement and interpretation of the individual, I guess, that's hearing the words that have been spoken and actions that have been taken. Your concern about the parliamentary system I find is kind of paradoxical because what you are advocating would weaken the parliamentary system. In fact, it's not even parliamentary, what you are advocating here.

So when you say that you have a concern for the parliamentary system, I do too, and that is what I am upholding. And the parliamentary system is based on ministerial accountability and responsibility, not of any hired individual. These gentlemen and ladies are hired. They work for the government, and they work for Exec Council, and they work for their minister. And they are responsible. That decision that he has made is not only his decision; ultimately it goes back to the minister and we

can interpret that as being a decision by the minister because he is responsible for his officials.

**Mr. Martin:** — I'd like to read once again from this article by Gordon Osbaldeston. He's now at the University of Western Ontario's National Centre of Management, Research and Development. His senior positions in the federal government included deputy minister of Consumer and Corporate Affairs, secretary of the treasury board, deputy minister of Industry, Trade and Commerce, etc., etc., etc. I think he's well qualified. He was asked in 1986 to undertake an independent study of accountability in the federal public service. And he says in his article which was published in September of 1987, which is rather current, he says under the heading, "How deputies are accountable", he said:

Democratic control would be weakened, and not strengthened, if deputy ministers are made directly accountable for administration to parliamentary committees.

And I won't read you the whole article, although it might be worthwhile for everyone here to have a copy of it, it says:

The heart of the accountability system for parliamentary government is the responsibility of ministers to parliament and the accountability of deputy ministers to ministers.

Which I . . . without going on at great length is really just what Mr. Neudorf is saying. That's really all I have to say.

**Mr. Rolfes:** — I just wanted to say to the members opposite that that was exactly why I questioned, and you've made my point — that it is not within his jurisdiction to make that decision. And therefore if he refuses to make it available to the committee . . . (inaudible interjection) . . . No, he should have checked with the minister, and then came back and said, I report for my minister that he has made the decision. It's a policy decision, and therefore it shall not be made available to this committee.

It's the minister that makes that decision, not the deputy minister. And therefore he should have been in touch with his minister. And then, all right, the minister refuses, all right. The minister then answers to the Legislative Assembly. And yes, the members here from the civil service, they answer on facts. And they don't answer on the policy decision. That is done in the Legislative Assembly. But he doesn't have that within his jurisdiction to make a decision whether it's policy or not. The minister does.

And therefore if he comes before us and says, I'm not going to make this available because my minister says it's a policy decision, fine. Then the minister answers to us in the House. But he says he didn't even check with his minister, which I find really hard to accept, very hard to accept.

**Mr. Neudorf:** — Mr. Rolfes, when you hire someone, you give him a certain amount of responsibilities and certain kinds of responsibilities. Now are you going to go ahead

and trust that person to whom you have hired to fulfil those responsibilities and duties, or are you going to be looking over his shoulders at all times. Now you are saying that perhaps in your view right now this is an extremely important issue that the minister should have been in touch with. But from their perspective that minister has hired this official to run his shop. And as such that minister has confidence in his officials, and until such time as those officials have proven that they are not trustworthy, or that they are incapable, the minister is going to have that kind of confidence in his officials to run his shop, and I see no reason why these officials are going to be running to the minister on a continual basis to ask his blessings on any decision that they make.

Now perhaps it is a matter of judgement as to whether this particular issue was important enough for them to check with the minister or not. In his judgement it was not, and so be it. Time will tell whether or not he made a correct decision. If the decision is not correct, and if the minister is not satisfied with that kind of decision, the minister will take the appropriate action, and perhaps the next public accounts meeting we will have a different official sitting here. But if his decision has been correct, he will be here. So there is your parliamentary process at work, and it's healthy and it's vibrant and it's moving well, and I'm satisfied with it.

**Mr. Rolfes:** — I wouldn't be a bit surprised if you're satisfied with it. Don't try . . . (inaudible interjection) . . . No, no, so are you. If you were completely honest with me, Mr. Neudorf, you wouldn't try to lead me to believe that the minister is not aware of this decision.

No, I'm simply saying to you, I don't believe it — I just don't believe it, period, that the minister was not aware of this decision having been made. And I'm simply saying, if you want to put words in his mouth or someone else's, go ahead.

**Mr. Chairman:** — Order. Mr. Rolfes has the floor, Mr. Martin.

**Mr. Rolfes:** — I simply do not believe, on important decisions like this, that the elected people are not consulted on this, and it's also very strange that the members opposite come very prepared this morning to argue this particular question.

**A Member:** — We're always prepared.

**Mr. Rolfes:** — Oh sure you are, sure you are. I'm simply . . . — I simply want to say . . . (inaudible interjection) . . .

**Mr. Chairman:** — He's not finished. Now you'll get a chance to respond when he's done.

**Mr. Rolfes:** — I simply want to say to this committee that I think it's a very, very dangerous precedent set — a very dangerous precedent set — when the civil service can make the decision as to which questions they will or will not answer and which information they will make available to us. That, in my opinion, simply hasn't been accepted by these committees, and it shouldn't be accepted now. It's the minister that's responsible as to whether or not it's a policy decision. And I regret that we

have now given that responsibility and put that onus on the civil servants.

**Mr. Chairman:** — I think we're now at the point where we're repeating arguments. I don't mind this debate, but I think we should make a decision, and so we have a motion before us. Oh, I'm sorry, did you still want your point of order? I've been reminded.

**Mr. Martin:** — Just carry on.

**Mr. Chairman:** — Okay, thank you. Do we need to repeat the motion? I think it's clear. All those who support Mr. Rolfes' motion, so indicate. All those who do not support Mr. Rolfes' motion, so indicate.

**Mr. Rolfes:** — Mr. Chairman, I would like to have it reported, clearly stated, that this motion was solely objected by the government members. I'd like to have that on for future reference because this will be used in the future, I can guarantee you people.

**Mr. Chairman:** — That's on the record, but the votes of the committee are not recorded as per se, so . . . but the *Hansard* records comments of the members, and that's the best we can do on that.

Okay, that's . . . I think we have therefore disposed of that, unless there are further comments.

**Mr. Van Mulligen:** — I suppose it's more of a question than a statement.

Some years ago the committee apparently decided . . . or looked at the whole matter of summary financial statements, believing there to be some value for members of the Legislative Assembly and not necessarily the government and the public at large to have that kind of presentation of information about the province's fiscal situation.

Am I to interpret from the defeat of the motion and the fact that it should not be reported to the Legislative Assembly that a certain report is not being forthcoming; that this committee is of the view that we should not discuss further the question of summary financial statements; that those types of statements have no value for the people of Saskatchewan?

Is this a matter that's to be pursued further by this committee? Is this a matter that we will want to communicate about to the Legislative Assembly as a whole, with a view to gaining the support of the Legislative Assembly for that kind of initiative? And I throw those questions out because I'm somewhat confused as to how to interpret the results of the defeat of the motion today.

Having read the auditor's comments, having read the brief report by Mr. Vicq and his officials, I'm of the view that that type of statement should be prepared with respect to the province's finances.

I recognize that there is a separation between executive branch and members of the Legislative Assembly generally. It may well be in our interest, and we believe it

to be in the interest of the people of this province, to have those statements prepared. It may not be in the interest of the executive branch. So I wonder if we will be having further discussion on that point.

**Mr. Chairman:** — That certainly is quite in order to do, either now or at a future meeting. And if you want to . . .

**Mr. Van Mulligen:** — Yes, it need not be now. But I throw that out, and I invite response and comment.

**Mr. Martin:** — If I may respond to that from a personal point of view. I have no problem whatsoever of the discussion of the value of summary financial . . . of making the decisions that way.

I mean, the business of the chartered accountancy is an ongoing and daily changing process from what I understand. And I think it's in the best interest of this province to always view and consider any new options that may be available for, you know . . .

However, I think that's irrelevant to what we're talking about earlier, at least the vote as I understood it, Harry, and that was because the form and format of financial statements is really a decision made by treasury board. And that's what I was voting on, was the form and format and the decision by treasury board being a political decision.

But I have no problem whatsoever with the discussion of the value of summary financial statements. Not at all. Maybe I might learn something more about them. That's nothing to do with the vote, Harry.

**Mr. Van Mulligen:** — Treasury board and the executive branch is accountable to the Legislative Assembly for the financial administration of the province. The Legislative Assembly is us. That is to say, the Legislative Assembly has given us some of that authority to hold the executive branch accountable. And it seems to me that issues such as summary financial statements are a vital part of this whole process of accountability, yet we would deny ourselves reports which aid in our understanding of that process and say that we would defer to executive branch to make all the decisions and simply report to us their interpretation of work in this area.

**Mr. Martin:** — Are you talking about discussions, or decisions? If you talking about the discussion of whether the summary financial statement is the best interest of the province of Saskatchewan, let's discuss it. But as a decision as to whether or not that will be done, it's done by treasury board. I mean, that's my position.

**Mr. Van Mulligen:** — But how can we come to those kinds of decisions or that kind of understanding if information is denied to us?

**Mr. Chairman:** — We're now having a dialogue. Please discuss through the Chair. I think, if I may, Mr. Van Mulligen raises a point which maybe I can try to sort of resolve so we can in the future have a time to address it. And I'm going to recommend to the committee and ask our Clerk to put on the agenda, at the end of the agenda, an opportunity to discuss the previous recommendation

of this Public Accounts Committee which is found on page 25 of 1984-85 Report of the Provincial Auditor . . .

**Mr. Neudorf:** — Which page?

**Mr. Chairman:** — Page 25 of the 1984-85 Provincial Auditor's report in which it says the committee recommended that the general purchase financial statements be prepared. That was a direct recommendation of this committee, and I'm going to put it on our agenda so that when we prepare our final report we can again address that question.

**Mr. Muller:** — Which paragraph is that?

**Mr. Chairman:** — Paragraph 3.

**Mr. Rolfes:** — Mr. Chairman, just for clarification since I wasn't here, was . . .

**Mr. Chairman:** — I'm sorry, this is the recommendation of the auditor which was confirmed later by the committee.

**Mr. Rolfes:** — Oh, okay. Good enough. That's what I wanted to know.

**Mr. Martin:** — That sentence that you read . . .

**Mr. Chairman:** — Paragraph 3. You will find it later as a recommendation of the committee in, I take it, maybe next year's report. So anyway, we'll put that on the agenda and we can discuss it.

**Mr. Martin:** — So this is the auditor's suggestion in here, and our suggestions were in your *Public Accounts* is in here.

**Mr. Martens:** — I think we should be moving along to the reason why we have the members here and asking questions of the witnesses. And I think we should be moving on to that, and your solution is good.

**Mr. Chairman:** — Thank you. We will not lose sight of it.

**Mr. Rolfes:** — Mr. Chairman, I do have a few questions. And facetiously I want to say I hope that these aren't going to be considered as policy decisions. That's said in humour, I hope. These are strictly . . .

Mr. Vicq, I notice that in the administration branch, '84-85, there was a substantial increase in the actual over the estimate. Could you tell me why that came about?

**Mr. Vicq:** — Is this the administrative branch of the old Department of Finance?

**Mr. Rolfes:** — No, no, this is just in the administration branch subvote.

**Mr. Vicq:** — Of the Department of Finance, as opposed to Revenue and Financial Services?

**Mr. Rolfes:** — Oh, I believe it was Department of Finance, '84-85. I believe your estimate was 835 and you spent one billion, five hundred-and-some thousand.

**Mr. Vicq:** — I will let Mr. Van Sickle give you the reasons.

**Mr. Van Sickle:** — The bulk of the increase was approximately \$400,000 for the expenses of the Local Government Finance Commission that were established in 1984, and that hadn't been provided for in the budget up to that point in time.

**Mr. Rolfes:** — And that decision was made after the fiscal year? I mean, pardon me, that was made after consideration by the Legislative Assembly of the estimates?

**Mr. Van Sickle:** — I can only assume so because there was no dollars provided for that commission. The commission, I believe, was established in June of 1984, long after the budget would have been set.

**Mr. Rolfes:** — Yes, long after the budget would have been set but not long after . . . if I remember correctly, I wasn't here but I think the Legislative Assembly went into June in '84, did it not?

**Mr. Muller:** — It may have been still under consideration.

**Mr. Rolfes:** — Yes, still under consideration and . . .

**Mr. Muller:** — The estimates for Finance may have been passed. I can't recall what specific day the estimates for Finance were passed.

**Mr. Rolfes:** — I guess the point that I want to make is I find it rather difficult that a major decision like that, of 400-and-some thousand dollars, is made in the very month that the legislature adjourns or prorogues, I guess it was at that time, and that an expenditure then is made without it having been discussed by the legislature. Surely, I mean, that decision wasn't made in the month of June. I mean, we all know that planning for that must have been done a long time in advance.

**Mr. Van Sickle:** — The commission was established on June 1.

**Mr. Rolfes:** — Well, okay, I think it proves my point even further that those decisions just aren't made on a particular day. Can you tell me when that commission was . . . when did that submission go to treasury board?

**Mr. Van Sickle:** — I'm sorry, I do not have that information with me. I could undertake to get it for you.

**Mr. Rolfes:** — Well I would appreciate that because certainly the Department of Finance must have prepared a submission to treasury board, and when did treasury board make that decision to establish that commission? Is that the commission headed up by Morris Cherneskey?

**Mr. Vicq:** — Mr. Ray Clayton was the . . .

**Mr. Rolfes:** — Oh, that commission. Okay. All right, now I know which commission you're talking about. All right, I still would like to have the information on it as to when that submission went to treasury board as I find it rather difficult that that decision would have been made.

**Mr. Chairman:** — Did you say that in June of '84 a decision was made to establish the commission, or the commission was set up?

**Mr. Van Sickle:** — The commission was set up.

**Mr. Chairman:** — So the decision must have been made some time before, I assume.

**Mr. Van Sickle:** — I assume it was.

**Mr. Chairman:** — In other words, the decision was made while the legislature was still certainly well in session, would you agree?

**Mr. Van Sickle:** — I would have to agree with your logic, yes.

**Mr. Chairman:** — Well that kind of takes away from the arguments that we've heard here today and supports Mr. Rolfes's argument. It's no wonder we've got a deficit of \$3.4 billion when the management of government is done in this kind of a manner.

The House is sitting, we have a budget that's being considered, and a \$400,000 expenditure is decided while the House is still sitting but it's never reported to the House. Now if that's the kind of management that the Government of Saskatchewan is living under, then what's been happening in the stock market is like kindergarten.

I ask you . . . You say that the bulk of the money, the extra spending was done for the local government commission. How much?

**Mr. Van Sickle:** — \$397,000.

**Mr. Chairman:** — Three hundred and ninety-seven. So what's left?

**Mr. Rolfes:** — Well there's quite a bit left yet. That was my next question. There's, I believe, another 3 or 400,000.

**Mr. Van Sickle:** — There was another payment that year in consultant fees which was not provided for in the budget, paid to the Royal Bank for Goldman Sachs on the oil upgrader.

**Mr. Chairman:** — Which oil upgrader?

**A Member:** — Co-op NewGrade.

**Mr. Chairman:** — How much was that?

**Mr. Van Sickle:** — \$220,000.

**Mr. Chairman:** — This was the Royal Bank?

**Mr. Van Sickle:** — it was a payment for Goldman Sachs. I believe it went through the Royal Bank.

**Mr. Chairman:** — Why would it go through the Royal Bank?

**Mr. Van Sickle:** — I believe it was just clearing through

the Royal Bank. It was probably a U.S. account.

**Mr. Vicq:** — Goldman Sachs is a New York investment banker.

**Mr. Chairman:** — Okay. That was the next question. That's a \$220,000 fee through the Royal Bank to a United States investment consultant. Is that the remainder of the over-expenditure?

**Mr. Van Sickle:** — There are two or three other items. There was a salary for a Lawrence Devine for settlement of disaster assistance claims that year — 27,800. There was \$25,000 for printing over and above the budget costs.

**Mr. Chairman:** — Oh, is there anything additional to the printing? What was this additional printing?

**Mr. Van Sickle:** — They were '84 budget speech reprints.

**Mr. Chairman:** — Why was there a reprint?

**Mr. Vicq:** — There's a requirement to have so many budget speeches in storage, I believe, and at that time we were out of the 1984 budgets and we had to resupply for . . .

**Mr. Chairman:** — So it wasn't a reprint, it was just an additional . . .

**Mr. Van Sickle:** — An additional printing. Basically the rest were just cost overruns of the 25,000 in total.

**Mr. Chairman:** — Were there any . . .

**Mr. Van Sickle:** — There was also one more expenditure for 13,500 which was for a banquet for the Chinese delegation that was in that year.

**Mr. Chairman:** — One banquet — 13,500.

**Mr. Van Sickle:** — Yes, sir.

**Mr. Chairman:** — I see. Were those other expenditure overruns involving the salaries of people?

**Mr. Van Sickle:** — No, sir.

**Mr. Chairman:** — It did not involve the salaries of people?

**Mr. Van Sickle:** — No, they didn't.

**Mr. Rolfes:** — I just want to ask a couple of questions. How many people were invited to that banquet?

**Mr. Van Sickle:** — I'm sorry, I'll have to get that information for you.

**Mr. Rolfes:** — Yes, I'd like to have that information. Thirteen thousand seems like an awful lot for just one banquet for a delegation . . . (inaudible interjection) . . . Yes, they're heavy eaters. Pretty darn expensive Chinese food. But anyway . . . (inaudible interjection) . . . a vegetable should be cheaper, particularly when you think of the price of grain.

But anyway, I still didn't get the exact name of the consulting firm. I assume it was a consulting firm, or was it an investment firm? Can I get the actual criteria that were set down as to what the . . . well I'm not sure now, when you said consulting what the consulting was done for.

**Mr. Vicq:** — This was the start of the financing arrangements that were made for the Co-op NewGrade upgrader.

**Mr. Rolfes:** — Oh, that's to arrange all the financing. Okay. I think there's a set fee that they charge on that. All right. Then that's good enough.

Could you tell me, on those particular estimates, what were . . . could I get the travelling . . . was there any travelling involved in these subvotes, in the administration subvote, or is that on a separate item? There's travelling expenses later on of 100,000. Is that all the travelling involved in that item there, the 100,000?

**Mr. Van Sickle:** — That's all the travelling, yes.

**Mr. Rolfes:** — Could you itemize that for me as to who that . . . You don't have to do it now; you can sent it to me.

**Mr. Van Sickle:** — I can . . .

**Mr. Rolfes:** — Okay, if you can, fine.

**Mr. Van Sickle:** — I don't have who, but I can tell you the breakdown of what . . .

**Mr. Rolfes:** — No, I'd like to have a written report of who was involved.

**Mr. Van Sickle:** — Okay.

**Mr. Chairman:** — Are you saying who, and destination and purpose?

**Mr. Rolfes:** — Yes, the usual answers on that one.

**Mr. Van Sickle:** — Do you want it for all people, or just senior officials?

**Mr. Rolfes:** — No, all people. That shouldn't take . . . that shouldn't be . . .

**Mr. Vicq:** — Just to make sure, this is the 100,000 . . .

**Mr. Rolfes:** — Well, any other other travelling . . . you say all the travelling is in there? That's okay. Then I don't have to . . . I have one further question and then I want to get off this '84-85 bit here.

Investment and financial services. Again there was an over-expenditure of 26.7 per cent. What was unforeseen? There's about a 300,000 over-expenditure.

**Mr. Van Sickle:** — In that instance salaries were exceeded. There were three new mid-year positions added that year and that was \$100,000. There were temporary casual salaries and general salary overruns over and above that, to the tune of \$91,900.



There was another \$100,000 over on other expenses other than salaries. Insurance premiums, 35,400; out-of-province travel was up 18,500; printing of the white paper, 16,7; and expenses which were then relating to larger staff were another \$30,000.

**Mr. Rolfes:** — Yes, okay. Again I find it somewhat hard to believe that we can't — I mentioned this the other day — that we can't . . . and I want to refer to the Minister of Education. We heard lengthy, lengthy speeches in the House of five-year planning, of planning ahead, you know, which speeches were, I want to say to Mr. Neudorf, were boring and repetitious and delayed the length of the sitting . . . (inaudible interjection) . . . Yes, I told him last night.

But I find it really difficult that we can't plan a little further ahead for some of these unforeseeable expenditures. And when you're looking at in administration, of an over-expenditure of about 81 or 82 per cent, now that's a huge over-expenditure, just a huge over-expenditure, and a 27 per cent over-expenditure in investment and financial services. I think it indicates to me that we're doing too much "ad hocery" decisions and no long-range planning. And that really does bother me that we can't plan a little bit further ahead.

I want to just backtrack a little bit and ask for, I did miss . . . I thought all the travelling in the department was in the first subvote, but I notice considerable other travelling expenses of 61,000 in another subvote. While you're getting me the answers for travelling, can you give me the answers for all the travelling in the Department of Finance, Because there's another 100,000 in two other subvotes. It seems like an awful lot of travelling expenses. That's well over \$200,000. Maybe that's not out of the ordinary for the Department of Finance, but it seems to me like an awful lot.

Okay, I have no further questions on that.

**Mr. Chairman:** — I have a follow-up question on the previous over-expenditure in investment branch. You said that a certain amount was for mid-year positions. Can you supply the committee, and you don't have to do it now, but next week, supply what those positions were — or if you have it, you can hand it over — what those positions were, what the job purpose was, and who were the persons that filled them, at what salary level? Can you do that for us?

**Mr. Vicq:** — I can provide that, yes.

**Mr. Chairman:** — Thank you. Do you have it here?

**Mr. Vicq:** — We have the names here and the amounts that were paid, but we don't . . .

**Mr. Chairman:** — Just for interest's sake, can you read them, and then send it anyway. Don't give me the job descriptions at this particular time.

**Mr. Vicq:** — Bob McKenzie, David McCaslin who is behind me, and Sheldon Schwartz.

**Mr. Chairman:** — Those positions did not exist prior.

**Mr. Vicq:** — Not in investment and financial services.

**Mr. Chairman:** — Okay, that's all. The rest, just send it. Anything else?

**Mr. Van Mulligen:** — In '84-85, I wonder with respect to the Hon. Robert L. Andrew whether we might have a breakdown of all out-of-province trips, destination, purpose, type of travel, who accompanied the minister.

I have a further question. There are a number of payees indicated as to travel: Ted Brady, Herve Langlois, Bob Linner, F.E. O'Shaughnessy, Nick Volk. Are those payments with respect to travel incurred by those people as members of the Local Government Finance Commission?

**Mr. Van Sickle:** — Yes, they are.

**Mr. Van Mulligen:** — Those expenditures do not show in '85-86. Is that because there was no travel, or were those expenses picked up under a different department?

**Ms. Smith:** — In 1985-86 the Local Government Finance Commission was established as a separate vote, vote 52.

**Mr. Chairman:** — Anyone else? Okay, I have some questions if you will look to page 32 of the '84-85 *Public Accounts* . . . Provincial Auditor, page 32.

I have some questions here that involve the matter of Pioneer Trust, and I will ask some as they relate to the report that is found here, and then I will have some further questions when we get into the 1985-86 *Public Accounts*, because that is where the expenditure is recorded.

On page 82 the auditor reports that the Saskatchewan Heritage Fund had some money in the form of deposit certificates with Pioneer Trust. My question first is, when were these deposited certificates purchased?

**Mr. Jones:** — Mr. Chairman, we don't have the exact dates when they were purchased, but we can certainly undertake to provide that to you.

**Mr. Chairman:** — When you don't have the exact dates, do you mean months, days, weeks, or do you mean years?

**Mr. Jones:** — I don't have any of that at this present time.

**Mr. Chairman:** — That makes it very difficult for the committee, at least in my case, to examine this whole issue at this time.

Maybe this is being unfair, but this has been in the report for two years. The Finance department has been called to this committee, has known so for almost two weeks. I'm a little frustrated that we can't get an answer. Maybe that's unfair of me.

**Mr. Vicq:** — We'll get it right now. Bill can go out and make a phone call.

**Mr. Chairman:** — There will be further questions too. Let

me ask you another question then, if you're going to make the phone call. Maybe this will help to get all the answers and then we won't have to . . . although I have the feeling we'll be at this again on Tuesday. Can you find out who authorized these purchases?

**Mr. Vicq:** — These are investment certificates?

**Mr. Chairman:** — Yes. It says here, deposit certificates. When the company was ordered into liquidation, the Saskatchewan Heritage Fund held the following deposit certificates. And it may have well been done in the 1970s for all I know, but I'm just curious to know when it was done.

Let me maybe ask another question here. In the report the auditor says:

. . . that application was not made for the reimbursement of the balance of the deposit certificates plus interest net of proceeds of \$60,000 from the Canada Deposit Insurance Corporation as allowed for in the Pioneer Trust Depositors Assistance Act.

Can the department tell us why?

**Mr. Kraus:** — Well the province would be making . . . were going to be reimbursing those who were uninsured depositors, so it didn't make a lot of sense to try and pay ourselves back, so to speak. So the decision was made that this investment would just receive the same amount from the liquidator, ultimately when the liquidator finishes the job, as the government would get back in any event from the liquidator for any amount that's paid out to uninsured depositors. If you can follow that.

**Mr. Chairman:** — I think I do but I'm not sure. Did the government get the money back as it assumed it would?

**Mr. Kraus:** — Well the thing is at this point in time the liquidation isn't completed, and we've just received 51 cents on the dollar, but there's no reason to believe that we won't get our fair share. But so far yes, we're getting the amounts of moneys as what's been indicated.

**Mr. Chairman:** — So you're feeling confident that the projections or estimates that the Department of Finance had earlier are still valid.

**Mr. Kraus:** — We cannot often get absolute assurance from the liquidator, but informally the liquidators have told us that we can still expect to get about 70 cents on the dollar, so we're still looking for another 19 cents on top of the 51 cents we've got today.

**Mr. Chairman:** — Okay. Well until I get my other answers I will reserve my further questions on this for now, and I'll just wait. Are there any other questions here?

**Mr. Rolfes:** — I wonder, Mr. Chairman, I know you're still on the 1984, but that leads into 1985. I was wondering if I could ask my questions on administration, get those out of the way while we're waiting for some answers.

**Mr. Chairman:** — Sure, I think we should.

**Mr. Rolfes:** — On the 1985-86, I must admit you made an improvement. We were 82 percent over-expended in the year before. This particular year we're only over-expended by 56.5 per cent in administration branch. Would you tell me now what was unforeseen in your budget preparation that you had not foreseen, and why the over-expenditure of about 400 . . . well \$361 million?

**Mr. Van Sickle:** — There were two relatively large expenditures not provided for in the budget. Printing and advertising costs were \$167,000 higher than we had anticipated. Most of that printing and advertising relates to budget-related material, including the budget speeches and the messages and publications that the government put out that year, respecting *Partnership for Progress*, and *Saskatchewan Builds*.

**Mr. Rolfes:** — Why was that not foreseen? I mean, in your budget preparation wasn't this discussed as to how you would make the budget and its materials and contents available to the people of Saskatchewan?

**Mr. Van Sickle:** — I can't answer your question directly, I'm sorry. I believe that those decisions were made again late in the budget cycle, and we estimate the amount of printing and advertising based on past experiences.

**Mr. Rolfes:** — And 1985-86 there were some additional expenditures. Now who made that decision that we were going to change the publicity related to the budget increase?

**Mr. Van Sickle:** — The government makes the decision on the messages that it's going to put out.

**Mr. Rolfes:** — All right. And the 100-and-some thousand were directly related to trying to get that message out to the people.

**Mr. Van Sickle:** — Yes, sir.

**Mr. Rolfes:** — Is there any way that we can get some copies of some of those things that were put out?

**Mr. Van Sickle:** — Yes, sir.

**Mr. Rolfes:** — Okay, could I just . . . Yes, I'd appreciate some just to see what additional . . . Were those same directives, in subsequent years were the same directives in putting out the message on the budget?

**Mr. Vicq:** — In the subsequent year they were not the big progress . . . the two relatively large reports in this particular year were not used in the last budget cycle. Smaller pamphlets were used, Mr. Rolfes, as opposed to the progress report.

**Mr. Rolfes:** — Was that because you found the other wasn't very successful or . . .

**Mr. Vicq:** — I don't know why the government made that decision.

**Mr. Rolfes:** — Department of Finance doesn't make those

decisions?

**Mr. Vicq:** — No.

**Mr. Rolfes:** — Oh. Okay, so that's one expenditure. That was for how much did you say, 107,000?

**Mr. Van Sickle:** — 167,000.

**Mr. Rolfes:** — 167,000, all right. Now that still leaves about 200,000.

**Mr. Van Sickle:** — There was \$140,000 in miscellaneous contractual services, and those relate to expenditures for the deputy minister and assistant deputy minister who were hired under contract that year.

**Mr. Rolfes:** — You mean it's more expensive to hire people under contract?

**Mr. Van Sickle:** — It was not anticipated. It was an expenditure that was not anticipated that year, those particular contracts. And the assistant deputy minister was certainly a position over and above what was anticipated.

**Mr. Rolfes:** — And that decision was made outside the budget period, the ordinary budget period?

**Mr. Van Sickle:** — It was made during the year, yes.

**Mr. Vicq:** — If I may . . .

**Mr. Chairman:** — Yes.

**Mr. Vicq:** — The specific decision with respect to each of those positions was in about the middle of September for the deputy minister and October 21 for the assistant deputy minister, of 1985.

**Mr. Rolfes:** — I guess my question is, how can it be further . . . you mean there was no deputy minister?

**Mr. Vicq:** — There was a deputy minister's position. The deputy minister that followed Mr. Costello was hired under a contractual arrangement from Peat Marwick Mitchell, and his particular contract called for him to be situated in Saskatoon. So there were additional expenditures as a result of that relationship.

**Mr. Rolfes:** — Who was the individual? And could I have an itemized account of who the individual was and what all the expenditures were?

**Mr. Vicq:** — Could I give you the individual's name now?

**Mr. Rolfes:** — Yes.

**Mr. Vicq:** — Mr. David Heron, H-e-r-o-n.

**Mr. Rolfes:** — All right. That name sounds familiar. David Heron, okay.

**Mr. Vicq:** — Did you want the name for the assistant deputy minister also?

**Mr. Rolfes:** — Yes, if you have it.

**Mr. Vicq:** — Mr. William Shupe.

**Mr. Rolfes:** — Shuke?

**Mr. Vicq:** — S-h-u-p-e.

**Mr. Rolfes:** — Where's he from?

**Mr. Vicq:** — He was from Calgary at that time.

**Mr. Chairman:** — Was he stationed out of Calgary too?

**Mr. Vicq:** — No, he was situated in the city of Regina.

**Mr. Rolfes:** — Alvin, did you say? What's his first name?

**Mr. Vicq:** — William.

**Mr. Rolfes:** — William, all right. I'd like to have . . . so there were no other expenditures incurred because of Mr. Shupe's hiring?

**Mr. Vicq:** — There may have been travel expenditures. He was an assistant deputy minister.

**Mr. Rolfes:** — Oh well, no. I don't mean . . .

**Mr. Vicq:** — And also a car allowance of \$100 a month.

**Mr. Rolfes:** — But that comes with the . . .

**Mr. Vicq:** — Yes, that's the normal . . .

**Mr. Rolfes:** — Yes, that comes with the job. I'm interested in Mr. David Heron and the expenses that were incurred because of . . . So what you're saying to me about Mr. David Heron, that he wasn't a full-time deputy minister then?

**Mr. Vicq:** — No, he was a full-time deputy minister on secondment from Peat Marwick Mitchell.

**Mr. Rolfes:** — Right.

**Mr. Vicq:** — However the arrangement that was made between the Government of Saskatchewan and Mr. Heron was that he would be situated in the city of Saskatoon. As a result of that, when he travelled away from the city of Saskatoon those were travel expenses.

**Mr. Chairman:** — Can we get separately, so that I don't have to search through it, the cost of these travel expenses for Mr. Heron in the line of his responsibilities as a deputy minister while located in Saskatoon, and include in that the costs incurred because of accommodation that must have had to be provided in the city of Regina, which I assume the department paid for.

**Mr. Vicq:** — That's correct.

**Mr. Chairman:** — And all associated costs.

**Mr. Vicq:** — Could I ask for clarification.

**Mr. Chairman:** — Sure.

**Mr. Vicq:** — We, at the time, or during part of the time, had an office in the city of Saskatoon, Do you wish the expenses associated with that?

**Mr. Chairman:** — Oh yes, most certainly.

**Mr. Rolfes:** — I have one further. In the taxation branch there was an over-expenditure of almost 300,000 — 40 percent increase. Could you tell me how that occurred or what was . . . Oh, we didn't cover all the expenditures in administration did we — over-expenditures?

**Mr. Van Sickle:** — No there were other small items. There was an item of \$38,000 charged for foreign exchange to that subvote that year. Normally that would have been charged to investment and financial services but that charge is calculated after the accounting records have been closed and there was insufficient funds in the investment financial services subvote to handle those costs so they were charged to administration.

**Mr. Rolfes:** — Did you have a virement?

**Mr. Van Sickle:** — Yes, there was a virement.

**Mr. Rolfes:** — It was vired.

**Mr. Van Sickle:** — Yes, it was.

**Mr. Rolfes:** — Well, okay, fine.

**Mr. Van Sickle:** — There was . . . travel was 14,600 higher than anticipated. Charges for computer services to SaskCOMP were \$12,000, and various and other codes was another 8,800.

**Mr. Rolfes:** — Here again, the same question as before. I'd like to have a specific accounting of all the travelling expenses in 1985-86 as it pertains to the Department of Finance. Same question as before — who, what purpose, destination, and so on.

All right, taxation. Why the almost 300,000 over-expenditure?

**Mr. Chairman:** — Mr. Rolfes, can we take our break now?

**Mr. Rolfes:** — Well this will take just two minutes, I hope.

**Mr. Van Sickle:** — The largest part of that expenditure, \$163,000, was for reprinting of the Saskatchewan income tax form.

**Mr. Vicq:** — My understanding is that Revenue Canada . . . there was a livestock tax credit and that Revenue Canada had made a mistake on our Saskatchewan form with respect to that livestock . . . I think that's the right credit. And we could not negotiate with Revenue Canada for the payment so we were stuck with the reprint.

**Mr. Rolfes:** — It doesn't surprise me. I couldn't negotiate with them either. Although they admitted it in a subsequent year that I overpaid them by \$800, which I had argued with them for months that I didn't . . .

(inaudible interjection) . . . Yes, \$800. I didn't owe it — Oh, yes, you do. No interest though, no bloody interest on it.

**Mr. Chairman:** — Look at it this way, you scored a moral victory.

**Mr. Rolfes:** — Yes, I sure did. I sure let them know too that they made a mistake.

But anyway, that was 163, there's another couple of hundred thousand or . . .

**Mr. Van Sickle:** — Yes, there was . . . nearly \$72,000 was required for salaries over and above, over and above the budget.

**Mr. Rolfes:** — Okay. Here again, in what way? Additional hiring or . . .

**Mr. Vicq:** — I would expect that was my salary. When I first came to Government of Saskatchewan, I started in taxation and economic policy, and there was a position as associate deputy minister.

**Mr. Rolfes:** — You're grossly underpaid, sir, compared to some others that we have been looking at.

**Mr. Vicq:** — I realize that.

**Mr. Rolfes:** — But anyway, you should demand an increase, and I'll question it next year.

Okay, now we have another 70-some thousand.

**Mr. Van Sickle:** — I don't have quite that much. There's \$8,000 in travel; 14,900 in computing and word processing equipment and costs and another . . . well the balance is other.

**Mr. Rolfes:** — Okay. Don't include all the travelling in the answers you're going to provide for me. Okay, thank you, Mr. Chairman.

**Mr. Chairman:** — I will recommend that we take our five-minute break, 15 minutes late, and return in five minutes.

Thank you. You are done with that series. Can I ask a couple of questions?

**A Member:** — Yes.

**Mr. Chairman:** — Can I ask a couple of questions of Mr. Vicq. Mr. Vicq, you, in response to a request by the committee on September 28, wrote the committee regarding position paper on summary financial statements, which we have considered, and highlights of the main amendments to The Provincial Auditor's Act, and in it you indicated some information you had. Can I ask you, is . . . the Department of Finance, you indicate, did no studies of cost or cost analysis of private auditors versus auditing in Crown corporations being done by the Provincial Auditor.

**Mr. Vicq:** — Comparative studies, that was done by the

Crown Management Board.

**Mr. Chairman:** — So you didn't do any of that in the Department of Finance? In the drafting of the amendments to The Provincial Auditor's Act, that would have been the role of the Department of Finance, though?

**Mr. Vicq:** — It was a joint effort between Crown Management Board; Finance was the leader.

**Mr. Chairman:** — Finance was the leader?

**Mr. Vicq:** — Yes.

**Mr. Chairman:** — So that it really is at the initiative of the Department of Finance, because that's the minister in charge?

**Mr. Vicq:** — Yes.

**Mr. Chairman:** — In the explanatory notes attached to . . . or tabled in the House after the Bill was tabled, there were, in the explanation of the explanatory notes, indications that there were going to be certain implications of it. Those explanatory notes are then prepared by the Department of Finance?

**Mr. Vicq:** — In conjunction with the Crown Management Board.

**Mr. Chairman:** — Right. Therefore the Department of Finance will have had access to the cost analysis because in the explanatory notes it does state that it would be more . . . there's some financial benefit in having private sector auditors, so you will have had that information.

**A Member:** — You were involved?

**Mr. Chairman:** — Well, whichever official.

**Mr. Kraus:** — We really weren't involved in the analysis of the cost-benefit as much as we were asked to participate in considering . . . (inaudible) . . . legislation. So I can't say as I . . . we haven't been involved in that exercise.

**Mr. Chairman:** — Which exercise?

**Mr. Kraus:** — The one that determined whether or not it was cost beneficial to employ private-sector auditors.

**Mr. Chairman:** — You were not involved in that exercise, but you were involved in the drafting of the Act. You were involved in the drafting of the explanatory notes, therefore you must have been purvey to the information — is that right word, purvey?

**A Member:** — Privy.

**Mr. Chairman:** — Privy.

**Mr. Martens:** — On a point of order, Mr. Speaker. Are you talking about the Bill before the House at this point?

**Mr. Chairman:** — I'm talking about the memorandum that was sent to us on September 28 by the deputy

minister, which has been tabled in this committee.

**Mr. Martens:** — That's right, but are you talking about the Bill that is before the Assembly right now?

**Mr. Chairman:** — I'm talking about the memorandum which refers to the Bill. The memorandum has certain information here which I am asking for clarification on.

**Mr. Martens:** — That is before the House at this point.

**Mr. Chairman:** — Not the memorandum isn't.

**Mr. Martens:** — No sir, you're deliberately misunderstanding me. Are you talking about the Bill that is before the Assembly at this point on the auditor's Bill?

**Mr. Chairman:** — I'm most certainly making reference to the Bill; that's right.

**Mr. Martens:** — Okay. Then, Mr. Chairman, you are out of order.

**Mr. Chairman:** — I don't think I am because the deputy minister of Finance has sent a memorandum to this committee in which he has given us a report. I'm asking for a clarification of this report. If you want me to rephrase my question I can do that. But the deputy minister of Finance said:

The department does not have information that would enable it to comply with the committee's request for a report on the cost effectiveness of using private-sector auditors.

That is the property of this committee, this memo. I'm asking the deputy minister, or whichever official can respond better: if you did not have this information, how could you be party to the amendments of the Act, and how could you be party to the explanatory notes which say that there was cost effectiveness?

**Mr. Martens:** — Mr. Chairman, a point of order. You are out of order, sir, here.

**Mr. Chairman:** — No, I don't think I am.

**Mr. Martens:** — You're not discussing the year under review.

**Mr. Chairman:** — I'm consulting the Clerk and the Clerk says I am perfectly in order, and I consider myself to be perfectly in order. I am asking questions of information sent by an official at the request of this committee. There is nothing in order about that. The member may want to prevent me from asking the questions but, I'm sorry, you're going to have to force me to stop asking the questions, because as far as I'm concerned, and as far as the rules are concerned, I am perfectly in good order.

**Mr. Neudorf:** — Well, Mr. Chairman, to revert back to your own statement, you just finished saying that there's nothing in order about that. You did just say that there's nothing in order about that.

**Mr. Chairman:** — Nothing out of order.

**Mr. Neudorf:** — No, those were not your words. You just said that there was nothing in order.

**Mr. Chairman:** — Well I'm sorry. Don't put words in my mouth.

**Mr. Neudorf:** — I'm not. Check the records, and you'll find out what you said.

**Mr. Chairman:** — Well let me clarify then. There's nothing out of order in pursuing information and asking questions on information provided to this committee this year, and that's what I'm asking about.

**Mr. Vicq:** — As I said in my initial comment, it was a joint committee of the Crown Management Board and Finance officials, and so was the drafting and so were the explanation notes. And I did not have information with respect to the cost effectiveness.

**Mr. Chairman:** — So there was a joint committee — that's fair enough, and I would expect there to be. But yet you recommended the Bill.

**Mr. Vicq:** — I'm sorry, I recommended the Bill?

**Mr. Chairman:** — You recommended the Bill?

**Mr. Vicq:** — I forwarded it to the legislative drafting committee, or my minister forwarded it to the drafting committee.

**Mr. Chairman:** — Yes, and that's normal procedure. I accept that. But you're saying that even though you were involved, as you say in your memo, with the Crown Management Board in preparing the legislation, you were not aware of the cost benefit?

**Mr. Vicq:** — That's correct.

**Mr. Chairman:** — Do you not find that unusual? Do you not think that as your role as a deputy minister, or whoever your designate as the official is, do you not think it's your responsibility, or at least the department's responsibility, when recommending to the legislature any legislation which has cost implications, to know what those cost implications are?

**Mr. Vicq:** — My interpretation was it was cost implications for the Crown sector of the government, as opposed to the Consolidated Fund.

We asked Mr. Lutz, I believe through Bob Blackwell, for some information with respect to what he was spending in hours — and maybe Mr. Lutz can correct me; I don't have the correspondence here — what he was spending in hours on particular Crown corporations as we arrived at his budget for the current year.

But I never saw or had access to the particular contractual arrangements that are in the process of being made with the other auditors that are doing the Crown.

**Mr. Chairman:** — And you never asked?

**Mr. Vicq:** — I never asked.

**Mr. Chairman:** — I see. I guess that speaks for itself. I won't pursue that further unless other members of the committee wish to.

Can I ask Mr. Lutz this question. When the Provincial Auditor does the auditing of a Crown, is there a charge to the Crown corporation for that service?

**Mr. Lutz:** — Some of them, Mr. Chairman.

**Mr. Chairman:** — Can you elaborate on what you mean by some?

**Mr. Lutz:** — I'll let Mr. Wendel speak to this one, Mr. Chairman.

**Mr. Chairman:** — Sure, please, Mr. Wendel.

**Mr. Wendel:** — I believe, Mr. Chairman, the policy we follow is that those corporations that are self-sustaining, if you would, or do not require ongoing appropriations from the Consolidated Fund, we do charge a fee to. Those that require significant sums from the Consolidated Fund to operate, we do not charge a fee to.

**Mr. Chairman:** — Can you give me some examples?

**Mr. Wendel:** — An example we wouldn't charge a fee to would be Saskatchewan Housing Corporation. An example of a place we would charge a fee to would be Saskatchewan Government Printing.

**Mr. Chairman:** — Would you charge a fee for SaskTel or Sask Power?

**Mr. Wendel:** — That is correct.

**Mr. Chairman:** — You would charge a fee?

**Mr. Wendel:** — Yes.

**Mr. Chairman:** — I see. Can you, in the last year in which you did — just so we keep it under the year of review, '85-86-can you provide to the committee, for all of the Crown corporations in which a fee was charged, the amount of the fee? Or is that already provided somewhere?

**Mr. Wendel:** — No, I don't . . .

**Mr. Chairman:** — '85-86.

**Mr. Wendel:** — No, it's not in here.

**Mr. Chairman:** — Can you do that? I'm sure you couldn't have that here now.

**Mr. Wendel:** — For 1985-86, the fee that was rendered?

**Mr. Chairman:** — Yes, because that's the last year under review.

**Mr. Lutz:** — Mr. Chairman, that will be . . . May we put that in the form of a paper next Tuesday?

**Mr. Chairman:** — Yes, oh sure, indeed. I don't expect it now.

**Mr. Lutz:** — All right.

**Mr. Neudorf:** — Yes, Mr. Chairman. I guess what I would ask at this time is for a clarification on your ruling and the Clerk's ruling on the point of order that Mr. Martens raised just a few moments ago.

**Mr. Chairman:** — Thank you. What the committee has before it . . . I'm going to address the ruling. What the committee has before it is information requested by the committee memo from Mr. Vicq, September 28. It has highlights of the main amendments to the provincial Act, September 29, summary of . . . okay. That . . . and which else? Yes, . . . which is attached, and the Provincial Auditor's special report.

Now I'm trying to stay within the parameters of that, and if I get out of line and ask about the specifics of the text of the Bill, please call me to order. I'm avoiding doing that because I don't think it's yet appropriate to do that, to address the specific text of the Bill, and I will not do that.

The committee may decide, as it did in 1983, to call the Bill in committee and even the minister, as it did in 1983, to appear before the committee. I'm not saying committee should, but it did in 1983, and that's perfectly in order.

So what I'm saying is the committee can address what's here before the committee. The committee cannot address the specifics of the Bill, which I do not propose to do, and I would cut off any other member who did.

**Mr. Neudorf:** — If then I could make my comments now that I was going to make. By this interpretation then, the committee asked the department a certain question. And the committee . . . or the department rather, in their usual eagerness to comply fully with the requests of this committee, gave a complete answer, and in so doing, whether inadvertently or what, made reference to a Bill that is before the House at this time.

And does this then give this committee the leeway to ask questions that the department gave a response to, which, like I said, inadvertently perhaps addressed an issue that was before the . . . that is not in the year review? Are you saying now that that gives you the right to ask questions beyond the year of review simply because the department, in their fullness of their answer, happened to make reference to something that was out of the year?

**Mr. Chairman:** — I'm saying the committee can't judge whether the answer of the department was inadvertently done or not. I'm saying all that the committee can have before us is what the department gives us. The department has given us certain information, and the committee is quite in order to ask for clarification of the information. Nothing out of order about that. And that's what I would hope . . . I thought that that's what I was doing.

**Mr. Neudorf:** — All right. And all I'm suggesting that is

that we want to make sure that we don't put further restrictive measures on future answers by different departments if this is going to be perceived by them as being a . . . that's what you're basically doing, you're going to get restrictive answers from here on in.

**Mr. Chairman:** — Well I would hope not, because I don't think that the departments have any choice. The department has to ask . . .

**Mr. Neudorf:** — Beyond the year it reviews; that's what I'm saying. They gave us a totally complete picture. Now you're jumping on that and using that as an excuse.

**Mr. Chairman:** — I don't want to debate this because I think we have sort of resolved it, but when the Provincial Auditor makes a report I think the committee, I know the committee has a right to ask questions on what is in his report. So I don't want to . . . on the year under which he made his report, clearly.

**Mr. Neudorf:** — Well could I get the Clerk please to clarify: what are the parameters under which this committee can work if in answer and response to a specific question by this committee under the year under review, and they go and expand on the answer in their "intentness" to make sure that they have a complete answer, they go beyond that year under review? Does that give this committee the leeway then to go ahead and start asking questions about a year that is not under review? I guess that's what I'm concerned about here.

**Ms. Ronyk:** — Mr. Chairman, and members, of course I hesitate to get involved in this at all because it's not a strictly procedural matter, but I will deal with the procedural aspects of the question.

I think what you're suggesting is that the original question was out of order and therefore they shouldn't have answered it. Is that what you're suggesting?

**Mr. Neudorf:** — No. No. I'm assuming that the original question was in order, but they went beyond what the question was in their answer, and so therefore, having gone beyond it, the Chairman seems to be indicating here that anything that is in that answer is fair game for questioning, be it even out of the year under review.

**Ms. Ronyk:** — Okay, thank you, Mr. Neudorf. I guess the difficulty here is in the committee's interpretation of its mandate. Is it a year under review as is the rigid case in, say, the Crown Corporations Committee? Or is it what the legislature has referred to this committee? And what the legislature has referred to this committee is the Provincial Auditor's report for the last two fiscal years. This year it happened to be the last two fiscal years as well as the Public Accounts documents for the last two fiscal years.

And there is no further restriction that says only the parts of those reports that deal with the particular years within the mandate of the committee. The committee mandate is as broad as those reports. And normally the reports would not go beyond a fiscal year, but in the case of policy with respect to the auditor's office and the ability of the committee to do its job — questions regarding the kind of information the committee has available to it and those

kinds of things — the committee has always traditionally dealt with those as they arose, and not necessarily in a post-mortem sort of way. And that's where the conflict is coming.

Most departmental business will happen in a year under review, but with respect to the actual role of the committee and information it has available to it and the ability of its officer, the auditor, to do its job, those things have not been restricted by year under review. They're restricted by whatever's in the documents that have been referred to the committee.

**Mr. Chairman:** — Thank you. Mr. Martin.

**Mr. Martin:** — My question is something else though. If you're not finished with this, we can defer. Are you finished with that?

**Mr. Chairman:** — He said he was.

**Mr. Martin:** — Then that's been settled, has it?

**Mr. Chairman:** — Yes.

**Mr. Martin:** — My question really was to Mr. Lutz or Mr. Wendel. How would you determine the level of the fee that you would charge one of the Crown corporations? Would this be based on the level of charges, let's say a chartered accountancy firm; is there like a schedule . . . a fee schedule for this kind of work that would be . . .

**Mr. Lutz:** — Mr. Chairman, and Mr. Martin, our cost, no connection whatsoever with what the private sector might be charging as fees.

**Mr. Chairman:** — Okay?

**Mr. Martin:** — Yes.

**Mr. Rolfes:** — Mr. Chairman, mine's an entirely different topic. Under the . . . In the past the Department of Finance has always prepared a monthly report on revenues on . . . pardon me, revenues and expenditures as they compare to projected revenues and expenditures — there's always a monthly report prepared. Under the year under review, was that procedure still in effect?

**Mr. Kraus:** — I will comment on what I prepare each month and week. I do prepare a statement of the cash flow of revenue and expenditure for the government, each week and each month.

I don't know that that addresses all of your question, but I do prepare that each week and each month. That's the cash flow, the actual cash expenditures, the actual revenue inflows, so that would have been prepared each.

**Mr. Rolfes:** — So that each month then you would know exactly what your surplus or deficit would be for that particular month.

**Mr. Kraus:** — On . . . Yes. On the cash basis, yes.

**Mr. Rolfes:** — Well . . .

**Mr. Kraus:** — Okay, yes, yes.

**Mr. Rolfes:** — Overall expenditure, you would know what your overall expenditures, your overall revenue would be for that month.

**Mr. Kraus:** — As far as the actual cash flows to that point in time, that's all that's measuring; it's measuring how much cash has flowed out and how much cash has flowed in. It isn't taking into account what you might expect to happen for the rest of the year.

**Mr. Rolfes:** — No, no. No, no. No, no. I'm not asking that. My question is: in each particular month, do you prepare . . . under the year under review, have you prepared the actual revenues and the actual expenditures for that particular month?

**Mr. Kraus:** — Except for perhaps the first or second month of the year, which sometimes because of year-end, the statements aren't produced. And, to be specific, I believe, and to be accurate, I believe we may have had a little difficulty at the end of . . . after '85. We may have had a little difficulty in the first few months because of the new systems, but we got back on track, and I would say for the better part of the year — the majority of the year — yes, we did.

**Mr. Chairman:** — Obviously you're on track.

**Mr. Kraus:** — I would say by summer we were basically on track, yes.

**Mr. Rolfes:** — Who were those reports made available . . . I mean, aren't those reports available to the public? Who are they . . .

**Mr. Kraus:** — No, those are internal documents that . . .

**Mr. Rolfes:** — Who would have access to those? Would the Executive Council and all members of Executive Council have access to those?

**Mr. Kraus:** — We send copies to a number of people, including the treasury board ministers.

**Mr. Rolfes:** — Who are the treasury board ministers?

**Mr. Vicq:** — Currently, or the year under review?

**Mr. Rolfes:** — Well let's say . . . Well all right . . . Well okay, is the policy still the same then? I mean, then we don't have to go to specific ministers in the year under review. If the policy hasn't changed, it doesn't make any difference.

**Mr. Kraus:** — The policy essentially hasn't changed in some years, I don't think, where the names might change a little bit.

**Mr. Rolfes:** — Yes, right.

**Mr. Kraus:** — But the policies are basically the same.

**Mr. Rolfes:** — But Executive . . . the members of the



Executive Council would have access to them, right?

**A Member:** — Treasury board members.

**Mr. Rolfes:** — Or treasury board members.

**Mr. Kraus:** — Treasury board members for sure would, yes.

**Mr. Rolfes:** — Treasury board members have access to them. All right, I have no further questions on that.

**Mr. Chairman:** — So you're saying that the procedure for reporting this — because that's a very important procedure; I used to find it very useful as the minister of Finance who was a member of the treasury board — that procedure has not changed since '80-81 ?

**Mr. Kraus:** — I don't believe it is changed for quite a few years.

**Mr. Chairman:** — Okay. Thank you very much. Any other questions?

**Mr. Van Mulligen:** — Again, with respect to travel for the minister, Bob Andrew, I wonder if we could have the same breakdown for out-of-province travel as was requested for the previous year. Also, I'm curious to know . . .

**Mr. Chairman:** — Sorry. Did you . . .

**A Member:** — I'm sorry, I didn't quite hear. Are we talking about Mr. Andrew, or were you talking about Mr. Lane in '85-86?

**Mr. Van Mulligen:** — I'm talking about the only expenditure that's listed here for travel is for Bob Andrew.

**Mr. Chairman:** — Have you got their '85-86 one, or '84-85?

**Mr. Van Mulligen:** — No, this is '85-86. And I'm also curious to know about a company called CMQ Communications Inc. There was an expenditure, I believe, of about 16,000 in '84-85, and there's an expenditure indicated for '85-86 of 22,000-and-some. I'm wondering if you can tell us what the nature of this expenditure was, what kinds of services this company performed, and what is the nature of their business.

**Mr. Van Sickle:** — It's the data link to the New York market, the American market, that is used by investment and financial services.

**Mr. Van Mulligen:** — Oh, I see. There's also an expenditure in '85-86 for something called Help International Ltd. Can you tell me what that expenditure concerns?

**Mr. Van Sickle:** — It's a security that is provided in the building, the Finance building, at the time the budget is being prepared and finalized.

**My. Van Mulligen:** — Can you briefly explain what you mean by security?

**Mr. Van Sickle:** — During budget process, leading up to budget process, we hire Help . . . is it Help Inter . . . that hires in turn commissionaires that sit outside of the elevators. I don't know if you've ever been in the old telephone building, but there's a corridor there with three elevators, and we have commissionaires outside the elevators on each of the floors that are involved in budget preparations so that people that do not have access can't go any further than the elevators unless they're accompanied by a commissionaire.

**Mr. Van Mulligen:** — There's another expenditure, Peat Marwick Mitchell & Co., of 52,000-and-some. Would that have been with respect to Mr. Heron?

**Mr. Van Sickle:** — Yes, that's correct.

**Mr. Van Mulligen:** — That's all the questions I have.

**Mr. Chairman:** — Can I ask to go back to the earlier questions about the monthly reports. I want to ask Mr. Vicq: you get the monthly reports that the treasury board gets, obviously?

**Mr. Vicq:** — Yes, as a secretary to the treasury board.

**Mr. Chairman:** — As a secretary to the treasury board. Are those reports provided directly to the treasury board from the comptroller, or do they go through the deputy minister . . .

**Mr. Vicq:** — I believe directly. I don't get copies to take anywhere.

**Mr. Kraus:** — We send copies directly to the minister's offices that are on treasury board . . .

**Mr. Chairman:** — I see, including the Premier.

**Mr. Kraus:** — Yes, we do.

**Mr. Chairman:** — Because it's always been the practice that I can remember. These monthly statements are sent to the treasury board ministers and to the Premier. And when I was minister of Finance, if I noticed something that I thought the Premier ought to know, I would then dictate a separate memo, bringing it to his attention, And so I'm glad that this hasn't changed because I think it's important that the chief person in the Executive Council be aware of what the inflow and the outflow of expenditures and revenues are on a monthly basis. And I'm glad that the Premier still knows that because that is the only appropriate way to operate financially well, and I commend the department for that.

That's all that we have here. Any other questions?

**Mr. Vicq:** — There's still an outstanding question.

**Mr. Chairman:** — Yes. Well it will take more than half an hour, but I will get back to it before we finish. I just want to clean up some of these smaller items before.

**Mr. Rolfes:** — No, I'm finished.

**Mr. Chairman:** — Mr. Van Mulligen, were you finished?

**Mr. Van Mulligen:** — I think so, other than subvote 1, MLA other allowances and support staff, an expenditure of \$136,000. Can you tell us what those expenditures included?

**Mr. Van Sickle:** — Those expenditures are all ministerial assistants' salaries.

**Mr. Van Mulligen:** — All ministerial assistants?

**Mr. Van Sickle:** — Yes, sir.

**Mr. Van Mulligen:** — How many . . . who were those assistants?

**Mr. Van Sickle:** — I can read the names of those for you. This is the \$136,000?

**A Member:** — Yes.

**Mr. Van Sickle:** — Bill Armstrong, Arlene Kenville, Len Exner, Linda Tiefenbach, Diane Tremblay, Donald Wright, Debra Farnel, Ellen Gyles, Valerie Flanagan, Sandra Little, Coryna Culba, and Mitchell McLeod.

**Mr. Van Mulligen:** — These couldn't have been all for the period of one year. There must have been changes in there.

**Mr. Van Sickle:** — They were not all there for 12 months, that's for sure. Some of them are there for as little as two months. Five of them were there as little as two months, and the longest was nine months.

**Mr. Chairman:** — Okay, just for me, and maybe for others, I've been going through these public accounts, and I find in — and this is to Mr. Kraus — '84-85, under all of the subvotes in all the departments, it has an estimate of expenditure, and then it has the expenditure. Then in '85-86 that changed, and it has the revised estimate and the expenditure.

Can you tell me the difference between what it used to be, which is just the estimate, and then why it is now a revised estimate and what that's all about.

**Mr. Kraus:** — Well I suppose we thought that . . . we did a number of things. And one thing we did was we thought we would improve what's provided in this volume in terms of what's the original estimate, what are the special warrants, what are the net virements, and then what is the final budget, if you will.

And rather than try and do that in this part here, we went to the schedule that you'll see — the one I'm sure you've been referring to — schedule of appropriation and expenditure by subvote, and it was in that schedule that we thought we'd made a major move forward as far as providing information in that you see there are the four columns. Original estimate. I think I showed you.

So we knew that we'd certainly provided more information than had ever been provided before as far as special warrants and virements. And we made a decision

then that, since . . . Page 40? In that neighbourhood, anyway, in the 30s and 40s. We feel that that provides a very clear trail from original budget to the final revised estimate. It's never been done that way before, and we thought that was a major step forward for information for the legislature.

Well then we decided maybe it is causing some confusion. Rather than leaving the original estimate subvote by subvote, we've changed it to show the revised estimate. I suppose if that's causing considerable confusion, and the committee as a whole wanted us to consider going back to the old format on that, we might. But we just thought it was better.

**Mr. Chairman:** — No, I don't ask it because it's confusing. I just wanted to know exactly what the process was, and I didn't quite connect the two well enough. So I thank you for the explanation. In fact you are right, to have the chart as you do — I'm looking at page 23 — is helpful because then you have immediately before you why the other figure becomes what it is.

**Mr. Kraus:** — We did that in part because of the complaints about the viring process, and whether it's a good policy or not, we thought at least we'd show you the net virement.

**Mr. Rolfes:** — Just a question, Mr. Chairman. I like the set-up. I thought it would have been revised expenditures rather than revised estimate. That's where I got confused, revised estimates; that must have taken place before the virement and special warrants took place.

**Mr. Kraus:** — Well, we just mean that that's the amended budget, the amended estimate.

**Mr. Rolfes:** — That was the only thing that confused me was when you said estimate; I thought, well, estimate projects into the future, and this is something that took place, and so it's already expended. But, I mean, I like the way it's set up. I don't want it to be taken that I don't like that. I like the explanation and the way it's set up, but it's just the terminology that confused me as to where we got that firm.

**Mr. Van Mulligen:** — Mr. Chairman, already it was indicated with respect to the Local Government Finance Commission that that was no longer included under the Department of Finance but was a separate subvote, and I think it was indicated subvote 52.

**Ms. Smith:** — Vote 52.

**Mr. Van Mulligen:** — Vote 52. Where would I find that?

**Ms. Smith:** — If you're in '85-86, are you looking on that particular chart? It should be in alphabetical order, I believe. And the full details, of course, are provided again in alphabetical order by the departmental listing.

**Mr. Chairman:** — Is that all, Harry?

**Mr. Van Mulligen:** — Yes.

**Mr. Chairman:** — Okay, one other short question, There

has been, I just want to say . . . well, let me put it this way: has the department done any — in the last year under review, '85-86, has the department done any studies with respect to the possible transfer of the administration of the pension funds to the private sector?

**Mr. Vicq:** — No.

**Mr. Chairman:** — There were no such studies done. Mr. Kraus, you look uncertain.

**Mr. Vicq:** — Your question was — administration of the pension fund.

**Mr. Chairman:** — Yes, or anything related to the pension funds.

**Mr. Vicq:** — Anything related to the pension plans, yes, some work has been done with respect to a different mechanism of delivery of the investment counselling part.

**Mr. Chairman:** — In other words, removing it from the investment services branch of the department to the private sector.

**Mr. Vicq:** — Not necessarily. just a different way of financing that. As you are perhaps aware of — I could just give a little background — we invest and manage \$3.5 billion, approximately. We expect that to grow to \$7 billion by 1990. So we've been investigating ways in which we might be more efficient in delivering the investment counselling. And one of the things that might be looked at is through the use of something we call revolving funds, which would be to charge the people, the pension plans, for the use of the service, so that we could then use that fund to hire more professionals to manage the money.

**Mr. Chairman:** — When you say hire, are you considering hiring within the department and/or outside of the department?

**Mr. Vicq:** — Those are all alternatives that were being considered and continue to be considered.

**Mr. Chairman:** — And they're still alternatives at this point?

**Mr. Vicq:** — Yes.

**Mr. Chairman:** — Are you referring now to only the pension funds, or all of the investments that the Department of Finance oversees?

**Mr. Vicq:** — The investigation was for all of them excluding, I believe, some of the smaller ones like the cattle horn trust and sinking funds — primarily just the pension funds,

**Mr. Chairman:** — Has this investigation just . . . did it initiate in '85-86, or has it been done for some period of time?

**Mr. Vicq:** — It was initiated in December '85.

**Mr. Chairman:** — December '85.

**Mr. Neudorf:** — Mr. Chairman, I apologize for the type of question that I'm going to be asking now because it would be better at the end of the meeting. But I have other things that will pull me out and I may not get back in time for the end.

**Mr. Chairman:** — We'll miss you.

**Mr. Neudorf:** — I'm sure you will.

The question is directed perhaps more to the Clerk than to the chairman. The *Hansard* on Tuesday's meeting came out this morning for us. We've talked about this kind of a concern before, but it's very difficult for us as members to react sometimes on specifics that have happened before if we can't have a look at the *Hansard* accounts of the meeting at least a little bit before the meeting.

Now I can appreciate your problems, because I think you have to have *Hansard* from the House proceedings and so on. Everything has to be recorded and it's very difficult to get it done. And the printing process might be another thing that is slowing you up. Would it be possible to just get a cursory account rather than waiting for the formal printing to be done? I'm just wondering if that would be possible,

**Ms. Ronyk:** — Mr. Chairman, and Mr. Neudorf, the *Hansard* for Tuesday was distributed to your office yesterday morning, which was on the usual schedule. It's usually here by 9 in the morning of the following day, unless we've had some kind of problem.

**Mr. Neudorf:** — I would like to take this opportunity to compliment the Clerk and the legislative staff in their very professional manner of operating. I will certainly take that to heart and I will check my own files a little bit more closely.

**Mr. Chairman:** — Mr. Neudorf, you are truly a diplomat and a gentleman.

**Mr. Neudorf:** — I would sneak out at this point.

**Mr. Chairman:** — Thank you. Unless there are other things that people want to ask about, I will go to the Pioneer Trust question that I asked earlier. Is there anything anybody will want to ask about so we can get it out of the way, that you have in mind? No? Okay.

Mr. Jones, do you have that information? Sorry to rush you out for it.

**Mr. Jones:** — Mr. Chairman, just let me put this in context. In terms of the specific question regarding the \$4 million, we have that information. We tried to go back and get information on when the government invested in Pioneer Trust. That information is off our system as investments mature. So we don't have a history of it. We can undertake to provide that and get that to you but that would take some time. Some of that is down in our vault and it's in old files. It's off our computer system.

But in terms of the \$4 million, that was made in January of

1985.

**Mr. Chairman:** — January 1985 is when the deposit certificates were issued?

**Mr. Jones:** — Those specific deposit certificates mentioned in the auditor's report, yes. But again, I want to emphasize that I don't have the history leading up to that, whether this was a roll-over, or what it was, and . . .

**Mr. Chairman:** — I understand that, and I accept that. I'm not the expert any more, and I'm not sure I ever was, but what do you mean by roll-over? Would it have been put in and then expired and then rolled over again?

**Mr. Jones:** — That's correct. We would have purchased them for a certain term. They may have come due at this point. And I just want to be clear on exactly the nature of those investments, which I don't have at this point. All I can say is they were made in January of '85.

**Mr. Chairman:** — In the case of a roll-over, whether here or anywhere else, when they expire you don't need to roll them over; you can cancel or cash them in at that particular time. So in January of '85 you could have cashed them in, or the department could have cashed them in.

**Mr. Jones:** — That's correct.

**Mr. Chairman:** — You were not the official there then, I know, or the official in charge.

**Mr. Jones:** — The investment manager would make a decision whether to roll it over or seek an alternative investment.

**Mr. Chairman:** — Okay. Well knowing that, how difficult is it to get the other information?

**Mr. Jones:** — Well we will go through and undertake to get that. I just don't know how long it will take.

**Mr. Chairman:** — Okay, because I don't want to . . . I basically have the information I wanted, but okay, go ahead, and we'll wait for it then.

Okay. So this roll-over in January 1985 . . . (inaudible interjection) . . . Pardon?

**A Member:** — Could I ask a question to that?

**Mr. Chairman:** — Sure.

**Mr. Martens:** — How far back does your computer go?

**Mr. Jones:** — We basically have on our system our current investments, so any investment that has matured falls off the computer. So what we would have to do is go back to the files, the hard copy, look through the invoices or the tickets, as they're called, to find out the investment history here.

The specific information I have here is the \$4 million certificates were made in January of '85.

**Mr. Chairman:** — I think because I basically have what I want, I really don't want to put the department to the extra trouble of going back through all the files. So as far as I'm concerned, I don't really need that, unless some other members do. Because if you've got to go manually through the files, I'd rather you spend your time finding us the travel breakdown. So I will not request that unless somebody else does. Okay. I've got what I want.

Now in this case this decision to roll over would have been made strictly by the director in charge, or was there a direction from the minister's office or the treasury board or somewhere in this case, because there will have been documentation for that?

**Mr. Jones:** — I want to be clear here. I don't have the information to say that it was rolled over at that time. The amount that was invested prior to that time, I don't have how much that was. So that what I'm saying is that these investments were made in January of '85. Whether they were rolled over, whether it was new money, whether part of it was rolled over, I just don't have that at this point.

**Mr. Chairman:** — But in January '85, either by roll-over or new money, there was an investment made in Pioneer Trust?

**Mr. Jones:** — That is correct.

**Mr. Chairman:** — In January of 1985 there was an investment made in Pioneer Trust?

**Mr. Jones:** — Right.

**Mr. Chairman:** — Can you tell me — and if you can't, will you tell me next Tuesday — under whose direction was this investment made? I ask that question very specifically, because in January of 1985 Pioneer Trust was knowingly in trouble.

**Mr. Jones:** — Yes.

**Mr. Chairman:** — In deep trouble. The officials of the department knew it; the Premier knew it. You had a series of meetings with one Will Klein and other officials of Pioneer Trust. The Deputy Premier knew it. He had meetings with all of these officials. The minister of Finance knew that Pioneer Trust was in deep trouble. And in spite of the fact that they knew that, there was an investment made in Pioneer Trust of \$4 million in 1985.

So I'm wanting to know, from the documentation in the department, because there has to be a record, who directed that this investment be made? Do you know that, or can you get it for us?

**Mr. Jones:** — I would like to, Mr. Chairman, discuss that with the director of investments to get a very clear understanding of that point.

**Mr. Chairman:** — Okay. That's fair. And the other thing I would like to know along with that is whether there were any ministerial instructions with respect to making this investment of \$4 million in January 1985. And you will find that out for the committee?

**Mr. Jones:** — Yes, I will.

**Mr. Rolfes:** — Mr. Chairman, I've put my information away. In the auditor's report on page 32 it says — and I think we have to go through the whole thing. It says:

My representatives also observed that application was not . . .

And we can forget about that because that was asked before. It says:

The most recent information from the liquidator is that the Saskatchewan Heritage Fund will receive approximately \$2.7 million as settlement. Therefore, there is a loss to the Saskatchewan Heritage Fund of approximately \$1.2 million and a corresponding understatement in the Consolidated Fund expenditure for payments to or on behalf of any depositor of the Pioneer Trust Company.

Now, is this directly related to the investment that was made in January of 1985, or is this a separate . . .

**Mr. Kraus:** — This explains the fact that the Heritage Fund held the investment but any recoveries . . . the loss would be borne by the Heritage Fund but the recovery would be gained by the Consolidated Fund. But from the province's perspective, if you combine the Heritage Fund and the Consolidated Fund there is no difference. It's a bit of a technical argument here that the one fund owns the investment and the Consolidated Fund . . .

**Mr. Rolfes:** — More specifically, Mr. Kraus, my question is: was the \$1.2 million loss due to the investments that were made in January of 1985?

**Mr. Kraus:** — Yes. Okay. Yes, yes. I'm getting it confused. Yes, it definitely is. That's the same investment, yes. And it's a recognition that the liquidators had advised us already at that point, or some time after the year end, that we likely wouldn't be getting more than about 70 cents on the dollar or thereabouts so we put in a provision for loss for at least 30 cents, and it may have been 40 cents.

**Mr. Rolfes:** — I guess the point that I want to make here is that with all the information that was available to the government at that particular time, in January of 1985, knowing that Pioneer Trust was in financial difficulties, a decision was made to invest further moneys by the government, whether it was through the Department of Finance or whoever made it — made an investment knowing full well that they were on financial shaky grounds with Pioneer Trust, and consequently the people of Saskatchewan took a loss on that investment of \$1.2 million. Am I correct in my summation there?

**Mr. Jones:** — I think the fact is that investment was made at that point in time.

**Mr. Rolfes:** — Yes, I know that. I know that an investment was made. I guess the point that I'm trying to arrive at — why would the government make an investment in a company that is in financial difficulties at the time? Why would the Department of Finance make an investment?

**Mr. Chairman:** — Mr. Rolfes, when you ask about the government, its policy, you ask about the department.

**Mr. Rolfes:** — Yes, okay. I'm sorry.

**Mr. Chairman:** — Just stick to . . . avoid the policy.

**Mr. Rolfes:** — All right. Why did the Department of Finance, as opposed to the government — I accept your correction, Mr. Chairman — why did the Department of Finance make the decision to invest in Pioneer Trust at that particular time, having all the facts before you?

**Mr. Jones:** — What I would like to do is speak to the director of investments who was in charge at that time to get a clear understanding of that and report back to you, if that's acceptable.

**Mr. Rolfes:** — See, I've got a problem, because all subsequent questions that I'm going to ask are based on the answer that I'm going to be getting from you. So I'm a little bit stymied as to . . . you know, to proceed from here.

I guess the thing that I'm trying to ask is that if you knew — I mean you people are the experts, you're doing the investing — if you people knew that this company was in financial difficulties, why then would we make an investment? I mean, in your right judgement as the experts, why would you make that investment?

**A Member:** — I think we have to be careful here . . .

**Mr. Chairman:** — Could I make a . . . I want to comment here. I'm not sure that it's in order to ask why. I think you can ask — but what are the steps leading up to the decision? Just to help us along here.

**Mr. Rolfes:** — Okay, you're right again.

**Mr. Chairman:** — Because once again it's a matter of a policy question, but on the basis of the steps leading to the decision.

**Mr. Jones:** — And as I indicated, I'd like to speak to the director of investments on that.

But just to step back from that, we should keep in mind that the Department of Finance was also working with the company for a proposed share, guarantee of a share issue. And therefore we had, if you like, inside information on this and that we perhaps were in somewhat of a conflict of interest. Although clearly I don't want to characterize that way, but we had to be very careful in the messages that were transmitted to the market.

If during the process of trying to come to a satisfactory arrangement for a guarantee of a share issue, if when we were doing that the government was at the same time withdrawing money from Pioneer Trust, then that could be viewed negatively by the market and could result in a run on the trust company. Now I'm speaking hypothetically here. I'm trying to put it in context, that there are several things that the department had to consider.

**Mr. Martin:** — That's a good explanation, and perhaps indicating that it might have had a detrimental effect on an awful lot of citizens in this province, which of course it did to some extent.

But it seems to me that Morley Meiklejohn may be the only one that can . . . he was the chairman at that time or the president . . . the investment counsellor at that time, I gather. At least he's the man with the answers, I understand. And would it not be fair to this gentleman to allow him to check with Mr. Meiklejohn who . . . Is that the gentleman you're wishing . . .

**Mr. Chairman:** — The committee isn't disagreeing with that.

**Mr. Martin:** — No. Well before we proceed much more, then you can go ahead with the thing.

**Mr. Rolfes:** — Yes, as I said, I've got a whole series of questions that are based on the answers I'm going to get on this, and what steps led to the Department of Finance making that decision. You know, what sort of forced you into making that decision? Part of the explanation you have given me now and I don't . . . you know, I know I can't ask you why, but certainly I'd like to know what led you to make those decisions in light of the fact of what you knew at the time. But I can't ask any further questions until I get that answer.

**Mr. Chairman:** — So that we understand here, obviously, Mr. Jones was not the director. He was not involved therefore in this kind of decision, so he's going to have to pursue some of the answers.

**Mr. Vicq:** — Mr. Owen, Jim Owen would be the director.

**Mr. Chairman:** — Jim Owen? Is he still the director? Is he still in the department, so that the official involved is still with the department? Why don't you bring him to the committee?

**Mr. Jones:** — Let me clarify. The senior official from the investment and financial services with respect to the Pioneer issue, if I can characterize it that way, was the then assistant deputy minister, Mr. Meiklejohn. The director of investments was Mr. Owen. Mr. Meiklejohn has recently retired from the public service. Mr. Owen is still the director of investments.

**Mr. Vicq:** — You asked a question, why I haven't or didn't bring him to the committee.

**Mr. Chairman:** — No, I didn't ask why you didn't, I said could we have him.

**Mr. Vicq:** — I will attempt . . . just in recognition so he does . . . he requires dialysis every two days, and Tuesday may be the day, Mr. Chairman. But if it isn't, I will certainly bring him.

**Mr. Chairman:** — Thank you for that information. I wasn't aware of that. Okay, we have to keep that into consideration.

**Mr. Van Mulligen:** — I was just going to suggest, Mr.

Chairman, if we're looking for answers and they're not going to be here until the next day, and we have to be out of here at 10:30, maybe this would be an appropriate time to adjourn.

**Mr. Chairman:** — I think that's correct. We should clear the room for the next committee. Thank you very much for your help. Are you clear with what their request was? It's on the record anyway.

Can I have one other question before we disperse here. I would like to be able to know by the next committee, when did the Department of Finance become aware that Pioneer Trust was indeed in financial trouble. I want to know initially when it became aware of this, so that we know that ahead of time.

The committee adjourned at 10:20 a.m.