

STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 9, 1988

Mr. Chairman: — I stand to be corrected, but I'm under the impression that the rules of the committee indicate that a quorum need not necessarily be present for the committee to discuss items. A quorum does, however, have to be present in the event that the committee wishes to pass a substantive motion or make substantive decisions.

My sense is there's representation here from both sides, so that we can begin, and the item on the agenda is consideration of the Provincial Auditor's report.

Mr. Rolfes: — Mr. Chairman, before we look into the Provincial Auditor's report, I was wondering whether we could consider another item that was brought to our attention the other day by the Clerk of the Legislative Assembly, and that's on the work study . . . co-op work-study program. We all got notice of that. It's not a . . . I'm sure that we could agree to come to some decision on that. It's not that substantive a motion.

In case some members did not have an opportunity to look at it, the co-op work-study program is a program at the University of Regina where kids do study and also work. They've requested that students would like to come for a four-month period to do some research for committees. And I was wondering whether this committee could accommodate, or at least look into the possibility of us considering maybe hiring a person to help this committee and also help the student. I wonder if we could just throw that open for a bit of discussion, and then I'd like to move a motion, if there seems to be some agreement on this.

Mr. Chairman: — Is that agreed that we discuss that now? Take a few minutes to do that.

Mr. Neudorf: — All right, Mr. Chairman, if I could just . . . my initial reaction is, first of all, what is Mr. Rolfes referring to when he talks about the work co-op study program, and who initiated this request initially? Where does it come from, and who authorized whoever did this initiating to make such a request?

Mr. Rolfes: — If I could just comment, Mr. Chairman. I did indicate in my original remarks this request came from the Clerk of the Legislative Assembly. Obviously the work-study program contacted him to see if there was an opportunity for students to work in the government, to do some research. It's a program initiated by the University of Regina where students go part time to the university and part time out in the world of work and they get credits for both. And so that means they have to find opportunities for these students to get work experience.

Government obviously is one area where they can get work experience. Now they also go into the private world and seek opportunities there. So the request came from . . . and each one of us got a . . . I don't know any more about it — except for the request that I got from Gordon Barnhart — I don't know any more about it.

I'm familiar with the program, and the request came for us to consider whether or not we would want to. I'm not pushing it one way or another. If the committee decides

not to . . .

Mr. Chairman: — If I might, Mr. Neudorf, this matter arose from a discussion that I had with the Clerk and the . . . I believe it's Judy Brennan from the library. If you will recall, there was a letter, I think at our very first meeting, from the library offering their services to this committee. Subsequent to that, I met with the Clerk and Judy Brennan of the library to discuss the whole area of research needs, that is to say, if you like, independent research for committee members.

The library agreed to undertake to provide to members information as it became available from various journals and so on to help members in their, I suppose you might say, in their background information matters pertaining to *Public Accounts* and accounting generally. But during the course of discussion, the matter was raised that there are a number of public accounts committees throughout Canada that have independent research. The committee has a question, delegates that to the Clerk and to the appropriate research people to come back with answers.

And I suggested that inasmuch as the University of Regina has a work-study program and has students who look for placements both within private industry and in government to do work, whether there was any potential for the committee and for the Clerk's office to utilize the services of that program, and the services of that student, not only because it would be . . . there might be some potential benefit to all of the members of the committee. but also, of course, some benefit to the students involved as a relevant work placement. And towards that end, the Clerk has communicated with the University of Regina, and information, I think, has been distributed to all members in that regard. And I think that's where we're at now.

And I guess the question for the committee is: is there some potential benefit; would there be some usefulness to the committee to have, say, someone in that capacity to work for all of the members of the committee in research needs, and whether the committee wishes to pursue that? And frankly, given budget considerations and the amount that might be budgeted, is it practical to pursue anything of that nature? And that's where we're at.

Mr. Neudorf: — Mr. Chairman, I'd just like to go back to something that Mr. Rolfes mentioned, and I think . . . I don't want to put words in your mouth, but I think you said something to the effect that the Clerk approached the chairman on this issue. Is that correct?

Mr. Rolfes: — Mr. Neudorf, I know nothing more about it than this. I have not discussed this at all with our chairman. I didn't know any more about it than what I received on my desk in the House. So I don't know what has gone on before. You may not believe that, but I had not had an opportunity to even discuss it with Mr. Van Mulligen. I really don't care one way or the other. If anybody has any doubts about the program, let's just scrap it. I'd sooner get on to the other.

Mr. Neudorf: — But my point, Mr. Chairman, was that I do believe you said that the Clerk approached the

chairman.

Mr. Rolfes: — No, I don't think I did. Well if I did, it was . . .

Mr. Neudorf: — If I could just have the floor again, Mr. Chairman, the point that I'm coming to is that you, in your discussion, kind of hedged that issue and you said that you had a discussion with Mr. Barnhart. Now what I would like to ask you . . . I believe Mr. Barnhart was mentioned.

Mr. Chairman: — No, our Clerk, Gwenn Ronyk

Mr. Neudorf: — Well the verbatims will show that. What I'm getting at, Mr. Chairman, is that . . . what I'm asking you is: who initiated this? Did the Clerk initiate, or did the chairman initiate this?

Mr. Chairman: — Well I suppose that I was the person that raised it. I initiated it, but it came out of a discussion that I had with the representative from the library, and with the Clerk of this committee, with respect to information from members that would be helpful to members and the question of independent research. And the suggestion was made, and I think by myself, that this is something that we may want to look at to see if there is some potential benefit for the committee.

Mr. Neudorf: — I have a concern here, Mr. Chairman, and that is the fact that as a committee, and you as Mr. Chairman of this committee, I believe have a responsibility to act upon wishes of this committee and that is it. I appreciate your initiative in all this, but I would suggest to you that unless the committee makes directions like this, that these kinds of initiatives on your part can have implications on the committee, because and at that stage we will be reacting to proposals that are already being offered. And I don't like to have myself being put in that position.

If it comes and is initiated at this kind of a meeting and we instruct Mr. Chairman and/or Mr. Vice-Chairman or any member for that matter to pursue and to gather information, then I would have no problem in making these kinds of discussions. But I don't like to find myself in a reactive kind of a situation.

Mr. Chairman: — I just might say I don't think that we are in a reactive situation. Information is simply being presented to us. We can do with it what we want. But again it rose out of a discussion that followed upon information that was provided to this committee from the library, and once you get into a discussion of information needs and research needs of members, you know, I don't know if there's any sort of logical line that you can draw that will say you shouldn't discuss all ramifications of that.

Mr. Muirhead: — Yes, Mr. Chairman, I never heard anything about this until just now, and there may be some good points to discuss in here, maybe it's 100 per cent. But I don't want to discuss it today until I get a chance to pursue it and see what it's about, and then we can decide if you want to discuss it at a later date. I see nothing wrong with that whatsoever. And I think what we need to be

doing here is get on to the job of the committee, and that's pursuing the auditor's report in public accounts, and discussing this at a later date. But I'd like to have a chance to see what this proposal is and then discuss it later.

Mr. Chairman: — Again, the agenda item calls for us to consider the Provincial Auditor's report. Mr. Rolfes, I think, was asking for leave. And I suggest we go with the Provincial Auditor's report and table this matter, say, for future discussion when the committee thinks it's appropriate.

Mr. Martin: — Could I just comment before we do it. I'm a strong supporter of the co-op work-study program. Its worked very well in other areas of educational institutions in the province. So I mean, I'm certainly not opposed to this suggestion; however, I . . . and I think the opportunity to hire somebody for the summer months . . . while I notice that it says scheduled for co-op employers from September to December. Is that indeed when these people would be hired . . . excuse me, no, it looks like they'd be hired some time in July.

But what I want to say is I think we need some more information on this. And perhaps if the Clerk has additional information or could even instruct us as to what specifically this person or persons would be doing, I'd just like to hear a little bit more about it.

So I concur with your suggestion that we sit on it today and get on with the business of the public accounts and the auditor's report.

Mr. Chairman: — Let's leave it at that. If the Clerk has further information, she can distribute it to members. In the meantime we'll table this and deal with it at some future meeting.

Okay, we're back to the consideration of the Provincial Auditor's report, current issues of importance.

Consideration of the Provincial Auditor's Report

Mr. Rolfes: — Mr. Chairman, if I may, I note with some alarm, statements in the Provincial Auditor's report and they disturb me considerably. And I don't know what we can do about it.

Maybe it's a trend in Canadian government that we are moving more to an executive form of government and the legislative offices or the legislative branch of government is really becoming obsolete. It seems to me that more and more power is taken by the executive branch, and they really feel that they do not owe any obligation or responsibility to the legislative branch. At least the legislative branch of government seems to . . . their powers seem to be decreasing and their responsibilities seem to be decreasing, and that disturbs me. But I don't know whether anything can be done about it.

I do want to spend some time this morning on the non-compliance of the executive branch of government as reported by the Provincial Auditor. And I would like to go through each one of these. And this will take some time, but I think it is worth while to spend some time on it and to see exactly why the executive branch felt that they

didn't need to comply with the laws as passed by the Legislative Assembly.

I want to — before I get any further — I want to quote from page 1 of the auditor's report. And I don't know if we all agree with his statement, but certainly it says:

Our parliamentary system of government (it's right from the beginning) is based on the principle of rule by law.

A very, very important statement. And that means that the laws exist, and those who are in power should try and abide by those laws. And if they can't, then they should state very clearly as to why they can't, and those laws then should be changed. But to simply say, we do not care what the laws are, we will simply abuse them and we will simply ignore them, is not reasonable to accept. He goes on to say:

The executive government (Executive Council and its appointed officials) is authorized to govern in accordance with laws passed by the Legislative Assembly.

Now there are a number, numerous examples given by the Provincial Auditor where the Executive Council has simply ignored the laws as passed by the Legislative Assembly. They haven't even tried to accommodate the Provincial Auditor. They have simply said, get lost; we are not interested in providing you with that information; we do not care what your role is; this is what we're going to do; simply get lost!

Now he goes on to say in the fourth paragraph:

All entities, such as Boards, Commissions, Crown Corporations and Departments of the Government of Saskatchewan, are equally accountable to the Legislative Assembly.

And in his last sentence in that paragraph the Provincial Auditor says, and I paraphrase, it doesn't make any difference whether you hire another auditor to do the books. The Provincial Auditor is the sole auditor of that entity, and it makes no difference whether another auditor also audits the accounts of an entity.

So if we accept those, if we accept that that is the role of the Provincial Auditor and that the Executive Council is responsible to the Legislative Assembly, then I believe it is incumbent upon the members of this committee, to some time during our analysis of public expenditures, to pass some resolutions and recommendations to the government to say that, look, the supreme authority in governing in a democratic government is the electorate, but then the Legislative Assembly, or the elected people in the Legislative Assembly, and the executive branch simply is accountable to them. If we believe that, I think we've got to make this government . . . pardon me, the Executive Council aware of that.

Now I want to go on to page 4 of the Provincial Auditor's report, and he goes on to state in 2.02:

In order to effectively control the public purse, the

legislature must direct and control the spending by the executive government.

Now it follows then, I submit, that if the Executive Council simply ignores the laws of the Legislative Assembly, then we can't hold them accountable. I mean, if they're not going to submit to us records and expenditures of two years ago — two years ago; and I will verify that a little bit later — how can we hold them accountable? We simply can't. And I think that should concern us as members and should concern us particularly as members of the Public Accounts Committee.

And he goes on to state in 2.06:

There has been a reduction of information provided to the Legislative Assembly because of the manner in which the executive government has used the Saskatchewan Property Management Corporation (SPMC) to spend public money.

And it seems to me that as you read through the auditor's report that SPMC (Saskatchewan Property Management Corporation) has probably been the worst offender — the worst offender. And I will go so far as to say, Mr. Chairman, that I think you can go down in the annals of history of this province and you will not find another agency or Crown corporation or government that has so blatantly disregarded the Legislative Assembly and the Provincial Auditor as SPMC has done. I don't think there is any doubt whatsoever — any doubt whatsoever — and I think I can substantiate that as you go through the Provincial Auditor's report.

They have simply said to the Provincial Auditor: you get lost; you have no right to this information; we will not submit it to you. And they've even gone so far as to say to him that he cannot have the minutes of the meetings that have been conducted, so that he could not do his job as the Provincial Auditor to see whether or not moneys had been expended correctly and that moneys had been expended according to the laws as established by the Legislative Assembly.

Now he goes on to say in 2.07:

The Estimates do not specifically direct the purposes for which SPMC may spend the money provided to it, thus SPMC can spend the money as the executive government sees fit without any direction from the Legislative Assembly. For example, in the 1986/87 Estimates, Vote 13 Sub-vote 41 provided for "Payment to the Saskatchewan Property Management Corporation \$10,242,000". This money (and I want the members to note this) was used, in part, for capital grants for schools, hospitals, universities and for public works.

I want to ask the members of this committee, where in the Legislative Assembly did we ever authorize this type of expenditure, and then SPMC (Saskatchewan Property Management Corporation) saying to the Provincial Auditor that he has no right to question them on the expenditures of their money?

Finally, Mr. Chairman, SPMC did not provide the members of the Legislative Assembly with full details of the money spent, and we can go to 2.75 for a further discussion of this matter, and which I have done.

Mr. Chairman, as I said, that my presentation this morning was going to take some time because I have spent a fair amount of time on it, and I'm somewhat concerned about what has happened, particularly in this last year.

On page 6, and I think we can do no better than to quote again the Provincial Auditor on "Non-compliance with statutory tabling requirements". In 2.19 he says:

2.19 I note that there are numerous instances where financial statements have not been tabled in the Legislative Assembly as required by statute.

2.20 The instances are described further in chapters (and he goes on) 6.34, 7.36, 13.21, 13.29, 15.00, 18.30, 18.71, 18.95, and 28.05 of this report.

Now if that, Mr. Chairman, doesn't bother us, and if some members can't get riled up about that, how the executive branch of government has simply ignored the Legislative Assembly and are a governing body unto themselves, disregarding entirely the laws that we have passed, then I think the attitude of the president of CIC (Crown investments corporation of Saskatchewan) should really disturb us. If you go to 2.32, the Provincial Auditor says:

2.32 After several requests to the President of C.I.C., I was finally informed by him that he was unable to provide me with copies of the minutes of the C.I.C. Board of Directors since they were considered confidential documents.

You know, if any agency or Crown corporation takes . . . If all of them take that attitude, then I think we have totally abrogated our responsibilities as members of the Legislative Assembly, and we might as well fold our tents and silently steal away, because you no longer have an effective Legislative Assembly branch of government, but you now have government simply ruled and dictated to us by the executive branch.

I don't think I'm over-exaggerating that I think we are at the point where the executive branch of government has simply said to themselves, the Legislative Assembly is not important any more. And I think if you have watched carefully on, for example, the minister's attitude in tabling *Public Accounts*, nowhere, nowhere in the history of Saskatchewan, as far as I can detail and as far as the auditor has indicated, was there any, any connection at all . . . Oh, pardon me, I shouldn't go quite that far. Was the Minister of Finance justified in saying that the Provincial Auditor's report was always tabled with the Public Accounts Committee? There's no connection there at all.

In the past the *Public Accounts* have always been tabled when they were ready, within reasonable time. And I might note, Mr. Chairman, always before the end of the fiscal year always — before the end of the fiscal year.

And I want to say to the Provincial Auditor that I totally agree with you, and I think it's time that we get back to accountable government and that the public accounts report must be submitted within six months time. I don't see any reason why that can't be done. If we don't have sufficient staff to do it, then I think we just have to provide them with their staff. And if the Provincial Auditor can't get his report done within six to seven or eight months, because of lack of staff and resources, then I think we simply have to provide him with those resources as, for example, was done in — I think it was the late '70s — when the Provincial Auditor complained, when we were the government, that he could not get his report in in reasonable time because of lack of staff.

I must note, Mr. Chairman, that at that time reasonable time was March and the auditor was complaining because he couldn't get his report in in March. And we did provide him with additional staff so that he could get his report in sooner and that the members of the Legislative Assembly could examine. Now the report comes in in June and that's certainly I don't think reasonable. That is 14, 15 months after the end of that fiscal year.

So I hope again that this committee will pass some recommendations in its final report to the Legislative Assembly in encouraging executive branch to make resources available so that the Provincial Auditor can get his report in in a reasonable time, certainly before the end of the fiscal year, and that *Public Accounts* can be tabled, if not within six months, certainly then within seven or eight months, so that we, as members of the Legislative Assembly, can examine both the *Public Accounts* and the Provincial Auditor and hold the executive branch accountable for the expenditures of that money.

Mr. Chairman, I want to now turn to the examples that the Provincial Auditor has indicated of non-compliance to the laws of the Legislative Assembly, in tabling of documents, because this concerns me. Because I think this trend of not complying with has simply increased dramatically over the last few years and certainly since I've been back as a public figure. This didn't seem to be a real problem. I think it was somewhat of a problem when we were the government because I think you have a tendency when you are in the executive branch — I've been there, and there's one member opposite has been there — and I think we know that we get the tendency of being protective of your little domain. But democratic government simply can't function that way.

In a democracy the executive branch must be subservient to and comply with the wishes of the Legislative Assembly. If we lose track of that, then we are simply in danger of losing one of the most valued things that we have in our society and that is our democratic way of governing.

So I want to turn to 6.34, Mr. Speaker, and go through these because, although we'll study these in more detail later, I think it is . . . Or did I skip one . . . no, 6.34.

In 6.34, Saskatchewan Student Aid Fund, the Provincial Auditor notes . . . and all I want to do is just simply note

these today so that members are aware of them and that later on when we go through these we will see that they simply did not comply. It says:

6.35 During the course of the audit my representatives observed that no interim financial statements were prepared during the year.

And yet the law specifically states that they should be prepared. There was nothing prepared — simply ignoring the laws as they existed. And this is with the student aid fund.

If we turn to 7.36 on page 43:

Non-Compliance With Authorities

Subsection 15(1) of the Saskatchewan Vegetable Plan, established by Order-in-Council 138/78 states:

The Commission shall maintain such books and records as may be required for the proper administration of this plan . . .

The Provincial Auditor notes:

7.37 My representatives observed that the books had not been posted at any time in the year, nor were any financial statements prepared by the Commission.

Now how can we hold them responsible for the expenditures of public funds if no financial statement has been prepared and if they don't comply with the laws as we establish them in the Legislative Assembly?

Let's go to 13.21. In 13.21:

SOURIS VALLEY REGIONAL CARE CENTRE

Subsections 35.7(1) and (2) of The Housing and Special-care Homes Act state as follows:

- (1) A board shall, in each fiscal year, in accordance with The Tabling of Documents Act, submit to the minister:
 - a) a report of the board upon its business for the immediately preceding fiscal year; and
 - b) a financial statement showing the business of the board for the immediately preceding year.
- (2) The minister shall, in accordance with The Tabling of Documents Act, lay before the Legislative Assembly each report and statement received by him pursuant to subsection (1).

If you turn to 13.22, what did they do?

Souris Valley Regional Care Centre submitted an annual report of the Board to the Minister based upon its business for the March 31, 1986 fiscal year which was tabled before the Legislative

Assembly on June 18, 1987 in accordance with The Tabling of Documents Act; however, this annual report did not include the audited financial statements for the year ended March 31, 1986.

So well over two years we did not receive the financial . . . the audited financial statement. How can we hold them responsible? We can't. It's a simply . . . again the executive branch saying, no, we will not comply; we'll simply ignore the laws as they presently have been established.

let's turn to 13.29:

WASCANA REHABILITATION CENTRE

And I think the same thing applies there, if I remember correctly now. Yes:

. . . report contained unaudited financial statements which are materially . . .

I should read through it. Excuse me. 13.30:

An annual report for the fiscal year ended March 31, 1986 was tabled in the Legislative Assembly on December 23, 1986 as Sessional Paper No. 22. However, this annual report contained unaudited financial statements which are materially incorrect. As of October 20, 1987, audited financial statements for the year ended March 31, 1986 had not been tabled in the Legislative Assembly.

Well 15.00. let's go to 15.00:

JUDGES OF THE PROVINCIAL COURT SUPERANNUATION FUND

The Public Employees Benefits Agency is responsible to administer the Judges of the Provincial Court Superannuation Fund.

Essential in an appropriate system of management controls are control procedures which permit management to review, analyze and control public money. Key elements of such a system are an effective interim financial reporting system to assess performance and adjust operations as necessary.

During the course of the audit it was observed that the accounting records were not being maintained on a timely basis with the result that there were significant delays in the preparation of monthly and annual financial information.

This management control deficiency also contributed to the following instance of non-compliance with authorities:

And we can go through the section here, but I just want to read 15.05.

The Tabling of Documents Act required the annual report and the financial statements of the

Judges of the Provincial Court Superannuation Fund for the year ended March 31, 1986 to be laid before the Legislative Assembly by June . . . 1987. Since the report was not tabled by this date, it is my opinion that subsections 29(3) and (4) of The Provincial Court Act were not complied with.

The simply numerous examples of ignoring the laws as laid down by the Legislative Assembly.

I want to turn to 18.30: "Public Employees Benefits Agency, Supervisory Controls." And I will only read 18.31, last sentence:

My representatives noted that the monthly procedures were not followed regularly for the December 31, 1986 fiscal year. It was also noted that the year end procedures to produce timely and accurate financial statements were not carried out for the Dental Plan and were not properly carried out for the Disability Income and Group life Insurance Plans. In the two plans where procedures were carried out there were significant errors in the year end financial statements which were presented to my representatives for audit.

Now I don't know whether there were any gross financial errors in the dental plan — I don't know that. But if there were errors, they were already in the two plans where the information has been submitted. I suppose one would not be too far wrong in assuming that possibly there were errors in the one that was not submitted, and maybe the errors were even worse. All we have left to conclude is that compliances with the laws were not there and we don't know the reasons for it. Are they simply saying, we don't care what the laws are and we're going to go our own way. Are they hiding certain things, in these instances? That's the worst scenario. And I have nothing to base it on except for some of the errors that the Provincial Auditor indicates on those that have been submitted. We don't know that, and that's even the worst thing that one can think of.

Okay, let's turn to 18.71. In 18.71, this refers to The Superannuation (Supplementary Provisions) Act, states:

- (2) The board shall, in each fiscal year, in accordance with The Tabling of Documents Act, submit to the minister:
 - (a) a report of the board upon its business for the immediately proceeding fiscal year; and
 - (b) a financial statement showing the business of the board for this year, in such form as may be required by Treasury Board.
- (3) The minister shall, in accordance with The Tabling of Documents Act, lay before the Legislative Assembly each report and statement received by him under subsection (2).

In 18.72 the auditor states:

Financial statements for the 1986 and 1987 fiscal

years have not been prepared (have not been prepared) and therefore have not been tabled in the Legislative Assembly at the date of this report.

I simply want to remind the members, this is 1988 — June, 1988 — and we're referring to the fiscal year '86 and '87. How can we hold executive branch responsible to the Legislative Assembly branch if they refuse to table the documents. We can't. We no longer have government by the legislative branch, or holding the executive branch responsible to the executive branch. It's an executive branch that has simply run amok, an executive branch that has taken power to themselves and are simply ignoring the legislative branch and saying, we simply will not submit it; we are running this show, and you guys can do whatever you want.

Mr. Chairman, I want to turn now to 18.95, and this again a non-compliance with authorities. And I'm not going to read the whole thing, Public Service Superannuation Act, because it does basically the same as the others. It has more extended things that they have to comply with, but they didn't comply.

But in 18.98 the auditor states again:

As at March 31, 1988, the reports of the Board for the 1985/86 and the 1986/87 fiscal years had not been tabled in the Legislative Assembly.

I know it hurts. I know it hurts.

As at March 31 (I want to say it once again so everybody can hear it), 1988, the reports of the Board for the 1985/86 and the 1986/87 fiscal years had not been tabled in the Legislative Assembly.

How can anybody not conclude from this that the executive branch is simply saying, we will ignore the laws established by the Legislative Assembly, and we will run this government the way we want to, and are simply not complying with the laws as laid down.

One last example, Mr. Chairman, is 28.05. I want to draw your attention to that. In 28.05, this is Provincial Secretary — 28.05, non-compliance:

28.05 This failure to maintain records on a timely basis also contributed to the following instance of non-compliance with authorities:

28.06 Section 42 of the Members of the Legislative Assembly Superannuation Act, 1979 reads as follows:

42(1) The minister shall, in each fiscal year, in accordance with The Tabling of Documents Act, submit to the Lieutenant Governor in Council an annual report on the administration of this Act and shall include therein:

- a) the balance sheet for that fiscal year;
- b) a statement of the receipts of the fund during that fiscal year, classified as to source;
- c) a statement of the amounts paid by way of allowances;

- d) a statement of the number of contributors;
 - e) a statement of the number of persons receiving annual allowances;
 - f) with respect to any investments made under section 3, a statement of all securities in which moneys of the fund have been invested, a statement of any such securities that have been so acquired during that fiscal year and a statement of all dispositions of such securities during that period;
 - g) any other information that the lieutenant Governor in Council may prescribe.
- (2) The minister shall, in accordance with The Tabling of Documents Act, lay before the Legislative Assembly the report mentioned in subsection (1)

What does the Provincial Auditor report?

As at April 14, 1988, management responsible for the administration of the Fund have not provided me with the financial statements for the years ended March 31, 1986 and March 31, 1987 for audit, nor has the Minister tabled the annual report in the Legislative Assembly.

A full two years behind.

Mr. Chairman, I know I have taken sufficient . . . a fair amount of time to document what the Provincial Auditor has put in his report of non-compliance by the executive branch of government of the laws of this land. That, Mr. Speaker, is for me, as a member of the Legislative Assembly and as a member of the Public Accounts Committee, a terrible indictment of this government. It's an erosion of the powers of the legislative branch, and it is our duties as members of the Legislative Assembly to hold the executive branch accountable for the expenditures of money.

But how can we do it when they simply will not comply with the auditor's report, or the auditor's requests, so that he can carry out his functions in making certain that moneys are spent correctly, and report to us? The Provincial Auditor is a servant of the Legislative Assembly and, as such, he is our servant, and he will do his duties and take his responsibilities from us and carry out those responsibilities. But he can't do that if the executive branch simply will not comply with the laws that have been established.

And I hope that during the course of our deliberations that we will note this as a serious erosion of the democratic principles of government and that we will pass recommendations and take them to the Legislative Assembly and debate them there, and inform and let the executive members know that we are not happy with the direction that they are going, and we are not happy with the non-compliances to the laws of this Legislative Assembly.

Mr. Chairman, I will leave it at that and enter the debate a little bit later.

Mr. Muirhead: — Thank you, Mr. Chairman. As usual Mr.

Rolfes has made . . . he's a good orator and he's made some statements. He's made some very severe statements — he's made them very loud — and they're against this government, against the Legislative Assembly, against the Executive Council.

And I'm not going to reply, Mr. Chairman, to Mr. Rolfes's severe statements today against the Executive Council because he made so many, so fast and so furious, that I'm going to take time to examine the *Hansard* when it comes out and reply to his statement and to every detail; because he has his right to believe what he sees and how he analysed this, but I, as an elected member and a member of this committee, have my right how I analyse the statements made by the Provincial Auditor.

Now just because the Provincial Auditor has made these statements in here doesn't make me say that it has to be factual, because I'm glad for his sake that he said, in most cases, in my opinion. Now I made not even one . . . looked up once, Mr. Rolfes, when you were speaking, and I ask for the same . . .

Mr. Rolfes: — I didn't say anything to you.

Mr. Chairman: — Let the member continue.

Mr. Muirhead: — Well just don't, because I never said one word when you were speaking. I have my right to examine these statements to see if I believe they are correct or not and come back and bring it to this committee, which I will do after I examine the *Hansard*, Mr. Chairman, otherwise I'm not going to reply to any of his wild accusations today.

Mr. Martin: — Well I concur with what Mr. Muirhead has said. I just wanted to put one thing on the record this morning, and I think, in all fairness, that you have made such sweeping generalizations, and a great many of them, that I think it's only fair that we have a chance to look at those and examine them, you know, in each one. Okay?

However, I do want to say that you asked a question in the House yesterday of the Minister of Finance in which you say — I won't read it all — but well you said that:

I've noticed in the auditor's report a statement by the auditor which no democratic and responsible government can simply be proud of. And I quote:

These are your words:

I find it regrettable that, for the first time since my appointment, I must include . . .

Or rather these are the auditor's report:

I find it regrettable that, for the first time since my appointment, I must include in my annual report comments concerning a lack of co-operation obtaining information that I consider necessary.

And then you went on to ask the minister . . . Mr. Rolfes went on to ask the minister:

Mr. Minister, would tell the taxpayers today why you refuse to co-operate with the Provincial Auditor so that he is able to perform his duties. Why, Mr. Minister?

In your usual dramatic tone.

Well, unfortunately, Mr. Speaker, (said Mr. Lane,) the auditor's report is, and I'm sure will be, a matter of some debate, but the specific examples referred to by the Provincial Auditor dealt with requests for information from the Crown Management Board, which were subsequently supplied to the Provincial Auditor and that there is a stated procedure and process for him to follow, and when he's followed the process, he has received the information.

That was Mr. Lane's answer. I wanted to put that on the record.

I'm wondering if perhaps it might be appropriate for the Provincial Auditor to comment on those two statements by you and by Mr. Lane, or would it not be appropriate for him to do so?

Mr. Lutz: — Mr. Chairman, Mr. Martin, this particular discussion I believe started last year at the deliberations here where I first reported the inability to get certain information from Crown Management Board. I had some dialogue with a member of management from that board. I'm sure the members will recall that as well.

And subsequent to that, we went back and requested those documents again. And finally this year I went to the minister responsible for Crown Management Board and asked him for the minutes. And subsequent to that request, I did receive the minutes for that year, as I report in my report to the House.

But subsequent to that year end, I have again been refused. So nothing really has changed in the thinking over at Crown Management Board as to whether or not I'm entitled to receive those minutes. I believe, according to the Act, I am, and that is the manner in which I have acted.

There seems to be a difference of opinion, and I suppose eventually I will probably have to again submit my request to the minister responsible and see how it goes.

Mr. Martin: — Is it a matter of opinion or a matter of interpretation of the Act, or as the regulations read — your interpretation as opposed to who?

Would there be one other individual, or is it a group of individuals whose opinion differs from you, and if so, who are the . . . what is that group? Is it the Executive Council? Is it the Minister of Finance? Is it the head of the Crown Management Board? just for my information, I'd just like to know that.

Mr. Lutz: — In my opinion, the terms of The Provincial Auditor Act entitle me to any information. It's in appendix 1 in the back of this book . . . entitle me to whatever information or documents I require.

Section 24(1) states:

The provincial auditor or the appointed auditor, as the case may be, is entitled:

- (a) to free access, at all convenient times, to:
 - (i) all electronic data processing equipment and programs and documentation . . .
 - (ii) all files, documents and other records relating to the accounts; of every department of the Government . . . Crown agency, Crown-controlled corporation or other person that he is required to examine or audit or, in the case of the provincial auditor, with respect to which he is examining pursuant to a special assignment; and
- (b) (he is) to require and receive from employees of a department of the Government . . . Crown Agency, Crown-controlled corporation or other person subject to examination or audit . . . any information, reports and explanations that he considers necessary for the proper performance of his duties.

Mr. Chairman: — I wonder, Mr. Martin, I've a sense that we're skipping over some things. Mr. Rolfes discussed at some length the question of non-compliance of statutory tabling requirements. I see that we're skipping ahead to what I perceive to be a somewhat different area, the question of what's entitled, lack of co-operation.

And I wonder if we might just deal with this matter of non-compliance of statutory tabling requirements, which I think is something distinct, and perhaps deal with that particular matter before we move on. I just wonder on that if there's any way that the committee might be able to seek an explanation of this non-compliance and the statement of the auditor that there are numerous instances where financial statements have not been tabled in the Legislative Assembly as required by statute.

It seems to me that those things are very clear. The statute is there, and financial statements must be tabled, and if they're not tabled, that's also clear. And I wonder if there's any one person that might be able to provide us with an explanation as to why these statements have not been tabled, what the reasons are. Is this a function of understaffing so that they're not able to do it, physically able to do it? Is it a question of revolving staff that they're not able to do it, or is there some other reason?

I think we need to concern ourselves with that. It seems to me that this is less a matter of opinion than one of fact here, where statutes do require financial statements to be tabled, and they in fact have not been tabled. And I wonder — perhaps, Mr. Kraus, you might be able to help us — if there's one person that might be able to provide the committee with a clear explanation in each instance why this has occurred.

Mr. Kraus: — I'm not sure I could give you a position on

each and every one of these financial statements because there are different circumstances. Some of them are prepared within departments, and some are prepared by commissions and agencies, and so on. So it wouldn't hurt to talk to the people involved.

But there are certain circumstances surrounding some of them. For example, the ones that PEBA (Public Employees Benefits Agency) is responsible for — the Public Employees Benefits Agency, and there's quite a few superannuation funds — what's happened there is that due to a number of constraints, I suppose, there was additional work placed on them, such as early retirement programs and so on, and quite frankly they did get a little bit behind. But what they did do, is they've taken steps to get their accounting records up to speed, and some of the financial statements that Mr. Lutz reported as late are at least with Mr. Lutz for audit.

The ones that should be available for the next year — I guess we're talking now December '87 year end — have been basically completed, as I've been told, and will be available for audit on time. But clearly that's a situation where the agency did not get the financial statements completed and have the auditor audit them on time. That's what I can say about that particular group.

As to some of the others, the circumstances vary. I don't have the facts on all of them at hand, but I know, for example, the Vegetable Marketing Commission is a very small agency. I think it's located in Outlook. They do have difficulties in keeping some administrative staff there, and it's certainly not a good situation, but they haven't kept their books and records up to date, as Mr. Lutz has indicated.

They've had that problem in the past. They've hired people to come in, I think from even Saskatoon, if my memory serves me right, to get the books up to speed and get them audited, and so on. But there was a case where resources weren't applied to keeping the books up and getting the financial statements prepared and audited.

But again, there are other situations that I would not want to comment on.

Mr. Chairman: — I wonder, like . . . We have the opportunity under each department to question those officials as to why those statements were not tabled and to get some explanation. But I wonder if, in doing that, the issue might be lost.

And I say that because I sense that the matter of this non-compliance is a growing problem, that is to say, that it is occurring more frequently than has been the case in the past, and that, as opposed to dealing with each agency where this comes up, that we might look at the problem and perhaps note our concerns and, if possible, make some recommendations to the Legislative Assembly on this total problem.

I'm wondering if . . . Should we write to each one to ask them to provide us with a written submission prior to any . . . their appearance at this committee as to what their reasons are for non-compliance? Is there one person in the government that the committee might ask to appear

before us who can offer an explanation on these matters so that we can discuss this issue of non-compliance as such?

Mr. Kraus: — I can speak to that. Well I'm responsible for preparing the *Public Accounts* and a number of other financial statements. You still reach a point where many of these departments or agencies are responsible for the preparation of their own financial statements, so I'm not sure you could have one person speak to all of them.

Mr. Chairman: — Okay. I had Mr. Prebble, if it's on this . . .

Mr. Prebble: — I will pass and turn it over to him, Mr. Chairman.

Mr. Rolfes: — I just wanted to ask Mr. Kraus, and this is just purely for information, if . . . and just following up from our chairman's question, if there is not one person who we can hold accountable in government for seeing to it that they comply with the statutes, how do you force these agencies? I mean, if the agencies just simply ignore, continues to ignore . . . I mean, like some of these are two and a half years behind. How do we enforce it? How do we know?

Let me just paint the worst scenario. Let's say there is corruption of 100,000 and these people say, hey, if we submit this, they're going to catch us at this, so we don't submit it; we simply refuse to submit the report, the financial statements. How do we know that there isn't corruption? I'm not saying there is, but we have a right to those reports.

Who in government, in the executive branch — it's got to be the executive branch, I guess — can say to those agencies and those Crown corporations: hey, look, either you submit those reports, those financial reports, or else, because the statute says that you have to submit them? There must be somebody.

Mr. Kraus: — Well there are different ministers who are responsible for the various agencies, depending on who it is you're talking about, so I would suggest that at least . . .

Mr. Rolfes: — The minister then.

Mr. Kraus: — The minister, in that case. So I have to admit that one of the things I try to do is get the financial statements that aren't tabled in the House separately, and some of the ones you've mentioned I'm sure are, and have their own annual reports, but the ones that are supposed to appear in volume 2 we are chasing down continually and it's . . . In fact, as a matter of interest, I just wrote the deputy ministers this week, identifying that there were financial statements that didn't make this book that should have, and indicating that there had to be considerable improvement if not only we were going to get the statements that were late into this volume, but also get the ones, get the financial statements for the current year end completed in time for Mr. Lutz to do the audit so we could prepare this book in a timely manner.

So, I mean, I do that for anything that goes into this volume, which doesn't cover all the financial statements

you talked about, but at some point still, the department's responsible, and I think the minister responsible for the department as well.

Mr. Rolfes: — I want to go into more detail when departments come before us, and I think it's unfair for me to ask you in any more detail. But what I guess I am concerned about is, I'd like to know why they won't submit those. Is it constraints? Or is it simply that they're saying, oh forget it; it's only to the Legislative Assembly, you know. As long as our ministers aren't too concerned about it, not going to worry too much about the Provincial Auditor; he's always, you know, wants to have everything perfect, you know, let's ignore him. Unless you put pressure on these people, you know, they'll just slough it off.

Mr. Kraus: — Well I guess this is partly opinion, but I think it's a fact that the . . . I can speak for people I'm most familiar with and that's this public employees benefit agency. They have had a considerable amount of work added to their work-load over the last couple years. There was a peak there with early retirement; they had a lot of people to process, and I think it was a matter of dealing with what was the greatest priority and what was going to get them in the most difficulty if they didn't achieve that end.

So unfortunately, sometimes the books and records are the ones that are let go, and there's nothing wrong, as far as I know, with the accounts of those agencies. I don't . . . certainly the auditor may have pointed out a few problems he's found, but there's nothing significantly wrong. It's more a matter that they didn't have the resources to apply to that activity.

Now at this point in time they do have those financial statements prepared, and the ones that he's complaining about, the auditor's complaining about, are in for audit, and hopefully there are audit opinions on them, and they've taken steps to get the '87, the December '87, records up to date, and I think they're almost ready for audit. But there's nothing wrong there. It was just a matter of priorities, and unfortunately sometimes the bookkeeping's the last thing to get done.

Mr. Rolfes: — Mr. Chairman, if I could just direct a question to the Provincial Auditor. Could you tell us, at the present time, are there . . . are you still searching for and waiting for some financial statements that should have been submitted to you for the 1986-87 year?

Mr. Lutz: — Mr. Chairman, Mr. Rolfes, I don't have that information with me; if you consider, we have some hundreds of audits spread over quite a few groups of auditors. I can find that out for you for Tuesday if this is your wish. If it's the wish of the committee, I can come back on Tuesday, but I can't tell you this morning.

I think I would like to, if I could, speak to the comments by Mr. Kraus. I believe you used the word "complaining." I think we have got to understand that in my report to the legislature I am not complaining; I am reporting, as required, cases of non-compliance. I don't think you should . . .

Mr. Kraus: — I didn't really mean that that way.

Mr. Chairman: — Again I wonder how we might proceed in this . . . I've always been a believer that if something happens once, it happens once; if it happens twice, it might be coincidence; but if it happens three times, you may have problems, and in this case it looks like we have epidemic. And it's also my understanding that this non-compliance is an increasing trend, in that it is occurring more frequently than it has in past years, and I wonder how the committee might wish to deal with this. Before . . . maybe, Mr. Kraus, if you have a comment on this?

Mr. Kraus: — Well I will just suggest this, and if the committee wishes, I would undertake to get an update on the financial statements that have been cited here as not being tabled. Not only for the one . . . the years that are cited here but also the current year, because Mr. Lutz is talking about, in many cases, say December 31, 1986 or March 31, 1987, and it's not . . . so I could do that if the committee wanted to, you know, list all of these financial statements and provide you with a status report. Are they completed? are they audited? and if not, when will they be?

Mr. Lutz: — Also, perhaps, where are they? That might be one more aspect of this thing that should be considered. If they are in fact in my shop, they should be being processed and moved out. Now if you're prepared to do this, I won't have to.

Mr. Kraus: — I'll do it.

Mr. Lutz: — But maybe I'll do it anyway just to check on what you say.

Mr. Chairman: — I think that would be a good thing for the committee; that's my opinion. But I just wonder, in addition to that, if it's possible to ascertain some reason in each respect as to why these statements are late. Because . . . yes, it's good to know where things are at now, but perhaps there's some thread running through all these things that the committee should be aware of and that we should be bringing to the attention of the Legislative Assembly, because knowing what's, you know, what is happening with these now, may not necessarily help the Legislative Assembly to avert future problems, and the trend which seems to be increasing.

Mr. Rolfes: — Mr. Chairman, I'd like to . . . Is he first? if he was first, go ahead.

Mr. Neudorf: — Thank you, Mr. Chairman. I want to say at the outset that I'm very pleased with what I'm hearing this morning because, in my opinion, this committee has a certain mandate and that mandate is to see to it that the various departments and the various appropriations which the legislature makes are spent in a legal and lawful manner. And in my opinion, what we have been discussing this morning so far is dead on, and I am pleased with that.

However, having said that, and I appreciate the points that Mr. Rolfes brought up and the numbers of departments and soon that he indicated have perhaps not

had total compliance with what the statutes request; however, for the members of this committee to suggest that there's some kind of dark conspiracy within the government to withhold information from the public and its spending ways and so on, I think that you are giving us too much credit. I do not . . . with the various departments, and you heard what Mr. Kraus was saying about some departments being on their own and some under his direct jurisdiction, and so on. I think to suggest that this is a government conspiracy is giving us . . . although I would like to take credit for that kind of co-operation and co-ordination that the government could have, I certainly think that that is going just a bit too far.

A reaction to the numbers of staff, and so on, that the auditor is required to have in order to do his job forthwith, and so on — I stand to be corrected on this, but I seem to recall during last session's Public Accounts Committee that the auditor did indicate to this committee that he was right on target in so far as the previous year was concerned. In other words, his staff was sufficient to do the job in the same time frame within that one-year time frame. Now unfortunately we do know that the tabling of those documents previously were somewhat late, but at least he has maintained the same time frame.

And having said that, I would like to make one further suggestion on this business of accountability, and that is that perhaps this committee could send out a letter to the so-called delinquent departments, indicating to them that one of the first questions that this committee will be asking of them is to give an accounting and an explanation of this problem that we are picking up here, so that they will be totally prepared to answer that question to this committee. And I would support that kind of a suggestion because I seem to sense from what Mr. Kraus is indicating there that some of these problem areas that Mr. Rolfes has indicated are not totally within his jurisdiction and will create some problems for him to address.

Mr. Kraus: — That is true in part, if I could just add a few more comments. I would appreciate any support in that respect, because while I can, as part of this listing that you want from me, I can try to provide the response of the agency as to why they're late, there's only so much I can put down on paper and, quite frankly, I think it's better at some point if the committee asks the people responsible directly as to why they're late.

Mr. Rolfes: — Mr. Chairman, if I could just comment just very briefly, first of all, on Mr. Neudorf's comments — and this, Mr. Neudorf, is meant somewhat humorously — but I certainly wouldn't take credit for orchestrating a conspiracy to not comply with statutes of the Legislative Assembly, and I wouldn't want to take credit for that.

And certainly it's not just not complying with statutes of the Legislative Assembly, but it's information that the public has a right to on government expenditure. And therefore, Mr. Chairman, I would like to move the following resolution:

That this committee indicate to the Legislative Assembly its concern about the numerous

instances where financial statements have not been tabled in the Legislative Assembly as required by statute in listing these statements.

Mr. Chairman: — I don't think we're in a position to consider that. We've just lost our quorum.

Mr. Rolfes: — Well that's too bad.

Mr. Chairman: — It's certainly something that could be considered at a future time.

Mr. Rolfes: — Well all right, I will . . . but the purpose of course of this was for us to — and I want to read it again:

That this committee indicate to the Legislative Assembly its concern about the numerous instances where financial statements have not been tabled in the Legislative Assembly as required by statute in listing these statements.

I think that members — listening to Mr. Neudorf — I think it's a recommendation, a resolution, I think, that can be accepted by the committee. I don't think it's a political statement. It's simply a statement that states the facts as reported by the auditor.

I want to just give a note of caution to the members here, and I don't think that Mr. Neudorf had in mind to bypass the ministers, but we can't hold the deputy or the agency or the chairman of any Crown corporation responsible. In a democratic government, it's got to be the minister.

So if we're going to send a letter of concern from this committee, then that letter has got to be addressed to the ministers, because it's the Executive Council that's ultimately responsible, and the minister in each department. And the minister who is responsible for an agency, he or she is the person that must accept ultimate responsibility.

I would not want this committee to bypass the boss, the person who is going to be held responsible. We in the Legislative Assembly can't hold a deputy as responsible; we've got to go after the ministers and Executive Council; they're the ones; it is up to them to see to it that the resources are available to the auditor's department and to the various agencies.

If, for example, they change policies, Mr. Kraus, as they did with early retirement, they should have anticipated that this would increase the work-load and should have made staff available so that the department and agencies could comply with the statutes.

So the ministers, the Executive Council, must be the ones that have to be held responsible. I don't think anybody would disagree with that.

Mr. Neudorf: — Yes, thank you, Mr. Chairman. I'm just utterly amazed at the comments that the member opposite has just made. And I'm so pleased with him again that if he does that again today, I'm just going to have to invite him to come over and join me on this side.

I am thoroughly in agreement with him, because up until

now and in the previous committee, I was so concerned — and I intend to address this at some later date — that this committee and the members opposite, in particular, were leading us down the road of republicanism and so on.

But to have the member now finally admit so publicly and so openly and so freely that this is a matter of ministerial responsibility . . . and I'm glad to hear that, and I'll certainly remind the member of that in future times when it boils down to asking deputy ministers and staff policy questions, as the member himself has done in the past.

I'm very pleased to hear that, and I have some hopes for this committee, after this meeting today, that we're going to be accomplishing what this committee has been set up to accomplish.

So I support the member from Saskatoon South in his recommendation that this letter also is sent to the minister.

Mr. Chairman: — All comments of republicanism aside, the picture of the Queen is still firmly on the wall.

But I just wonder, like in terms of this discussion, we've had a suggestion by Mr. Kraus that he would undertake to ascertain in each of these documented instances, for the committee, an indication of where those statements are at, and in addition thereto might ascertain in each case at least some basic reason as to why, in that agency's opinion, those statements were not tabled in accordance with statute. That's one suggestion we've had.

In addition to that, Mr. Neudorf has suggested that we also write to each of the agencies to ask them for their reasons, or to put them on notice that we will be asking.

Mr. Neudorf: — I would make an addendum to that, in concurrence with the member from Saskatoon South, that this letter also be written directly to the minister.

Mr. Chairman: — Yes. So that in addition to Mr. Kraus's undertaking, Mr. Neudorf is suggesting that we write to the ministers to also obtain an explanation. And I wonder if, again dealing just strictly with deciding of non-compliance, if that's satisfactory at this point, pending a report from Mr. Kraus and hopefully some response from the ministers, that we move on to other items and then come back to that at the point that, say, we receive a report from Mr. Kraus and then deal with it further.

Again, I think the committee will be interested to know if there are any threads running through the matter of non-compliance. And again, if it's a case of one agency or another that in a particular year doesn't comply, then certainly we have a problem, but it may just be a particular problem. What I sense here is that the non-compliance is a growing thing and that we need to concern ourselves with that and, if possible, offer suggestions to the Legislative Assembly as to how we might avert this particular problem from increasing in proportions.

So I leave it to the committee whether we want to stay on

this particular item or simply want to leave it now and leave it with the suggestion of Mr. Kraus and Mr. Neudorf.

Mr. Rolfes: — Mr. Chairman, I had hoped that we could discuss the resolution or the recommendation that I was going to make, but we can't, we don't have a quorum. We could discuss it, but we can't pass it. And I think it's an important enough recommendation that we would like to include it in the final report and from the comments I think that Mr. Neudorf has made, it seemed — I don't want to put words in his mouth — that there may be an opportunity that this committee can agree on that recommendation.

If that is so, then I will just simply give notice, which I don't have to, but give notice that I will move it next day and hope that we can have some discussion on that so that we can then discuss that in the Legislative Assembly. Because I really do believe that it's so important to democratic government that we should underline that as one of the top issues of this committee. So I will move that resolution next day.

Mr. Chairman: — Again, we don't have a quorum, but we have an undertaking by Mr. Kraus that he will provide for this committee an indication of, or at least try to get some reasons and some status report on each of these financial statements. When we receive that, I think we'll want to consider this item further.

We also have a suggestion by Mr. Neudorf that the individual ministers in each instance be contacted to obtain from them some further indication as to the reasons for the non-compliance. I don't know if in the latter respect whether we need a resolution, Mr. Neudorf, or whether we need a quorum to informally agree to do that. I'm at the wishes of the committee in this respect.

Mr. Neudorf: — Mr. Chairman, I'm not quite sure on that particular issue either, but I simply say that you've had no opposition from this side to that situation at this time.

Mr. Chairman: — The rules state, or least the motion that was adopted last year, that a full quorum shall be required whenever a vote — and we're not talking about a vote resolution or other decision is taken by the committee, but Mr. Neudorf notes that from his point of view and from his side he has no disagreement with writing such a letter. So I take that then as agreement that we can proceed on that point.

Ms. Ronyk: — Mr. Chairman, may I seek a clarification from the committee? In the letter that's to be written, did you want to ask them to reply to the committee in writing, or is this in preparation for them to give the information when they appear at a hearing?

Mr. Neudorf: — My interpretation, Mr. Chairman, if I may, is that this letter will be sent to the departments and to the minister involved, indicating to them that when they do come before this committee that this question will be raised with them and that they will have had ample opportunity and the time necessary to prepare the appropriate answer for it.

Mr. Anguish: — I'm wondering if the comptroller could

tell us which financial statements exactly — are you talking about the ones on page 12 where it talks about the Meadow Lake Sawmill, CIC Industrial . . .

Mr. Chairman: — No, no. The particular item we're discussing is on page 6, the non-compliance with statutory tabling requirements. And there are a number of instances which are further described. And earlier we went . . . Mr. Rolfes took us through each one of those . . .

Mr. Anguish: — Could we not, if the comptroller is going to find out some reasons for those financial statements, would it not be possible to also do those for the property management corporation on page 12, 2.67, items 1 to 5 where it commences with the Meadow Lake Sawmill Ltd. and goes through to SaskPen Properties Ltd.?

I think that it's important that some of those be brought forward to this committee. For example, in the case of the Meadow Lake Sawmill, there's some negotiations going on now for the sale of that mill and it would certainly be timely if we could have the financial information so that members of the Legislative Assembly can determine whether or not the sale is getting good value for the money that's being paid.

Mr. Chairman: — I might say, there's a slightly different problem here, and that is those financial statements were not tabled before the legislative . . .

Mr. Anguish: — Mr. Chairman, I don't want an explanation of the problem. I'm asking if the comptroller can get us that information. If he's going to be getting other financial information on other things — I'm sorry if this doesn't fit in with your agenda — but if he's going to be getting us financial information, I'm asking if the comptroller can get us this financial information; or if not, why is the information not provided?

Mr. Kraus: — Well first I was going to prepare a schedule listing each of the financial statements that weren't tabled and indicating whether or not they were prepared, whether or not they had been audited, and if there were problems with them, what the . . . If they hadn't been completed and audited, why weren't they. I wasn't actually going to get the financial statements themselves.

With respect to these, on page 12, they are slightly different, and I guess I should mention that the first four in particular are under the jurisdiction of Crown Management Board. And I think in this case, this isn't the case of financial statements not being prepared and audited — and maybe Mr. Lutz would speak about this as well — this is a case where the decision has simply been made they won't be tabled because of . . . for other reasons.

I think it was discussed last fall, wasn't it, by the committee, that a recommendation would be made that the government might consider tabling these particular financial statements, but if there was some concern about competitiveness or something like that, that the government may not do that. So I think that those first four fall into that particular category.

Mr. Lutz: — I think, Mr. Chairman, perhaps, Mr. Anguish,

in the case of the first four, the financial statements have been prepared and the financial statements have been audited, but the decision has been taken not to table those financial statements. And I don't think Mr. Kraus or I can do anything about that. This is a . . .

Mr. Anguish: — What were the reasons that can be given by the government or by Executive Council? Who makes that decision, and what are the reasons why they can withhold that information?

Mr. Lutz: — Oh, I don't know. Do we know that?

Mr. Kraus: — These are privately incorporated companies and, as I understand it, there is no legislative requirement for tabling. And the position's been for many years by the government, policy position, was that it may compromise the competitive position of these companies. And so I don't believe these financial statements have ever been tabled in the legislature throughout their history.

Mr. Anguish: — Well, Mr. Lutz, is there a way of determining financial information on those companies? Like if they're sold, I would think that someone should be determining whether or not we're getting good value for the sale. And if the auditor can't look at that and the comptroller makes the point that the financial information is not available, how do we know?

There's certainly public money involved in the Meadow Lake Sawmill. The Meadow Lake Sawmill, there's a sale being negotiated right now for it, and we have no idea whether or not there's a good deal being made there. And I suppose it could come somewhat to value-for-money auditing, but that's us making that decision, and not you as the auditor. So could you suggest to us in your professional capacity how we get the financial statement tabled?

Mr. Lutz: — Mr. Chairman, Mr. Anguish, the first line of 2.66 points out to the members that there has not been legislation enacted requiring these statements to be tabled. There is nothing in law that says they must be tabled. I'm pointing that out to the members; I report that to you. In the case of SaskPen Properties Ltd., I do the audit on that. The audit is done on that, but I don't table or cause to be tabled, financial statements.

So I can't influence the decision to table or not table this financial statement or any of the preceding four. It's a decision that must be made elsewhere. I merely report to the members that these financial statements are not tabled in the House.

Mr. Anguish: — Who makes that decision?

Mr. Lutz: — I would presume the Legislative Assembly or the executive government. I don't know, in that I've never had discussions beyond this forum regarding these items. I think for me to do otherwise is exceeding what authority I have. I report these matters to the Legislative Assembly and I let them know that these have not been tabled, and I think right there I'm finished.

Mr. Anguish: — In terms of the Saskatchewan Property

Management Corporation, you stated in here that you have not received from the auditors the Saskatchewan Property Management Corporation reports required for the year ending March 31, 1987. Can you tell me what you do with that once you do receive them? Or maybe you have received them since the printing of your report.

Mr. Lutz: — When we do receive these reports from appointed auditors, we will be including their reports in my annual report to the Legislative Assembly, and there probably is going to be, or is, a little problem on timing. And I would expect I will receive from these other auditors their relevant reports we require to maintain the same level of accountability as we had when I was doing these audits.

Mr. Anguish: — Can you tell me the difference, in terms of being the watch-dog of public purse, what the difference is, if you can sort of itemize it for me — tell me the difference between how you would audit the department of Supply and Services as now being the property management corporation.

Mr. Lutz: — When the department of Supply and Services was audited by myself, I decided what audit procedures would be done, and I included in my report any exceptions to, or non-compliance with, that I deemed important or relevant.

Now in the case of the property management corporation, there is an appointed auditor. So what I have asked that appointed auditor to do is to do the same procedures in auditing that Crown corporation that I would have done had I been auditing that corporation, and which I did when I audited the department. When I get from him the reports I have asked for, no different than what I used to do, then I can include in my report to the Legislative Assembly these reports.

We had a problem with property management corporation in that we were going to go in there early on in the game and do the audit when I was still the auditor by automatic inclusion of property management, because they didn't have another auditor. And I was advised by the people at property management that since they were in the process of appointing an auditor right now, perhaps it would be more appropriate not to have me in there when they're in the midst of appointing an auditor. And I said, all right, I'll accept that. But by the time they got around to appointing an auditor, that auditor then advises me that it's too late in the year to do some of the stuff that I want done.

Now, you know, it's a combination of time and factors and things, and there may be a little crack in the floor here through which some things may fall. I don't know. But hopefully I will be able to get from the appointed auditors the same kind of reports that I used to generate when I did those audits.

Mr. Anguish: — Do you not have the authority to go in after a certain period of time and do the audit? Like, it seems to me as if what they did at property management corporation is stalled you until it was too late to get the information, and therefore it's omitted. So do you not have the legislative authority through your office to go in

and do an audit, in this case, with Saskatchewan Property Management Corporation?

Mr. Wendel: — Mr. Anguish, if I could. We have the authority to go in, but I think our responsibility . . . we have a responsibility first to make sure that we have a reason to go in, according to the Act. So we would have to look to see what the other auditor had done in the way of an audit at that organization, then determine whether or not it was sufficient for our purposes, and if it wasn't, we would then have to go in and do the necessary audit work.

Mr. Anguish: — Well it seems to me that you must have had some reason. It says in here somewhere, and I don't have the exact page, that the auditor is very concerned.

The formation of the Saskatchewan Property Management Corporation . . .

I'm looking on the last page of the current issues:

2.76 The formation of the Saskatchewan Property Management Corporation (SPNIC) has caused me concern relative to accountability.

And I would think that that would be reason enough to go in. So is it you didn't have the time? You had the concern. They weren't appointing their own auditor to do it. I know, for one, I'm very concerned about Saskatchewan Property Management Corporation as well because you can't find out information that's necessary. Whether it's in estimates or in question period, you can't find out what they rent office space for, or who they rent it from, or how long the contracts are. You just don't have that kind of information.

So I'm concerned that you wouldn't go in, and especially when Supply and Services wrapping up during this year and property management corporation's coming in, I'm concerned that, with your concern, you wouldn't go in and do the audit.

Mr. Lutz: — Can I refer you to page 161. We have tried to give a bit of a chronology here, and I will certainly concede the validity of what you're asking me. We believed when they told us that they were in the midst of appointing an auditor, that it would be imminent. Rightly or wrongly, we believed that. Rightly or wrongly, I made a decision at that point not to send my people in there, and it may very well transpire that it was wrongly. I don't know yet. Depending on what kind of information I can get from that other auditor, it may not have been wrongly, it may just be late.

Mr. Anguish: — I'm sure you're acting on the best information available. Can you tell me then, how long it was between when they told you that there would be an auditor there and when there was an auditor finally appointed? What's the period of time we talking about a week, a month, six months?

Mr. Wendel: — If I could, Mr. Anguish, on chapter 36, 36.02, it was the start of paragraph 36.02. We wrote to the corporation March '87 wanting to know when the financial statements would be available for audit. In June

'87 our resources were reduced so that we didn't have the resources to do the audit because there were going to be appointed auditors.

In June of '87 the corporation wrote and said they were going to appoint an appointed auditor. And then in November '87 we heard from the appointed auditor asking us whether there was any professional reason why he should not accept the engagement. And then, from that point on, discussions went with the appointed auditor.

Mr. Anguish: — You're talking about seven or eight months?

Mr. Wendel: — Yes.

Mr. Anguish: — The Saskatchewan Property Management Corporation . . . there was a split in the year, like it didn't transpire at the exact fiscal year, did it?

Mr. Wendel: — I believe it was February 28, Mr. Anguish.

Mr. Lutz: — There was one other tie-in, if you will. The services provided by the department were assumed by the corporation. The same people who operated the department became employees of the corporation, and when we were in doing the audit of the department, for whatever period of time it existed, we still had to deal with the people in the corporation because they were now employees of the corporation, and so it went back and forth.

But I guess our philosophy was, if you people are going to appoint an auditor to do the audit of property management corporation, and you say you are, and in the process we were having our Act amended and we were having our staff cut back, and we were fighting maybe half a dozen fires at once, we made the decision not to go in assuming that the other auditor would be in place and that we would get our reports from that other auditor. As I say, rightly or wrongly, the decision was taken.

Mr. Anguish: — Do I have a few more minutes?

Mr. Chairman: — Yes, I'm just wondering if we're finished with the section on non-compliance, the statutory tabling requirements.

Mr. Anguish: — Do we have a rigid agenda that we follow in this committee?

Mr. Chairman: — No, we don't have a rigid agenda, but as the chairman I would like to see us move in some sequential manner so that we can get through items and try and . . .

Mr. Anguish: — You're very conscientious, Mr. Chairman.

Mr. Chairman: — . . . and try and encourage members not to hopscotch.

Mr. Anguish: — I do have some other questions, and I'm sure it doesn't fit into your agenda, but I would like to have the opportunity to ask them.

Mr. Chairman: — Okay, you've got the floor.

Mr. Anguish: — In the area of staff cuts during the fiscal year that's under review, what was the reduction in person-years of employment through your office, and how many of those people were terminated?

Mr. Lutz: — In the year '87 you're talking, Mr. Anguish?

Mr. Anguish: — I'm talking about the fiscal year '86-87.

Mr. Lutz: — All right. In January of '87 — I think I'm right here; where is that chronology — the announcement was made that there would be privatization of the audit function. I think it was in January of '87. And I wrote to the Minister of Finance quickly and said, you know, let's have some details. And it wasn't until June of '87 that things really started to happen. However, if you bear in mind that my office staff is comprised mostly of very young people, young professionals, brand new CAs (chartered accountants), the exodus began right then.

Of course, I had perhaps 72 people. I had 63 people when this thing came down, and then they started to go. And when they finally gave us the word that they were going to privatize the Crowns, I think I had in the neighbourhood of 50 people — no, 60 people on June 1 — and by the time they got around to doing it I was down to about 54 people-years. The ultimate result was that I was provided funding for 49 people-years. I terminated five people.

This is difficult to remember all of the ramifications over that many months, but that's roughly how it went. I terminated five people in early July of '87 to bring it down to funding for 49 people-years.

Mr. Anguish: — Were those five people that were terminated be considered permanent employees by your office?

Mr. Lutz: — Oh yes. Oh yes.

Mr. Anguish: — Who were they?

Mr. Lutz: — You want the names?

Mr. Anguish: — I want to know who they were.

Mr. Lutz: — There was a Merna Ediger, a secretary; there was a G.S. Erickson, the deputy Provincial Auditor; there was a W.G. Bucknall, a deputy Provincial Auditor; there was a D.F. Muir who was an auditor, senior audit supervisor. How many have I got there? How am I doing? That's four. Oh, and an audit manager, Lyn Kristoff.

Mr. Anguish: — You said that a number of the people that work in your operation are young professionals. It seems to me that some of these are very long-term employees, not young professionals.

Mr. Lutz: — Oh, the young professionals didn't wait to be terminated; they just went out the door. This is what happens when you hear this kind of a story coming down from the top, in January or whenever — of course they go out the door.

You have got to know that I article CA students. I may have six or eight or 10 students at a time in my office doing their period of articles. You must also know that over the last several years we pass 100 per cent of our students on the uniform Canadian final examinations. And these kids aren't going to wait around to be terminated, so they go.

The property management corporation happens to have several of them working there.

Mr. Anguish: — Do I understand you correctly then? You went from 72 person-years down to 49 person-years?

Mr. Lutz: — Not in this period, no. I had 72 person-years in '82 and I had 63 person-years when this started in January of '87 — I think it was '87 the announcement was made.

Mr. Chairman: — I wonder, Mr. Anguish, we've only got about nine minutes left. I have a couple of other people on the order and they may want to ask some questions about the item that we were on. I have Mr. Prebble and Mr. Neudorf.

Mr. Lutz: — Mr. Chairman, please, Mr. Anguish, I would ask you, have you a copy of this thing dated September 30, 1987? It's a special report I tabled in the Legislative Assembly. It contains, as an appendix, many of the answers that I . . .

Mr. Anguish: — I'm sorry. I wasn't on the Public Accounts Committee at that time, and I hope you don't think that I don't value the information you . . . (inaudible) . . . but I don't think I do . . . (inaudible) . . .

Mr. Lutz: — Oh no, no, no. I believe this report was never discussed at this forum anyway, so neither did these gentlemen, perhaps. I don't know. I just asked if you had one, because a lot of the chronology is in here as a build-up to what occurred in '87. Now if you might find it beneficial, I'll give you mine.

Mr. Anguish: — I would like a copy of this.

Mr. Lutz: — You can have it, because it's very difficult to remember. We had 72 people in '82; we had 63 people-years in '86. And by the time we had to down-size, I lost five persons through termination; the rest had gone. One person took early retirement, five I let go, and the rest just got out early — the young people. Of course, that's what you do.

Mr. Anguish: — Mr. Chairman, I know that you want to do some other things in the committee, so I'd leave this, but I'd like the right to come back to the topic that we were just on.

Mr. Chairman: — I just want to explain that the normal process in the committee, as I understand it, is that we move through the items that the auditor has identified. As we get to a topic, any and all members have the opportunity to ask questions as we come to them.

And so that, Mr. Prebble, you're on the list, then Mr.

Neudorf.

Mr. Prebble: — Mr. Chairman, I was going to move to lack of co-operation. Now is that appropriate or not?

Mr. Chairman: — We don't have a great deal of time.

Mr. Prebble: — Yes, I'm well aware of that. I would just say that in case other members have a question related to the other areas that have just been discussed prior to . . . (inaudible) . . .

Mr. Neudorf: — Mr. Prebble, if I could interject. I did not hear what you . . . What did you want to move . . .

Mr. Prebble: — Oh, I was going to ask a question under lack of co-operation.

Mr. Neudorf: — Oh.

Mr. Chairman: — Mr. Neudorf, you're still on the list. I don't know if it pertains to the last item that we were dealing with, the non-compliance.

Mr. Neudorf: — Well, Mr. Chairman, I was going to address a question to Mr. Anguish in regards to his initial . . . (inaudible interjection) . . . No, I was going to ask Mr. Anguish, and I was going to direct a question to him in regards to a statement that he made, just for a clarification.

And that is that you initially indicated to the auditor, Provincial Auditor, that . . . and you made some reference to a saw mill being sold and value for money and so on, and you felt that — am I clear in this? — that you felt that the auditor was in a position to determine whether that sale is going to have value for money.

Mr. Anguish: — No, you're absolutely inaccurate. I asked if there was some way we could get the financial information so we as members of the legislature, Mr. Neudorf, could determine whether we're getting value for our money.

Mr. Neudorf: — And certainly that is the purview of the legislature to do that.

I'd like to further address one question to the auditor, if I might. These five person-years that were terminated, that you were discussing with Mr. Anguish, would they have been members of PSC — Public Service Commission?

Mr. Lutz: — None of my staff are subject to the Public Service Commission rulings.

Mr. Neudorf: — I see.

Mr. Lutz: — They are independent of the executive government, which was the way it was designed.

Mr. Neudorf: — On what basis would certain individuals that you listed have been terminated? What were the criteria used in order to terminate certain individuals and keep other certain individuals on?

Mr. Lutz: — Mr. Chairman, I have a personal services

contract with each employee in my office. Okay. When the down-sizing time came, the decision was . . . Actually, the decision was made for us that we would have funding for 49 people-years.

Mr. Neudorf: — I understand that.

Mr. Lutz: — Now I think perhaps before I respond to the balance of your question, I might beg the indulgence of the committee and ask that I consult with my solicitor before I go too far with this thing. I don't know exactly where these questions are going, and certainly I respect your right . . .

Mr. Neudorf: — It would depend on your answers.

Mr. Lutz: — Well that's why we're going to wait a while, if we may. I will probably . . . In fact I may very well bring my solicitor on Tuesday if we're going to continue this, because I'm not sure where this is going.

I can tell you, it was a very unpleasant experience. But I had a choice. I could not terminate anybody. And about December or January in the same year I would close the office because we're out of money, or I could gamble that I can negotiate a special warrant with the Finance people. And I wasn't prepared to do either of those. So if they told me they were going to give me financing for 49 people and that is all, I believed them.

How I arrived at the 49 and selectively decided whom, was a matter that I don't think I would like to respond to immediately, if I have the indulgence of the members to defer my answer.

Mr. Neudorf: — I think it's in order to defer it, seeing that it's 11 o'clock, Mr. Chairman.

Mr. Anguish: — Almost 11, but I have a couple of questions I'd like to ask, Mr. Chairman.

First off, I'm wondering if Mr. Lutz would bring back his solicitor with him because I would like to pursue this at the next meeting of public accounts. The question that I have to you, Mr. Lutz, is, could you tell us the tenure of service, the length of service, that these five individuals had with your office?

Mr. Lutz: — We will get you that. Is it in closest even years, or do you want years, months? What parameters?

Mr. Anguish: — If you could round it off to the next highest year or closest year.

Mr. Lutz: — Mr. Chairman, one proviso here. I will bring my solicitor on Tuesday, provided he's not otherwise unavailable. If that's the case on Tuesday, it'll have to maybe be on a Thursday.

I'm not sure what the legal ramifications are for me in the area Mr. Neudorf was discussing, so I would prefer to have the man here. Other than that, yes, we'll get you this information.

Mr. Anguish: — Would you be concerned about wrongful dismissal? Is that what your concern is, is the . . .

(inaudible) . . .

Mr. Lutz: — Oh I don't know what I'm concerned about. I haven't talked to my lawyer yet. That's why I'm not answering this one. Maybe I have no concerns. I don't know. But I would say to you, we have enough problems in my office that I don't need any more self-inflicted ones.

Mr. Anguish: — I understand.

Mr. Chairman: — It's 11 o'clock. The committee stands adjourned until Tuesday at 9.

The committee adjourned at 11 a.m.