

STANDING COMMITTEE ON PUBLIC ACCOUNTS

February 6, 1989

Mr. Chairman: — I will call the meeting to order and welcome you all here today and point out that, by my calculation, we have approximately 27 hours set aside for committee deliberations this week. Hopefully that will be enough time to get through the agenda that has been distributed to you, and to complete consideration of the auditor's report and the public accounts for '86-87. I say, hopefully.

I just might point out that we have a new member on the committee since we last sat — Mr. Lingenfelter. I think that all the members are known to Mr. Lingenfelter and they know him. I don't know if he knows the personnel from the auditor's office and the comptroller's office, and I just might ask Mr. Lutz, who is the Provincial Auditor, to introduce . . .

Mr. Lutz: — Mr. Lingenfelter, I'd like you to meet Mr. Fred Wendel, Assistant Provincial Auditor. From time to time there will be other persons from my office attending. I can, at that time, introduce them if it's the wish of the committee.

Mr. Chairman: — Also we have at the end of the table Gerry Kraus who is the Provincial Comptroller, and Mr. Kraus, you might introduce your officials.

Mr. Kraus: — Yes. Terry Paton is with me to my left. He's the acting director for financial management branch. And as well, we'll have officials attending from time to time because people in this particular area have to deal with some of the issues that Mr. Lutz raises in his management letters. So we'll have a number of people attending here from time to time. Today Chris Bayda, who works for Terry Paton, is here at this point.

Mr. Chairman: — Thank you very much. just a couple of other introductory remarks. In terms of process — and I know that this is not a problem in this committee, but because of a unique situation; that is to say, we have a new operator with us today handling the mikes and doing the *Hansard*. It would be very helpful to all concerned, if you have a comment to make, to address your comments to the chair so that you can be recognized and give her the opportunity then to make sure that she's matching the voice with the mikes or whatever she has to go through. So it would be tremendous assistance to her. I know that's not a great problem, that is to say people speaking out of turn, but it bears repeating this morning.

The agenda that's been distributed takes into account the availability of various government officials and also the realignment of various government departments since 1986-87. Some of the government officials were not available to us at certain times either, because of other commitments such as the Crown Corporations Committee, where some will have commitments. Also we've tried to take into account that there's been a reshuffling of departments such as Parks and renewable resources, and Culture and Recreation, and other factors such as that. On that basis we put together the agenda.

Is there a general agreement that we pursue the agenda that we have before us, recognizing there may be the odd change, depending on what the auditor may have to say

about some of the departments? Some are there because of comments in his report. If he's of the opinion before we deal with the department, that particular department, that all the issues therein have been resolved, and if there's no other questions, we may want to pass on that department at that time. But is there general agreement, concurrence that we proceed with the agenda that's before us?

Mr. Muller: — I only had one comment on the agenda, was that I see that most days we shut down, or the last people we bring in are 2:45 or 2:30 except for Friday, which is 4 p.m., and which makes it a little difficult for me, of course. I would have rather seen it run later one day or two days during the week rather than on Friday. I don't know how the rest of the committee feels about that.

Mr. Chairman: — I just might say, before anyone else comments, that I'm aware of your concerns. I think there may well be a change with respect to Friday afternoon. That is to say, some departments that are proposed to be called may not be called. And therefore we may finish earlier on Friday than is suggested in this agenda. But it will depend too, to some extent, on what the auditor has to say. So we may now want to call those departments, or we may find it possible to move them up earlier in the day, and therefore complete earlier on Friday.

Mr. Muller: — That's fair enough, but I just thought it kind of odd. We've never had a 4 o'clock calling of a department until Friday and there's . . .

Mr. Chairman: — Please don't read anything into that except that it's got to be slotting of departments at the end.

Any other comments on the agenda? I take then, if there's general concurrence, we proceed as outlined in the agenda. And again, it's the committee's agenda, and please feel free at any time to raise concerns or questions or propose changes.

Just one other introductory remark, and this comes to me from the Clerk, who points out that we are here at the behest of the Legislative Assembly to scrutinize *Public Accounts* and expenditures for a specific year and the comments of the Provincial Auditor for that year.

We would be doing our jobs well if we raise with the Legislative Assembly any concerns that we might have, either in the form of motions or agreements or statements that we wish to make recommendations so that the Legislative Assembly is apprised, and that we should be as clear as possible, where we can, to point out this is a matter that should be raised at the Legislative Assembly. This will assist the Clerk in terms of putting together an annual report or putting together a report from this committee to the Legislative Assembly. It will also assist officials such as the comptroller's office and the auditor to know that specific items of concern are being raised in the appropriate areas and that there will be some direction then from the Legislative Assembly by virtue of adoption of the report which will give them, hopefully, the authority to proceed on items that they would like to proceed with.

That's all I have in the way of introductory remarks. The

first item on the agenda is the consideration of the Provincial Auditor's report for 1986-87. When we last met, we were dealing with current issues of importance, and my feeling that we should just continue at this point with that particular section of his report.

Mr. Martens: — Before we begin, I have a concern I want to raise. I'm going to read this and . . . because it's complex, I want to read it.

I spent some considerable time going over the minutes of our last meetings, and there is one thing that I find quite disturbing, that is the apparent effort to modify the way this committee works. Because of an overwillingness to co-operate, I must confess that I've been somewhat lax in keeping an eye on such things. Had I been at the meeting, I would have intervened. And that deals specifically with an agenda of questions that were handed to different departments as of no. 3, June 7, 1988.

We are a committee that holds hearings. We have normally been a committee that is prepared to give some leeway and courtesy to those we ask to appear before us to the extent that our own officer, the Provincial Auditor, has been allowed to defer questions until he had a chance to talk to a lawyer.

In minute no. 3, I see that we have changed the whole nature of the questioning and the procedure of the committee. We have approved a so-called standard list of questions to be sent to all departments appearing before us. I simply assume that this was a standard procedure and that the questions themselves were in order. I have concluded that I was wrong in that assumption.

Firstly, it is inappropriate of us to establish a precedent where we can command information through the mail. I understand that the intent is a good one, that of giving departments more forewarning of what they will need to bring along. But I suggest that the departments have such forewarning as they require from practical experience and their previous appearances here and examining the minutes of other meetings.

Further, the list of questions themselves is a list that should be put during estimates, not in this forum. Our purpose with the Provincial Auditor is, in the words of the Leader of the Opposition, and I quote: “. . . to make sure that the expenditure of the public dollar is carried out according to the statutory and other dictates of parliament or the legislature.” And that's from *Hansard*, April 2, 1981.

Questions such as those on the standard list have always been dealt with in estimates and in motions for return. Let me give you an example. The request is, quote:

Names of all reports and studies commissioned by the Department of Government Services to external consultants, and the names of these consultants and the final cost.

And that's taken from *Hansard*, March 25, 1980.

That was a motion for return drafted by the Leader of the Opposition when he was Government House Leader.

Before this motion read as it was . . . before it was amended:

Whether since March 1, 1979 any consultants or consulting firms have been awarded a contract with the Department of Government Services. If so, the nature of the contract or the contracts, the name and addresses of such consulting firm, the value of the contract, and the purposes of the contract; and in each instance whether the contract was advertised, or awarded without advertising.

Now that question is very similar to question one on the standard list. And the reason the forum for such question is primarily motions for return, but also estimates, is that such questions are and have always been considered to be debatable. I have just given you an example where the member for Riversdale not only made the return debatable but substantively admitted it.

Questions in this committee should restrict themselves to drawing improper, unauthorized, or illegal spending for administrative practices. That is why the true basis for our hearings is meant to be the report of the Provincial Auditor. The list of standard questions is simply unacceptable in this forum, and I do encourage members opposite to use such a standard list in estimates and to continue to use the motions for returns as they are appropriate there.

I also want to add that I had a copy of these standard questions before me when the question was put. I'm sure, had I been here, I would have reacted the way I am today. But I have a notation in the minutes that such was tabled and that's it.

In view of all the considerations, I find it necessary to move that — and I'll give the Clerk a copy of this — the standard list of questions referred to in minute 3 of this committee be rescinded further:

That minute 3, item 8, be stricken; and further, that henceforth any document tabled in this committee shall be attached to and printed with the minutes of the meeting unless otherwise directed by the committee.

Mr. Chairman: Basically there's two aspects here. Motion one is that the standard list of questions be rescinded. The second is that as a practice for this committee, if there are items that are tabled during the course of the committee, that they shall form part of the minutes and go out with the minutes.

Mr. Martens: — Yes. And the reason for the second one is that it gets rather confusing when you have this handed out and you get a copy of it and there is nothing attached to it. And what would be good is if this became a part of that, just so that we can get the context through which it was established or why it was asked.

Okay. The first one deals with some of the things, and as a committee we could probably sit here and debate whether these questions were to be put for questions in this committee or whether, as you suggested at the

beginning, whether we should defer to those questions that are legitimate and don't have a basis for forum in other places. And I think that it will enhance the working of the committee if we do that and deal with the public accounts and deal with the auditor's statements in that way. These other questions all come and have an opportunity to be directed and used in other forums outside of this committee.

Mr. Neudorf: — I certainly don't want to speak for anyone else on this committee, but I do know that it does get fairly complicated, some of the terms of references and some of the information that we are kind of subjected to in terms of information overload. And in doing my research for this committee meeting I'm finding basically the same problem as Mr. Martens, I think, that yes, here are the minutes, but what does this refer to and where is that piece of information that some department gave to me? And my cross-referencing and my filing system is not that superb either, so I think if we could somehow institute a format whereby the minutes would also include the departmental responses and so on, I think that would be a positive step.

Mr. Chairman: — I wonder if I might at this point ask if it's possible that the question be dealt with in two parts.

Mr. Martens: — Yes, I have no problem with that, Mr. Chairman.

Mr. Chairman: — Then maybe we'll just continue discussion on . . .

Mr. Lingenfelter: — What I'd like to do here is sort of just summarize it. Could you give me the two resolutions then that we're dealing with, and which one are motions?

Mr. Chairman: — I have the motion here by Mr. Martens and let me, best as I can, break them down into the two parts. The first is:

The standard list of questions referred to in minute 3 of this committee be rescinded. Further, that minute 3, item 8, be stricken.

That's one motion. The second is:

And further, that henceforth, any document tabled in this committee shall be attached to and printed with the minutes of the meeting unless otherwise directed by the committee.

I'd suggest that we deal with the first one, get that one out of the way, and then deal with the second one.

Mr. Lingenfelter: — Well I wasn't privy to the discussion that took place at the committee meeting where the first motion was dealt with, whereby a standard list of questions would be asked for. But I guess just in defence of that motion and the members from both sides who obviously must have voted in favour of it, it seems to me that it speeds up the process of the committee if we have in front of us some routine answers.— I mean, coming to these committees and asking for the routine questions about how much money was spent on advertising, who were the consultants, and all that sort of thing, and then

going through that process.

It seems to me, if we can ask those questions in writing, have it in front of us, and then decipher out of that where we want to key in our questions, it seems to make all the good sense in the world, and I know it's a practice that we followed in Crown corporations — not in a formal motion, but many times we've written letters to the heads of Crown corporations, well in advance to the committee meeting, and it basically just speeds up the process, and I think is a good idea.

And while I have the floor, Mr. Chairman, I guess I would speak to the second motion as well, that I would agree with the member that any and all information that can be tabled that would help speed up the process. In my mind the two motions seem to be at odds with each other one that talks about making the committee more workable, which what I agree with — the second motion — the first one, which seems to slow down the process. And they really don't seem to follow logically in my mind. I would encourage members to vote against the first and in favour of the second.

Mr. Neudorf: — Yes, Mr. Chairman, thank you. Perhaps I will attempt to instil some logic into this argument then, and that is the fact that these questions that are being asked or being contemplated being asked, and so on, if they would speed up the parliamentary process and the process of accountability, I would certainly endorse it whole-heartedly.

However, it does seem to me in having perused the questions and the kinds of questions that are being asked, that it seems to me that they are somewhat redundant to this committee, and that is that these questions that are being asked have two other sources in this legislative process to be asked, and perhaps in their more rightful place in the Legislative Assembly in motions for returns (debatable). These kinds of questions pop up in there, and from the little bit of research that I have done, they are, I think, fairly consistently being answered in that process.

And I can give you an example of that because I did take note of number one of the standard public accounts questions, which simply states that a list of any polling done in the department, including the name of the company which conducted the poll, the cost of the poll, the purpose of the poll, a copy of the survey instrument administered, and a print-out of the final results. That is one of the standard questions that are on there. And there is no particular significance to this date of March 25, 1980, other than the fact that it's just an example of what I'm referring to on the motion for return no. 142 by the then, well still, Mr. Taylor, and seconded by Mr. Pickering, and it simply states:

Since March 1, 1979 the number of public opinion polls ordered, performed, or commissioned by the Department of Agriculture involving the expenditure of public funds and, in each case the (a) name of the pollster, (b) amount of the fee involved, (c) date of the poll, (d) subject matter of the poll, (e) actual result of the poll, (f) cost of the poll. (2) In the same period, the total cost of all polls involving public funds that were

commissioned by the Department of Agriculture.

That's the end of that quote. And it seems to me, Mr. Chairman, with this avenue of recourse, that for this committee to pursue the same goal as was already done in this motion for returns would be redundant and would be actually causing excessive amount of time spent on this in various categories. I think once the information is made public in one form, I would suggest to you that that should suffice. Thank you.

Mr. Lingenfelter: — Mr. Chairman, it seems to me that what we're dealing with here is a question very directly of accountability, and that's one thing I guess we're going to get into shortly with the Provincial Auditor, but it seems to me that if you look at written questions and oral questions and motions for return on the order paper, at every level the opposition is being stymied in getting information out of this government.

Seems to me what happened here is a motion was passed in this committee that would have allowed for an opening up of information flowing to members of opposition and to the shareholders, if you want to call it that, namely the taxpayers of Saskatchewan who do pay the bill.

I think what happened here when the House Leader, or Mr. Berntson, saw what was done in this committee and got a copy of it, he then slapped the wrists of the members of this committee, then appointed Mr. Martens to come here to try to get it rescinded. That's what's happened here. There's no question in my mind that the members who are here, who voted in favour of this, voted in favour of it and now are all changing their mind. Obviously cabinet is instructing you to come here and rescind this motion so that we don't get the information.

And I just say, you know, there's no sense playing games, just say that. Say look, Eric is upset with the fact that you're going to be giving out information; why didn't you consult with me before you passed the motion, and don't ever do it again. That's what we're dealing with.

And the simple fact, Mr. Martens, for you to come here and say that you didn't understand what you're doing, and nor did any of your other committee members, tells one of two stories. Either you don't know what you're doing on this committee, or the cabinet is trying to control the information that flows out of departments or companies controlled by the government.

And, I mean, we're going to vote on this and it's going to go one way or the other. But let's realize why we're doing it. And it's a matter of keeping information, not from the opposition, because the information we try to get has little good to us personally, but I think has a great deal of good to the people of the province who pay the taxes. And why wouldn't you want them to know — for example, the taxpayers in Morse — where their tax dollar was going to? I mean, if it's being spent legitimately, the more information you can pour out of this committee, the better it would be. And I just think that your argument isn't the one that the cabinet instructed you to bring here.

I think what Mr. Berntson would have said to you, and I can imagine how the conversation went, that he was very

upset with the fact this motion was passed, and that he then made up a motion for you to bring down here which would be twofold: one, that would give the appearance of giving out more information when in fact what you're trying to do is once again stymie those peoples in committees, in fact the body of the legislature, in trying to get out information that Mr. Berntson will not give out through written questions, oral questions, or motions for return. And in my mind it's clear what you're attempting to do.

Mr. Anguish: — Thank you, Mr. Chairman. I agree with my colleague in that the second motion concerning information attached to the minutes, I think, is a good motion, and we have no problem with accepting that motion.

The first one, to withdraw or rescind the list of written questions, I think, does hamper the work of this committee in that this is the only forum where we can get the information concerning the expenditure of tax dollars that's legitimate and not politicized to the extent it is in the Legislative Assembly.

If you point to the motions for return, there must be motions that haven't been dealt with. I don't know the number of motions for return, but there must be those there that have not been dealt with for a couple of years because the appropriate person to deal with them, I guess, doesn't see the importance or doesn't wish to give that information to elected representatives and to the media and to the public.

It seems to me that over the past few years you've been withholding information from the auditor, and now I think it's terrible that you're wanting now to withhold information from the Public Accounts Committee itself. I don't know how we can operate or how people in the province, the taxpayers whose dollars the auditor is supposed to scrutinize, can stand for the lack of accountability, first off in the government, and then through the Crowns and through public participation and privatization, and now finally to the Public Accounts Committee.

And what is it you have to hide that you don't want the public, the auditor, the elected representatives to know? There's no forum for getting much of the information concerning expenditures of tax dollars. It's non-existent. What is the forum in which to get that information? And the ones that you've cited, in terms of the forum to get that information, no longer function because the will of the government is not there to make it function.

And it's certainly degrading the accountability process of the government when you are now in the position of stripping the Public Accounts Committee itself of their right to information to scrutinize the expenditures that have been criticized through the auditor's report.

I just find the motion totally unacceptable.

Mr. Martin: — Mr. Chairman, it's quite obvious that members opposite haven't been spending enough time in the House because every one of these questions is asked during estimates. I mean, every one of these questions is

asked during estimates every time a minister comes in. These very same questions are asked all the time. And what we're trying to do, as well in the motions for returns (debatable), these questions are asked over and over and over again of every department. As for accountability, as I say, they're asked in the House, and that's where the accountability should be, in that respect.

I just think that we're trying to save the public some money and try to save them some time by doing it this way. I mean, there's a serious amount of duplication going on here, and I don't think it is necessary. And as for Crown corporations and the accountability of Crown corporations, I remind the members opposite that it was during your regimen that private auditors were used for PCS (Potash Corporation of Saskatchewan) and SMDC (Saskatchewan Mining Development Corporation) and Sask Forest Products and on, and on, and on, and on; and 40 per cent Intercontinental Packers, owned by 40 per cent by the Government of Saskatchewan, done by a private auditor. The people of the province never found out how that was being operated. Or the 10 per cent that you own at Ipsco, that was done by a public auditor as well, and certainly no public accounting in that respect.

What we're trying to do here is reduce the duplication that's going on in this forum that is occurring in the House during estimates or in motions for returns (debatable).

Mr. Anguish: — Just to take exception to some of the things that the member opposite has said. I think a very key point is that estimates are before the fact, that's part of the budgetary process. And we ask those questions in estimates to determine how the government or government department plan on spending the money that they're requesting through the budgetary process in the legislature. And those same questions are asked exactly the same as they were in estimates. If they're asked at the end, they're still very valid questions because the Public Accounts Committee is after the fact — that supposedly after you've spent all the money, to know that you've had the legislative authority to do that. And so the questions of course can differ, but even if the questions were exactly the same in estimates as they were in public accounts, they're totally valid — absolutely valid — because we want to know that you are accountable to the expenditures you make of public money. And right now we have no way of determining that.

And I don't ever recall the auditor in his report saying that when you refer to our regime, of the auditor having trouble getting information from our government departments or Crown corporations. Anywhere where the auditor felt an audit had to be done, the information was there.

What the auditor says right now is that some problems are there because you won't give information to the auditor. And I repeat again, you've taken it now one step further — one step further — and you won't give information now, or want to rescind information that's coming to the Public Accounts Committee.

And so the arguments from Mr. Martin, I think, are totally irrelevant and invalid in terms of the motion that we have before us.

Mr. Muller: — I'd like Mr. Anguish to clarify his statement that the government is withholding information from the Provincial Auditor. I take exception to that, certainly. And there was all kinds of Crown corporations that were audited in the private sector prior to us ever becoming government, and it never came to the Public Accounts Committee, and one of them, especially, was PAPCO (Prince Albert Pulp Company), that I'm very close to.

A Member: — Was there a question being asked . . . (inaudible) . . .

Mr. Muller: — I asked you to clarify that statement that you made.

Mr. Anguish: — Well the auditor, at a meeting of the Standing Committee of Public Accounts on June 16, '88, there was a member made the following comments:

. . . regarding my request for minutes of Crown Investment Corporation of Saskatchewan, which in my opinion left the impression that I had not faithfully fulfilled my legal and professional responsibilities under The Provincial Auditor Act.

And it goes on with a quote from Mr. Muirhead saying that the auditor hadn't gone through proper procedure to get the information that he was requesting. The auditor, at the end of Mr. Muirhead's comments, said that he took exception to the member's comments:

. . . that my actions in requesting the minutes of CIC from CIC are beyond my legal authority and are not in accordance with my professional responsibilities, and that I have not followed proper procedure.

So the auditor did follow proper procedure and yet information is being withheld from the auditor. I go back to recent press releases which tie into the same thing. Headline in the *Leader-Post*, "Devine denies Crowns set up to disguise data." And here again, the auditor, who made a speech in Edmonton, I believe, complained that Saskatchewan is . . . well:

Governments are hiding information from taxpayers, and hamstringing auditors by setting up Crown controlled companies, said Willard Lutz, Saskatchewan's Provincial Auditor. It's a common thing that is happening in Conservative administrations. They are finding reasons why things shouldn't be made public. Saskatchewan has about six Crown controlled companies, many of them created in a wave of privatization last year. The companies are "part of the political smoke-screen process".

I think it's very clear that the auditor feels that information is being withheld. I don't know how clearer it can be, and I hope that I've clarified it for you somewhat in answer to your question in wanting me to clarify this. And this is just an extension of your regime withholding information now from the Public Accounts Committee. I don't know how it can be any clearer than being stated by the Provincial Auditor, who is not an employee of the

government — he's an employee of the Legislative Assembly — to make sure that the government is spending tax dollars in the way that they have the legislative authority to do that, and not stepping beyond those bounds.

Now how can we determine whether or not you're really doing that; how can the public determine whether or not you're really doing that if you continually withhold information from the auditor and now from the Public Accounts Committee?

Mr. Chairman: — Mr. Muller, do you want to carry on here? You did ask a question, so . . . and then Mr. Martin.

Mr. Muller: — I disagree with the member from Battleford. I mean, there was private auditing done of public corporations, and according to your government they worked very well, and I still think they do. And the Provincial Auditor has more access now than he did prior. We've actually opened it up more so that the Provincial Auditor has more access to those audits than when you were government; I know especially in the case of PAPCO (Prince Albert Pulp Company).

Mr. Martin: — Well, yes, the member for Battleford brought it up, and I'd like to mention at this time that I was deeply concerned by Mr. Lutz's comments. I clearly think it was a political partisan comment, the very fact that he said that it's a common thing happening in Conservative administrations. I would have no problem whatsoever with the statement if he had said a common thing happening in governments, because it's happening in governments of every stripe around the world, and indeed it occurred considerably during the 1970s.

As I mentioned earlier, PCS (Potash Corporation of Saskatchewan), SMDC (Saskatchewan Mining Development Corporation), Sask Forest Products, Sask Minerals, Prairie Malt, CIC (Crown investments corporation of Saskatchewan), and PAPCO and Intercontinental, etc., and Ipsco — private firms were doing the auditing for those companies. And that's fine; I don't have a problem with that obviously, because we're doing it as well. But I was concerned that Mr. Lutz would say Conservative governments, when it's happening in all governments around the world today, that same sort of thing. And I'd like, at some point, Mr. Lutz to comment on that particular . . . the use of the word Conservative.

Mr. Chairman: — I just wonder like we're ranging . . . we're getting off the motion before us and . . .

Mr. Martin: — Well, he brought it up. I wasn't going to bring it up till he mentioned it. I wasn't going to say anything until he brought it up.

Mr. Chairman: — I think that we can find an opportunity to get back to that topic, and I sense that all members will want to do that. But just to deal with the question that's before us, or the two questions that are before us. I wonder, Mr. Muller, if you might take the chair for a minute. I'd like to make some comments on this question, and I don't feel comfortable in doing that from the chair.

Mr. Muller: — You can make your comments from the

chair. The former chairman always did.

Mr. Chairman: — Okay.

Mr. Muller: — We don't have any problem with that.

Mr. Chairman: — All right. The comment that I would like to make is this. First of all, I have no problem with the second part of your question, recognizing there may be some small difficulties that we'll want to deal with, but I sense that all members want to accomplish what you're trying to do there.

The first part of the question as it's worded doesn't cause me any particular concern *per se*, because what it says is that we simply will not get into the business of giving prior notice to departments, of questions that are going to be asked and answers that are to be expected. Now whether we can get prior notice or we ask the questions when the departments are here, you know, we say that . . . or some members are saying that there's some convenience, and it would help the process to give the departments those questions beforehand. Others say, well it's no big deal.

But as I listen to your comments, if we are to interpret from your remarks that the questions that we had put forward as standard questions and which were adopted by the whole committee, that you find it inappropriate for us to be asking those kinds of questions in this committee and that I sense to be the tenor of your remarks — then I have some real grave concerns, very grave concerns about this institution and what it's supposed to be doing. And let's recognize that our job is to make sure that the taxpayers' money has been spent in accordance with the rules and regulations and that they have not been inappropriately spent, or badly spent.

Now you're saying that you can get the information that you're looking for, or that taxpayers can get the information that they're looking for, as a result of answers to motions for return, but there hasn't been one motion for return that has been answered since 1986 — not one. So it's been two years, more than two years since we started to put questions to you, and to which we've received no reply. And I suppose the taxpayers might, and we might ask: could you speed up the process? Could we have an answer to that question?

You also say you can ask the questions in estimates, and invariably it's stated, well, no you can't have that level of detail; that will be provided in due course in the public accounts, or you can get it through the motions for return.

Now you're saying, if I interpret your remarks correctly, that you can't ask those questions or expect to get those kinds of answers in public accounts either. I might then ask, if I interpret your remarks correctly, just what questions are we able to ask? Just what questions are the taxpayers able to ask? Just what answers are the taxpayers entitled to?

If this was just an isolated example, an isolated example, of a variation in the process by which public accounts is scrutinized, I would have no great difficulty with what you're saying. But to put that in the context of public accounts, which are dealt with later and later and later

every year, put in the context of, you know, put in that context, then I have some great fears about what it is that this committee might attempt to do and, I suppose, what it is the government is trying to do in terms of denying information to the taxpayers, which is the taxpayers' right to know, which is the taxpayers' information. It's their money, not yours. So I say, come clean and let's not put up any more road-blocks, road-blocks to providing the taxpayers with their rights. And those are my comments.

Mr. Martens: — I'm just going to make a couple of observations from the discussion around the table.

The first one is this: item no. 1. That question occurs probably 400 times in every session in relation to the questions that the opposition has the freedom to ask. The second question is exactly the same. The third question is dealt with in estimates every time. The fourth question is dealt with in estimates. The fifth one — and here's a very interesting — provide the names, resumé, job titles, job descriptions, salary levels of all staff employed in each minister's office. Now surely there's got to be some confidentiality in relation to the resumé and . . . why would you put that forward as an item; why you would want to have this committee discuss that.

I've been in here since 1982, and I have sat through those estimates as consistently as anyone else has, and I have not had, or seen, one minister that refused that itemized list of those people with their actual payments made by the month for the things that they did.

And to say that it should be brought up in this committee is . . . fine, you want to spend the time doing that sort of thing, then you go right ahead. But that's, in my opinion, a duplication of services and it's inefficient. And I think that those are the kinds of things that we have on these questions that really . . . they have an opportunity to be answered on other occasions, and I think that the definition as to why the questions are asked is to provide an opportunity for forum for debate. And this is not a forum for that kind of debate. The legislature is the forum for that kind of debate, and not in this committee.

The format for the whole of the legislative system is dealt with the debate being carried on in the legislature. And I have no problem with you asking any one of these questions, even in estimates, of the individual, of the minister, and providing the opposition with the answers to those questions. I have no problem with that. But why, in two other areas where we have these questions asked, and the format, not established by this government but the format established by the opposition at the time, was to provide those questions in the format that was continued on after 1982. And to raise the point that we have not dealt with these since 1986 is not exactly accurate.

And the other point is that the opposition brought to the Legislative Assembly the information in wheelbarrow-fulls, at the conclusion of the session. And that . . . those are common knowledge.

So what you have is the format is established in those kind of basic ways for debate in the legislature, and debate by the minister and the staff in estimates, and I think that's

where it should stay.

Mr. Lingenfelter: — Well I just would like to follow up on the member for Morse when he refers to the asking of questions in the House. I think it's already been pointed out that getting answers in the House is very, very difficult, whether it's oral questions or written questions or motions for return — very, very difficult.

I'd say here as well that when this committee was setup, it was to remove from the political atmosphere of members of the opposition asking members of the government. This committee is for all members of government and opposition to ask questions of the professional people in government, people who head up departments or head up Crown corporations, to get our questions answered.

If you really believe that we shouldn't be asking questions and getting answers, then why don't you have the courage of your conviction and move this motion to the Assembly to do away with public accounts? Because that's basically what you're saying that you would like to do. The member from Hillsdale or from the new constituency of Plainsview says that we shouldn't be asking these questions because they've already been asked in the House. What he's saying clearly is that he doesn't believe that the opposition and the public have a right to know where the money is being spent.

Mr. Martin: — That's absurd.

Mr. Lingenfelter: — Well then you shouldn't have said it. If it's absurd, you shouldn't have made the point. But that was the point you were making in your comment, is that because the questions have been asked before, even though we have none of the answers, that we shouldn't be wasting the time of this committee, which I remind you is a committee of the Assembly, has the power of the Assembly to find out, to inquire, to punish people who don't answer questions. I mean, the Act is very clear on what the power of this committee is. And I think for members of this committee to now say that we don't have the right to ask questions and get answers, flies in the face of the way this is mandated and the legislation that affects this committee.

And I don't know whether we're going to spend all afternoon debating what is clearly an attempt by the cabinet to gain back control that you members voted away last year or not, but that's really what we're talking about, is the tight control that cabinet or even a committee of cabinet has over the expenditures and the massive deficit we now have in this province, to keep all of that secret, where the money is going to, is what this first motion is all about.

And I agree totally with the Provincial Auditor when he refers to the problem of getting answers. Anyone would tell you that when a company or a corporation or a government fails to share information and planning and budgets with the shareholders, is why companies and governments get into a position of massive deficits and problems that we now find ourselves in in the province of Saskatchewan. And I don't know, but it seems to me that you would be much better off to share more information, even more information than what is being asked, as

opposed to trying to hide behind your majority on this committee, or your majority in the House, to ram these kind of things down people's throats.

I guess the other question I would ask the members of this committee, I think all of you who were on the committee when this motion was passed, is: when did it dawn on you that you were giving out too much information? Having voted for it, when did you see the light that you were giving out too much information?

I think that the press and the opposition will know that is was, having talked to the Premier or to the Deputy Premier, that they informed you you had voted the wrong way and told you to get back down here and get rid of that motion. But I say to you clearly that it's not in the best interest of the public of Saskatchewan to try to stifle the information gathering mechanism that the opposition, the press, and the public have through this committee of the legislature.

Mr. Chairman: — Are we ready for the question on this? Mr. Martin?

Mr. Martin: — Oh, I just want to make a comment on it. First of all, just to clarify something, there's no such constituency as Regina plains. There may be in the future, but there isn't right now. As of today, I'm still the member for Regina Wascana. So just for the record I want to get that straight.

I refer the member to the *Estimates* of 1986, pages 289 through 91, concerning question number 2 on the standard list of questions. You'll find that that answer is in total — as are the answers to all the other questions that are on here — and we wouldn't need to duplicate that at the public's expense.

Mr. Chairman: — Are we ready for the question? Then hear the first part of the motion, which is that the standard list of questions referred to in minute 3 of this committee be rescinded. Further, that minute no. 3, item 8, be stricken.

Agreed

Mr. Chairman: — Now the second part of the motion, or the second question, if you like: henceforth any document tabled in this committee shall be attached to, and printed with, the minutes of the meeting unless otherwise directed by the committee.

Can I just get some clarification, Mr. Martens. Unless otherwise indicated by this committee, we'll have this printed within the minutes — in the minutes — because that might slow up the minutes in some cases.

Mr. Martens: — Yes, I thought of that when I was dealing with this and what I would like to see is them attached to, not forming part of the minutes of the itemized statement, but if they're stapled to or attached to — even if they're sent late — to have the minutes attached to that would, where they were relevantly placed, would have some significance, I think. It would improve the opportunity to deal with them precisely where they belong.

Mr. Chairman: — Can we then, in the case of your motion, shall we take out the words: and printed with the minutes of the meeting. So it would read: henceforth any document tabled in this committee shall be attached to the minutes of the meeting? Take out the words: and printed with, so . . . to read . . .

Mr. Martens: — Sure. I'll agree to that.

Mr. Chairman: — . . . attached to the minutes of the meeting unless otherwise directed by the committee. Is that agreeable? Any discussion on the motion?

Agreed

Mr. Chairman: — We're back to consideration of the auditor's report, issues of current importance, and I'm guided by the committee. What is your wish? Does anyone have any questions?

Mr. Anguish: — The auditor has had some problems in obtaining information from the government as it concerns Crown corporations, and this is not the first time. But I'm wondering if the auditor can tell us if this is an increasing problem, that it's more prevalent now than it has been, say, in 1986-87, '85-86, than what it is today in your experience.

Mr. Lutz: — Mr. Chairman, Mr. Anguish, I think it was almost impossible to avoid more problems as soon as you have more private sector auditors doing more Crown corporation audits. For every Crown corporation audit, and for every other auditor involved, since I am still responsible for the audit of all public money, I naturally am going to have to have more dealings with more auditors on a regular basis if I am going to discharge my responsibilities under the Act. The fact that another auditor is appointed to audit a Crown corporation does not relieve me of any responsibility for the audit of all public money, and of course I will have more problems, just on sheer volume if for no other reason.

Mr. Anguish: — Well aside from the problem of volume, I'm wondering if the problem is not that the information isn't being given to you, that you're requesting it. It's one thing if it's the problem of volume and having the person-years of employment within the office, or whether in fact even if you had all the person-years required, that you cannot get the information from Crown corporations where there are private sector auditors involved.

Mr. Lutz: — On page 8 of this report, Mr. Anguish, we delineate certain problems we did encounter in the year under review. I would like to limit this discussion to these matters because we will be addressing this subject again in my 1988 report, which I anticipate will be out in good time. I would prefer not to get into new stuff other than this report year under review, and I think on page 8 we did disclose some of these matters that were causing us some trouble, yes.

Mr. Prebble: — Yes, Mr. Lutz, I'd like to ask a couple of questions with respect to getting an update on the information that's contained, first of all on page 8 of your report. And this relates to the rather serious problem that you identified of, first of all, not being able to get the

necessary information to undertake your work from the Crown Investments Corporation of Saskatchewan; and secondly, upon reviewing the minutes of the Crown Management Board, determining that as a result of the minutes of September 17, 1987 that the board continued to confirm their decision not to release any information to you in your capacity as Provincial Auditor, pending further discussions among the board members.

Now I understand from your report that on February 2, 1988 you wrote to the minister responsible for the Crown Investments Corporation, asking that this minute be rescinded, and on April 12, 1988 officials of the Crown Investments Corporation again refused you and your representatives access to the CMB minutes.

I'm wondering if you could report on whether this matter has been cleared up. Has the motion to, in effect, deny you access to information related to the Crown investments corporation been rescinded, and what indication have you had from the minister respecting this matter?

Mr. Lutz: — Mr. Chairman, Mr. Prebble, we have not seen minutes dated after the ones we did get first. I'm not sure whether that minute has been rescinded or not, and until such time as we do some pursuing of this matter, we maybe won't know. But we will be addressing this subject again in my next report.

Mr. Prebble: — Have you . . . I guess what I'm asking though, is, you'd obviously expressed concern, if I've understood your report correctly, that you've obviously expressed some concern to the minister in charge of the corporation respecting this matter. Have you had any further indication from him or from the members of the Crown Management Board itself whether in fact this minute has been rescinded?

Mr. Lutz: — This entire subject, Mr. Prebble, will also tie into the report I sent to Ms. Ronyk on June 29; I was responding to some deliberations in this forum.

I did go to the office of the auditor of CIC (Crown investments corporation of Saskatchewan) and I thought in the interest of co-operating I would indeed try the proper procedure — I don't concede that it's a proper procedure, but I did say I would try it — and I asked those people if I could have the minutes and they said no, we don't have them. And I asked those people, if you had them would you give them to me? And he said, it's probably more appropriate that you get them over there at CIC, with which I concur. But we have not, as yet, received the minutes for CIC. I think that answers your question.

Mr. Prebble: — Mr. Chairman, I wonder if I could make a motion with respect to this matter, if it's in order, and that is:

That this committee expresses its concern about the difficulty in the Provincial Auditor obtaining the information that he requires to do his work from the Crown investments corporation of Saskatchewan and further requests assurance from the minister responsible for the Crown

investments corporation of Saskatchewan that CMB (Crown Management Board) management rescind all minutes which fail to permit the Provincial Auditor to obtain full access to information from CMB required to complete his audit.

Mr. Chairman: — Thank you, Mr. Prebble. I wonder if you might take a minute just to write that one out.

Mr. Prebble: — Yes, I will.

Mr. Chairman: — As I understand it, the motion is again a two-part motion. One is that this committee express its concern to the Legislative Assembly about, generally about, the question of lack of co-operation; and secondly, that the minister responsible for the Crown investments corporation rescind a minute which is referred to in the auditor's report. Am I correct?

Mr. Prebble: — Yes, on page 8 of the auditor's report, specifically September 17, 1987, the minutes of the board.

Mr. Chairman: — I have Mr. Lingenfelter, Mr. Neudorf, and then Mr. Martens. We have a motion before us. I guess we should be able to motion and then go on again to . . .

Mr. Lingenfelter: — Are you setting up a separate speaking . . .

Mr. Chairman: — Yes, I'd like to deal with the motion. I'll get that out of the way because it's before us; it's been moved. Do you want to speak to this motion, or want to wait until . . .

Mr. Lingenfelter: — I want to wait until after, but I do want to speak to this motion just very briefly as well.

Mr. Chairman: — Well, you were first on my list so you can have that.

Mr. Lingenfelter: — Basically to follow up on what Mr. Prebble is . . . the point he's getting to, I think that it's important to realize that having an auditor, a Provincial Auditor, in place, and then tying his hands as to what information he can have and what information he can't have simply adds to the problem of trying to keep the books balanced, spending priorities, and making sure that everything is functioning in a proper manner.

I think as well, the position that it puts the auditor in in terms of his credibility — on and off, which minutes he can have; some he can have, and then at a certain point moving another minute in your board meeting that he can't have the minutes, I think really stymies the ability that he has in trying to find out very, very relevant and important information.

And I guess what I would like to see is, in writing, the tabling of letters that he has exchanged with the minister and vice versa, to find out for this committee what it is that the board, and in particular the minister, has problems with in sharing the minutes of the CIC meetings. What is it in the minutes that have to be covered up? Basically we're

spending taxpayers' money, and large amounts of it, I might add. Why would the government not want to share that with the auditor, and through the auditor to this committee, and through this committee to the public?

I guess I would ask that question if it were appropriate now, whether or not letters have been exchanged, Mr. Lutz, with the Crown corporations board or with the minister, and whether there's been replies to such,

Mr. Lutz: — Mr. Lingenfelter, when we decided we weren't going to get these minutes from the employees of CIC, we did write to the minister, and after a series of letters we did get, from the minister, minutes of CIC up to a point. And that's when we became aware of the minute saying, don't give him any minutes. Since then I don't believe we corresponded with the minister. We have been trying to follow a proper procedure if that is what it takes to be able to co-operate and get this thing done in, if you will, a more amicable fashion.

I don't concede that the method we were using was not proper. It's enshrined in legislation and has been since about 1965. But we said, all right, let's give it a try. And so we have done so. Now it hasn't been any more successful, but neither have we gone back to the minister and written him another letter yet. We may have to do that.

Mr. Lingenfelter: — I wonder if it would be . . . can you explain, out of the letters that were received from the minister, what excuses, or what were the rationale that he would indicate not to share the information with the committee and with yourself?

Mr. Lutz: — Mr. Chairman, and Mr. Lingenfelter, I would be inclined to ask your indulgence and maybe find out what due process should be as far as releasing a minister's letter to me and releasing my letter to the minister. Now I'm aware that I'm employed by the legislature, but it might behave me to go get some advice on this particular matter.

Mr. Chairman, I'm at your wish or at the wish of the committees. I don't know just how I should answer this.

Mr. Chairman: — Basically it's a question of the committee. The committee can ask for whatever information it deems appropriate. So it will have to be a ruling of the committee whether it wants to ask for that information. General practice has been for members to ask questions, and to ask for information, and for that to be provided to all the members, unless the committee orders otherwise and states that that question is not an appropriate one and therefore should not be asked.

Mr. Lutz: — One thing. If this committee directs me to provide the committee members with copies of the correspondence, I will do so.

Mr. Lingenfelter: — I guess at this point what I'm asking, Mr. Chairman, is the explanation, more than the body of the letter, at this time at least. I mean, we can decide later whether or not we need the letter. But I guess what I would want to know, for the committee's sake, is: what was the explanation or reasoning or rationale behind the

refusal to give the minutes to yourself and to the committee?

Mr. Neudorf: — May I interject?

Mr. Chairman: — Sure.

Mr. Neudorf: — Just in response to Mr. Lingenfelter's statement there, I do not think that it's within the purview of this committee to start asking questions like, why? Obviously why, our policy decision's made by a minister for whatever reason, and I don't think it's up to this committee to start asking why was this decision made or why did you do this. I think that's probably one of the weaknesses that we've experienced in this committee over the last couple of years I've been here. I don't think that type of question answers the basic principle under which this committee operates, which is to find out whether the money has been legally spent that was appropriated by various departments.

Mr. Chairman: — Okay. Mr. Lingenfelter has asked a question. Mr. Lutz is . . .

Mr. Neudorf: — Well the reason I interjected was simply because Mr. Lutz was busy getting an answer there from his . . .

Mr. Chairman: — Okay, now I need some direction and Mr. Lutz will need some direction on whether the question Mr. Lingenfelter has asked is in fact appropriate, because you're saying it may not be appropriate and we should . . .

Mr. Neudorf: — Could I ask, Mr. Chairman, for Mr. Lingenfelter to repeat the question so I precisely know what it is that he is asking?

Mr. Chairman: — Yes.

Mr. Lingenfelter: — What I wanted to know from Mr. Lutz is the rationale that the minister or the board used in deciding that minutes of their meetings would not be made available to the Provincial Auditor. And I think that's fundamental in the work of this committee and the Provincial Auditor, in looking at how CIC functions, is to have the information before us. And therefore I guess what we would want to know is: what is the compelling argument not to share the information with us?

Mr. Lutz: — Mr. Chairman, Mr. Lingenfelter, I don't consider the arguments compelling, which is why we haven't given up on endeavouring to obtain these documents. As primary auditor for the province of Saskatchewan, my professional standards require certain actions on my part. They require that I get certain information direct and not second-hand. This being the case, we will use these professional standards where we can to make this happen. We will do whatever arguments we can to make this happen. And I think we will eventually get the minutes to CIC. But rather than have a total confrontation up front, which we try to avoid, we will do it through the proper procedures if we can. If we can't, then we'll find something else.

Mr. Neudorf: — My comment will be very precise, and

that is again in reaction to what Mr. Lingenfelter asked about the minutes being made available. Any time you have minutes, that's a record and a document of record of all conversation, of all decisions — not only decisions. I may not have any problem with decisions being made public, but the process of how these decisions were arrived at. The mechanisms that go through any boardroom in determining decisions like these to be made available to anyone outside the room, to anyone outside the company, I would have extreme reservations. I don't know of any company that's going to make minutes available to anyone else. It's just not business.

Mr. Chairman: — I just want to remind you that we're back to a discussion of a motion here.

Mr. Lutz: — Mr. Chairman, Mr. Neudorf, it is a very, very short time ago when I was on the mailing list for all minutes from all Crown corporations meetings, any kind of meetings. It wasn't that long ago they automatically came into my office. Three years ago I used to get them all.

Mr. Prebble: — Mr. Lutz, are you saying that you no longer get any of this?

Mr. Chairman: — I have Mr. Martens.

Mr. Lutz: — I get some. Don't know why.

Mr. Martens: — Mr. Chairman, I just wanted to ask a question of process of Mr. Lutz in the matter of hiring, or the corporations hiring their private auditors: does the minister require from the board a letter of authority giving him that authority to hire them? Or what does he require?

Mr. Lutz: — To hire these other auditors? Are we talking about the engagement of private sector auditors to do Crown audits?

Mr. Martens: — Right.

Mr. Lutz: — Those were all done by order in council. The auditors were all named in an order in council and the Crowns which they would audit.

Mr. Martens: — Right, okay. When you mentioned just a short time ago about the acceptability of accounting practices, is it incumbent on you to accept the statements made by auditors who are auditing these Crown corporations? In lieu of that, is it your responsibility to accept them, or what is the process there?

Mr. Lutz: — In the report I published, or put out on June 27, — Ms. Ronyk got, I think, 15 copies:

In the fulfillment of his responsibilities as the auditor of the accounts of the Government of Saskatchewan, the provincial auditor may rely on the report of the appointed auditor of a Crown agency or a Crown-controlled corporation if he is satisfied that the appointed auditor has carried out his responsibilities pursuant to Section 11 with respect to that Crown agency or Crown-controlled corporation.

It's not mandatory that I accept the work. I may, if I am satisfied that they have done the audit to the same level I would have done it when I was doing it, and for this purpose I review their working papers. I review their planning memoranda on how they planned the audit, and I look at the work they have done. If I think they have done sufficient work to support the opinions they may have expressed, then I must make a judgement whether or not to rely on them.

Mr. Martens: — Okay. When you wrote . . . You rely in the same way on people within your branch to do the same thing for you, don't you?

Mr. Lutz: — I also require from them opinions on the audits they do as to whether or not this and this and this and this and this was done, and whether or not in their opinion this and this and this is the case. Oh yes.

Mr. Martens: — Okay. So when a company . . . that is, a Crown corporation says that these matters are not required by you, under their legal opinion or whatever they choose to do that, do you think that you have the authority to investigate them over and above that authority that is given to them by the auditor that is appointed?

Mr. Lutz: — The professional literature relative to a primary auditor, which is what I am in the province of Saskatchewan, responsible for the audit of all public money, the primary literature makes it incumbent upon me to do certain things if I am to rely on a secondary auditor of which we've got 20-some now. Oh yes.

Now there's one other thing I should remind you of perhaps, or mention. We are serving two different masters, this private auditor and myself. The auditor of, say, SaskPower is serving the board of SaskPower; I am serving the Legislative Assembly. Now these two servant/master situations don't necessarily coincide as to function or reason to be. There could be a difference in how you look at a transaction. One transaction can be looked on totally different by that auditor or this auditor.

So we have all of these things to consider on each audit, and there's quite a few of them now, and we were not given very much in the way of resources to do this, as I said last year. But in the parameters of what we have been able to do, I believe we've done it in a spirit of co-operation. It's taken a lot of time and a lot of work and a lot of back and forth, but I don't really think we've bit any huge road-blocks. We sort of made it work, I think.

Mr. Martens: — So am I to gather from your explanation that these opinions are relative, number one, and they sometimes reflect the individual's opinion that is doing the audit.

Mr. Lutz: — Well it has to reflect his opinion because he's expressing an opinion . . .

Mr. Martens: — Right.

Mr. Lutz: — . . . the same as I express an opinion.

Mr. Martens: — Right. Okay.

Mr. Lutz: — I think that's a given.

Mr. Martens: — Yes. Okay, then my observations would be this, in light of the discussion relating to the confidentiality of these documents and whether they ought to be confidential, these letters that were written to you and . . . I think that you've explained to me, at least, that the opportunity to have a difference of opinion can be negotiated in these letters and resolved, to some extent, in a fashion that is amiable, rather than a confrontational type of a process. And I think that that's a better way to do it.

The confidentiality is a very important feature in this, in that you have at risk — and I'm sure you understand this — you have at risk some things that are subject to scrutiny by non-Crown corporations who are in the same businesses as these businesses are in, and that's something that I think that we should, as a committee, consider in reviewing whether this matter should be dealt in a confidential basis on your part with the minister and dealt with in that fashion.

Mr. Lutz: — Thank you, Mr. Chairman and Mr. Martens.

As the auditor of all public money, I have to say to you that I have never concerned myself with whether or not matters I might disclose in my report would have a bearing on the industrial business advantage or disadvantage of any Crown corporation. I can't, because I'm a servant of the Assembly, and nothing in my legislation says I should.

Mr. Martens: — I just wanted to say that I understand what you said, and I believe that I'm not trying to impede your responsibility to the Assembly; I just wanted to note that at times the reflection that you have on a matter is a matter of opinion, and the reflection that another person of the same profession as you are is a matter of opinion also, okay? Thank you.

Mr. Lutz: — Is there questions to me or . . . (inaudible) . . .

Mr. Chairman: — I don't know. Is there questions for Mr. Lutz right now?

Mr. Anguish: — Yes.

Mr. Lutz, if I can go through sort of the chronology of the events leading up to the withholding of the Crown investment corporation's minutes.

First off, you requested from Crown Management Board access to minutes, and in the past they were providing them to you, and then at some point the Crown Management Board started withholding access to their minutes. You then wrote a letter to the minister expressing your concern, and at that point the minister did respond by providing minutes up to the September 17, 1987 board meeting, at which time the board had a motion stating that the board confirm their direction to CMB (Crown Management Board) management to not release any information to the Provincial Auditor pending further discussions among board members. You were then told to follow proper procedure, and at this point in time you

still have no access to the minutes from the Crown Management Board. Is that correct?

Mr. Lutz: — That's correct, yes.

Mr. Anguish: — Well I can appreciate you attempting to follow the proper procedure. I assume that proper procedure is to first try and get that information through the private sector auditors. Is that correct?

Mr. Lutz: — Yes.

Mr. Anguish: — Since that is correct, I wonder at what point the information becomes useful to this committee or to the taxpayers. How long does it take to go through proper procedure? The timeliness, I would think, is very important. If we're already into 1989 and we're dealing with your report ending March 31, 1987, we're starting to look at two years ago and more. I would think that to serve this committee and the taxpayers, that you would want proper procedure to be more timely and to have a quicker response time.

I mean, the information doesn't serve as great a purpose two years down the road as it does at the time of the occurrence. I'm wondering if you're willing to put up with proper procedure when it takes in excess of two years to accomplish proper procedure, and you still don't have the minutes.

Mr. Lutz: — I have always been concerned with timeliness. And if I can't get the information, what I do is report to my employers that I can't get the information. Then I guess it's a problem for the Legislative Assembly to solve.

Mr. Anguish: — What is the strongest action then, Mr. Lutz, that you can take?

Mr. Lutz: — That's it.

Mr. Anguish: — You've already taken the strongest action?

Mr. Lutz: — I have never conceded that this proper procedure is really anything that should override legislation. The legislation says I'm entitled. I always got them. The legislation says you can get them. Now if I can't get them, I guess I'm going to tell you people I can't get them, and I'm going to sit back and see what happens because I'm not going to . . . Well, what do I do? Break down the door? I'm not going to go in at night. What do you do if they say no?

Mr. Anguish: — Well, I tell you, I can appreciate that you're saying the legislature deal with it. Well we've seen how the legislature deals with it. They ignore it in terms of withholding information, and the members from the government side still don't acknowledge that there's a problem exists.

I suppose what I'm asking you is that do you not feel you have the power similar to the federal Auditor General who ended up taking court action to get the information that was legitimately his information to have access to so he could fulfil his role. If we can't deal with this in the

legislature because of the political forum that it gets into, would you consider taking court action to get the information from the Crown investment board or Crown investment corporation similar to action that had to be taken by the federal auditor?

Mr. Lutz: — Mr. Chairman, Mr. Anguish, I think under section 24(1) of The Legislative Assembly and Executive Council Act, I took court action. It says this assembly is a court, and I brought it here. Now if I go to the courts, how many years is it going to take me?

Mr. Anguish: — Well I don't know that I'm here to answer the questions, but it didn't seem to take the federal auditor very long to get the information that he wanted. And I'm wondering if it's not a possibility for you, as the guardian of the public purse, making sure that tax dollars are spent as they have been given legislative authority to be spent, whether you wouldn't consider taking whoever you need to go to court to get the information to complete your audit so we and members of the public know whether or not money is being spent properly in the province of Saskatchewan by the government.

Mr. Lutz: — Well I guess, Mr. Chairman, Mr. Anguish, all I've got to say is I find it regrettable that I would have to go that route, but yes, in the long haul, if that were the only thing left to me, of course I would.

Mr. Anguish: — How long are you willing to give this process? We're dealing with a board minute from September 17, 1987 withholding information from you. It's now February 1989. Is it another year, or two years?

Mr. Lutz: — Mr. Chairman, Mr. Anguish, I guess what I will have to say here is that I have advised my employer that I'm having this problem. If it is the opinion of my employer that I should take other actions, I would certainly be prepared to do so. I don't have a . . . the only problem I have with that is I've got no money, but maybe I can get a special warrant to take the government to court.

Mr. Anguish: — Well everything else seems to be deficit financing around here. There's no reason why you shouldn't run a deficit to take them to court as well.

Mr. Lutz: — Oh, but if I run a deficit in my particular shop where I administer my own — I can't run a deficit; I can't run an overdraft. I'd have to close it down about November or December because I'm out of money.

Mr. Anguish: — So then the public accounts are completely hamstrung in the province of Saskatchewan. You can't get the information; you can't take them to court; they won't provide the information through this committee. If it gets into the legislature they won't, because they've got the heavy-handed majority. You might as well forget about public accounts. Just throw open the purse to them.

Mr. Chairman: — I just want to say that there is a motion before us.

Mr. Anguish: — Sorry, I'd forgotten about that.

Mr. Chairman: — I want to just restate the motion at this

point and, in light of your comments, focus attention back to the motion, which is one way that this committee has of alerting the Legislative Assembly to issues and requesting that the Legislative Assembly take appropriate action.

And if I might, just before Mr. Hopfner speaks — I think Mr. Prebble's on the list again after that — here is the motion that I have:

That this committee expresses its concern about the lack of co-operation the Provincial Auditor has received from the Crown investments corporation of Saskatchewan; that this committee requests that the September 17, 1987 minute of the CIC board denying the auditor access to CIC minutes be rescinded by the CIC board and the minister responsible for the CIC, and that the minister be requested to ensure the Provincial Auditor has access to the CIC minutes in the future.

Further, that this committee indicate to the Legislative Assembly its concern about the lack of co-operation accorded to the Provincial Auditor by various agencies, and that this committee recommend to the Legislative Assembly that the Assembly call on the government to enunciate a clear set of guide-lines for all departments and agencies to ensure future co-operation with the Provincial Auditor.

If one looks at this motion of four parts, the first two parts were alluded to by Mr. Prebble. The last two parts are in a sense new, and I assume that you're . . .

Mr. Prebble: — And I am moving those, Mr. Chairman. I've added those to the motion.

Mr. Chairman: — . . . that you're moving those. And that's the motion that's before you. The first part, concern about the Crown investments corporation. And secondly, that the minute be rescinded, and specifically that the minister ensure that the Provincial Auditor has access to the CIC minutes. Thirdly, a concern generally about lack of co-operation. Fourthly, recommending to the Legislative Assembly that the government enunciate some clear set of guide-lines for all departments and agencies to ensure future co-operation with the auditor. So there's, if you like, four parts to it.

Mr. Hopfner: — Thank you, Mr. Chairman. Mr. Lutz, do you believe in professional ethics, and like as far as auditors are concerned, and the auditing standards that are put forward with your profession?

Mr. Lutz: — I'm still a member. Yes, I'm a member of the . . .

Mr. Hopfner: — Do you believe in the ethics?

Mr. Lutz: — Well, of course.

Mr. Hopfner: — If you believe in the ethics . . . we're talking about a policy here, basically is what we're talking about. There's been a slight change in policy. We're now into the private sector of auditing, right?

Mr. Lutz: — We're in public sector auditing with private sector firms.

Mr. Hopfner: — Right. That's a simple way of putting it. You made a comment, and that's basically why I was asking that, is basically because you had indicated back that you had no real influx of new resources to carry on and recheck the audits of the audits that have been taking place through the private auditors.

Now if you believe in professional ethics and professional standards, why would you not accept the report of the auditor on the various different Crowns?

Mr. Lutz: — Yes, thank you, Mr. Chairman. Mr. Hopfner, thank you. I also made the comment that as primary auditor I have professional responsibilities to make sure that what they do in their audit on that Crown is the same that I would have done. And the other point I made at about the same time in the discussion was that we're serving two different masters for two different purposes.

That private sector auditor is employed by the Crown corporation to audit for the Crown corporation. I am responsible for all public money and I must report to the Legislative Assembly. So while I believe in ethics and I believe in professional standards and I believe in the professional competence of my colleagues, I cannot, under the professional standards, just accept all of the things I hear without going to see. I can't go and do this unless I go and see this.

I covered this matter in this June 29th memo to Ms. Ronyk which she distributed. I don't know if you all have this thing or not, because if you haven't I could read it into the record. But this really has nothing to do with professional ethics. It's got to do with my professional responsibilities under the Act. My responsibility is to the Legislative Assembly as primary auditor, and as such I have got to deal with these other auditors at a certain level in a certain way, but I must also make sure that what they have done will meet the same standards to the same degree as I am doing when I do it. And if we don't have this same level of audit as I talk here in . . . excuse me just a moment. It's really not a big question of professional ethics; it's professional standards.

May I refer you to page I of my report, Mr. Hopfner. At the bottom of that page I talk about:

This uniformity of audit examination and reporting requirements is designed to ensure that the members of the (Legislative) Assembly will receive comparable information on matters relating to the quality of administration of public money for each entity of the Government . . . so as to permit each entity to be held equally (responsible).

And that's why I have to go out and review their working papers, why I have to discuss with them how they did the job, to discuss and find out if they did it to the same level as I would do it.

Now I went through this two years ago at this committee when I discussed what an audit is.

Mr. Hopfner: — I understand that; you don't have to through it.

Mr. Lutz: — Oh, fine. So then when these other auditors were appointed, we had to make sure that they would audit and report to the same level as I did and do audit and report. If they don't and if we don't make sure they do, then you're not going to get uniform information being provided from audits.

Mr. Hopfner: — But, Mr. Lutz, you just got finished indicating that an auditor is an auditor, and there's auditor ethics and standards, professional standards. And you're talking about uniformity. How can you sit here and tell me that there's uniformity in your profession if you're not willing to accept the uniformity that that auditor has put forward in front of you in his report? You are saying to me that there's two levels of auditors in this province. You're telling me that you're above all auditors in this province. Am I correct in that assumption?

Because that's exactly what you were saying: these auditors are as responsible, in my . . . In the way I look at it, these auditors are responsible in auditing a Crown corporation. Now when they'd make that audit, that professional standard and professional ethics must take place. What puts you over and above those auditors that have the same ethics and the same standards they must follow, by law?

Mr. Lutz: — The professional standards of the Institute of Chartered Accountants — and it's contained in what we call the CICA (Canadian Institute of Chartered Accountants) handbook — it's our Bible. It says that I have a responsibility, as a professional, to check on the work that they did — the secondary auditor — before I can rely upon them as primary auditor.

It has nothing to do with ethics. It says, thou shalt go see what they did before you accept their work and rely upon it. Now I didn't write this. This is in the literature; it's in professional literature. Mr. Kraus can tell you about this one; he's read it enough times. Tell him what it says.

Mr. Kraus: — I'm not sure I'd really want to get into the discussion. I'd prefer not to at this time.

Mr. Hopfner: — When I look at professional ethics, it seems to me there's an argument between public and private sectors getting involved in auditing in this province. You had brought that through your wording when you had worded the fact of your concern with your resources that are given to you, except because of the change of the policy it went to the private sector. Now what is wrong with competition within the auditing system in this province?

Mr. Lutz: — Nothing. I never said there was. My point I make is that professionally . . .

Mr. Hopfner: — Well why are you wanting to audit the auditors?

Mr. Lutz: — Because professionally I must before I can rely upon them. If I can't go in and review their work and

see what they've done and make sure they've done it to the level I would have done, professionally, according the standards, I cannot rely on them. I will tell them so and I will go do it myself. That's what I have to do.

Mr. Hopfner: — Okay, I can agree that you're going to have to be responsible for the final auditing report. Now when you do the audit, are you looking at the financial obligations through all these different Crowns, or are you looking to wanting to find out how these decisions are made? I'm getting back into the minute side of things: why is it so imperative for you to have the minutes, when this auditor has already gone through the flow of the minutes and the workings of the various departments? But when we're looking at the financial side of things, unless there is grave question on the financial side of things, then why would you even want to have all the minutes sent to you?

Mr. Lutz: — Can I have the question repeated, please, if I'm going to answer it? I'm sorry.

Mr. Chairman: — Mr. Hopfner, can you restate your question?

Mr. Hopfner: — To simplify the thing then properly is, if an auditor has done an audit, okay, and when the financial picture is laid out in front of you, why do you need all the minutes of that particular Crown corporation? You're telling me to assume the fact that you want all that information because you're doing a re-audit on the audit.

Mr. Lutz: — In some cases we do. That's correct. Now you must remember what an audit is in the public sector. An audit in the public sector does a thing called compliance with law. You review their transactions for compliance with law. An audit in the public sector does a review of the systems to protect assets. And those are the two important aspects of an audit in the public sector. The third aspect of the audit is the financial statement audit or the attest audit. Now we do all three when we do an audit. We do all three. We think the last one is the least important.

How do I know whether or not the other auditor has gone out and done the compliance with authorities and law? How do I know if he has gone out and done compliance with protecting the assets? It's all in the Act. And how do I know he's done the attest audit to the same level I might have done for the same matters which he may look on differently than I would look on?

I review his working papers; I review the work he did. And if I feel from that review I can rely upon him, I will. Now I'm the primary auditor. Before I can rely upon him, according to the professional standards I must go do that or I'm remiss. As a professional I've just contravened the by-laws and the rules of professional conduct. I have to do that.

Mr. Hopfner: — But does not every other professional auditor have to audit according to law?

Mr. Lutz: — I would think probably, but then . . .

Mr. Hopfner: — Well then you're questioning the ethics of that professional auditor. The standards are there. The standards are the same, right?

Mr. Lutz: — Let's then look at the financial audit. We'll do the attest audit right now. If that private sector auditor does the audit of SaskPower — I'll just take a hypothetical case — and if he finds in SaskPower an error in the dollar amounts that is 3 or 4 million, in SaskPower that's not material; that's not worth a blink, because it doesn't really affect the financial picture of SaskPower. But if that particular transaction were illegal, which is what I would look at, which maybe he didn't think of, or perhaps because it was not material, you get rid of it, I would be reporting that matter even if it wasn't material simply because it was illegal; it was a non-compliance item.

Now we have an auditor serving the board of directors of that Crown. We have a primary auditor who's serving the Legislative Assembly who has to worry about stuff like that. I have a professional standard that says, before I can rely upon him, I must go look at what he did. It's got nothing to do with questioning his ethics. It's a standard that I have to follow and go do before I can rely on his work.

Mr. Hopfner: — You're telling me that that auditor would set aside a \$3 million expenditure without questioning it?

Mr. Lutz: — Oh, he wouldn't have to set it aside. In Power, 3 million isn't material. It would not . . .

Mr. Hopfner: — I'm not saying whether it's material or not. Are you saying that a professional auditor would not question a \$3 million . . .

Mr. Lutz: — He may have questioned it. He may have been told by management that, look, that's all right, and he may accept it. Or he may be told by management, there's nothing wrong with that. And maybe he doesn't really contemplate the legality of an audit to the same degree that I would question the legality of an audit item, because we live with this legality . . .

Mr. Hopfner: — But it would be posted in his report. If there was this \$3 million set aside, it would be mentioned.

Mr. Lutz: — Maybe, maybe not.

Mr. Hopfner: — It would be mentioned somewhere, the \$3 million has to be mentioned somewhere, right?

Mr. Lutz: — Hopefully it would be in his files. But if that auditor didn't see fit to mention that in his files, I would never know about it. If that auditor saw fit to mention it in his files but said, well in this whole scheme of things it's not material, don't worry about it, unless I go look, I still wouldn't know about it. But it could be illegal, and if I found it to be illegal then I have to say, can I rely on him?

And it's nothing to do with ethics. It's how you look at a transaction. I'm sure that the private sector auditor who has been doing this for, what, two years now or one year.

Mr. Hopfner: — No, we've had private auditors around for a number of years.

Mr. Lutz: — Oh yes, oh yes, but not the 20 or so that came down about a year and a half ago. That was a fair chunk.

Mr. Hopfner: — Yes, but is this actually the argument?

Mr. Lutz: — The minutes of a corporation indicate to the auditor what the general trend of the board policy will be, board decisions which they intend to make or will make or have made, or ratified board decisions. If I hadn't fought for these minutes from CIC, I wouldn't know they'd been forbidden to give me the minutes or give me any information. That's how I found out — just hung on there until I got them.

Mr. Hopfner: — You know, where I feel here today is the fact that the argument isn't the fact that private auditors aren't doing proper audits, but what I feel here is that you feel somewhat intimidated by private auditors because there has been an increase in the auditors. There's a policy change that you're just unwilling to accept. It's like . . . and when you talk about ethics and everything else and saying that those auditors wouldn't question something and leave something set aside, I can't believe that because the ethics and standards — and they have to follow that by law — and an auditor must know what he's doing, by law. You know, it's like putting a half a dozen doctors in the same operating room and they're going to have a half a dozen ways of making a decision of how to maybe make the cut or something like that.

Mr. Lutz: — Of course it's a matter of opinion, yes, yes indeed.

Mr. Hopfner: — And it's a matter . . . and it's your opinion.

Mr. Lutz: — Right, right.

Mr. Hopfner: — But you're telling me there's two standards of auditors in this province and I can't . . . you have not convinced me anything different.

Mr. Lutz: — What I'm telling you is there is a primary auditor responsible for the audit of all public funds, namely me; and there are private sector auditors doing audits of public bodies, from whom I need some information before I can rely on their work.

Mr. Hopfner: — Right. But you're asking for all the information, not some.

Mr. Lutz: — No, I'm not asking for all information. I'm asking for minutes of CIC Crown right now.

Mr. Hopfner: — Yes. What portion; all of it, or what portion?

Mr. Lutz: — The minutes of the board meetings.

Mr. Hopfner: — All of it, all the minutes. So you're questioning everything in CIC. You're not just questioning a portion of that auditor's report in CIC, right? You're questioning the whole department of CIC by

asking for all minutes. Now, are you questioning the total audit report, or are you questioning a portion of that report?

Mr. Lutz: — If I were questioning the total audit report, I would be going in there and doing it myself.

Mr. Hopfner: — All right. Then have you not that right to go in and do it?

Mr. Lutz: — Of course.

Mr. Hopfner: — Then why don't you?

Mr. Lutz: — Because it's much better and less duplication if I can get from them adequate information to assure myself that what is happening is properly happening and that the auditor has done his thing and I can rely upon his report, and if I can rely on his report, I don't have to go in there, and that saves duplication, because I haven't got the resources for duplicated work.

Mr. Hopfner: — But you're duplicating it by asking for all the information.

Mr. Lutz: — No, not at all, they send me the minutes of board meetings, I'm finished.

Mr. Chairman: — I think we're going round and round here and . . .

Mr. Hopfner: — No, this is speaking on the motion.

Mr. Chairman: — Well, I think we're getting here into a difference of opinion and getting beyond sort of eliciting facts.

Mr. Hopfner: — Well there's always a difference of opinion if there's a motion on the table, I'm sure, because that's the reason there's a motion on the table.

Mr. Chairman: — But I think that in terms of getting the facts or getting answers to questions . . .

Mr. Hopfner: — What I'm asking Mr. Lutz, then, in regards to CIC (Crown investments corporation of Saskatchewan), what information do you want from CIC?

Mr. Lutz: — Copies of the board minutes.

Mr. Hopfner: — All the board minutes or just part of the board minutes?

Mr. Lutz: — All the board minutes. Why would I ask for part? I don't know why . . .

Mr. Hopfner: — Why are you wanting to ask for all the board minutes if you're not wanting to duplicate the auditor's report? Are you concerned about the auditor that did the auditor's report then?

Mr. Lutz: — I'm concerned about board minutes for all Crowns. I used to get board minutes from all Crowns in the mail.

Mr. Hopfner: — Yes, but this is a change of policy, Mr.

Lutz. There's no more private sector auditors, and that is something you're going to have to accept, and I don't think you're wanting to accept that.

Mr. Chairman: — I think you're debating with the auditor here, and I think you meant to debate the motion as opposed to debating the auditor.

Mr. Hopfner: — No, Mr. Chairman, I'm debating . . . I'm asking questions so I can talk further into summarizing my debate on that motion, and I need these questions answered.

Mr. Chairman: — It's fair ball to ask questions . . .

Mr. Hopfner: — Are you depriving me, Mr. Chairman, of information so that I can get more into the . . .

Mr. Chairman: — Not at all. Not at all, Mr. Hopfner. I think that I've been . . .

Mr. Hopfner: — Then I would say you come to work.

Mr. Chairman: — Mr. Hopfner, I'm perfectly happy to have you ask questions . . .

Mr. Hopfner: — Good, then I may ask them.

Mr. Chairman: — I'll help you elicit information, but if I sense that things are perhaps becoming a little bit redundant, and if I sense that you might be wanting to engage in debate with the auditor, as opposed to debating the motion with the other members, then I might want to draw your attention . . .

Mr. Hopfner: — I want him to convince me so that I can summarize on the motion.

Mr. Chairman: — Please do.

Mr. Hopfner: — When you talk about . . . When the accusations have been here about withholding information and the lack of co-operating between CIC and the auditor, had there been that lack of information and co-operation to the auditor that had audited CIC?

Mr. Lutz: — Not that I know of. I get along fine with the other auditors.

Mr. Hopfner: — Okay then. Then any questions that you might have, if there wasn't that withholding of information or the lack of co-operation with the auditor that audited CIC and any questions that you had, why would you not just ask that auditor and accept his professional answer to your particular questions and let things lie?

Mr. Lutz: — Professional standards take a dim view of hearsay evidence . . .

Mr. Hopfner: — Well you can get it in writing. Put the questions in writing to the auditor and make sure he's done his job.

Mr. Lutz: — Is that a question then, why didn't I do that?

Mr. Hopfner: — Yes.

Mr. Lutz: — I tried. He said he didn't have them. He said I should get them over there.

Mr. Hopfner: — The auditor did not have . . . Well then, he did not do a proper audit, is what you're saying?

Mr. Lutz: — No, I didn't say that. You said that.

Mr. Hopfner: — No, no, you said that. Don't turn it . . .

Mr. Lutz: — No, I didn't say that. No, no. I said to that auditor I would like to get the minutes on CIC.

Mr. Hopfner: — Oh, no, no, I'm not talking about the minutes. I'm talking about information. You must have wanted those minutes for some particular reasons.

Mr. Lutz: — No, I wanted those minutes to see what their corporation policies were all about. I felt, in my view, I should need those minutes and the information therefrom to form opinions, my professional judgements. I asked for them and they weren't forthcoming.

Mr. Hopfner: — Well, okay. One final question then: in your professional opinion, when you asked for minutes or when you're asking for those minutes and things like this, what are you looking for? You're looking for answers to some pertinent questions that you may have on your mind, right?

Mr. Lutz: — Not necessarily. It could be general information. It could be to assist me in arriving at judgements. There's many reasons why I would want the minutes of a corporation.

Mr. Chairman: — Thank you, Mr. Lutz.

Mr. Prebble: — Thank you, Mr. Chairman. Mr. Chairman, I'd like to speak to the motion, if I may, that I've put forward.

I want to say, to begin with though, that I don't want to comment at length about Mr. Hopfner's remarks except to say, Mr. Chairman, that I'm really quite alarmed when a member of the Assembly begins to criticize the Provincial Auditor for doing his job properly. That's really quite remarkable, and that's what we've seen here this afternoon.

Now, Mr. Chairman, I think we began this session of the Legislative Assembly in the spring of 1987 with what I would describe as the traditions of the Assembly being violated; you know, a three-month delay in the tabling of the provincial budget, followed by a major delay in the tabling of *Public Accounts*. Now what we're seeing is a situation in which the laws of the Legislative Assembly are being violated, with no apparent willingness by members on the government side to rectify the situation.

What we're talking about here, Mr. Chairman, is a violation of The Provincial Auditor's Act which is very specific with respect to giving the Provincial Auditor the authority to obtain any information, or any report, or any explanation that he requires in order to discharge his

duties, regardless of whether or not there is another auditor appointed to audit the accounts of that particular agency; in this case since we're talking about Crown agencies. And, Mr. Chairman, in my judgement, once we see a situation in which the legislation of the Assembly is being violated, with no apparent willingness on behalf of the government members at least to rectify that situation, then what we've got, Mr. Chairman, in my judgement, is a threat to democracy.

In this case the Provincial Auditor is our mechanism for ensuring public accountability when it comes to the expenditure of public funds. And when that mechanism and the work of that mechanism begins to be interfered with, that is a threat to democracy. And I, Mr. Chairman, I feel very strongly about the motion that I've moved, even more strongly now that I've heard some of the comments that have been made by government members.

You know, not only is it very alarming that Crown investments corporation hasn't fulfilled the auditor's request to co-operate and provide information, but I think it is particularly alarming that the Crown investments corporation, which is after all a major body of government overseeing the work of all the Crown corporations in the province, actually passes minutes denying the Provincial Auditor access to those minutes when under The Provincial Auditor's Act this is illegal. And then when it's drawn to their attention, we have no indication at all that that minute has been rescinded, despite the fact that provincial legislation is being violated. Now that is truly incredible.

In addition to that, Mr. Chairman, I'm concerned about the fact that there is an indication that other departments of government have not co-operated with the Provincial Auditor as members of the Legislative Assembly should expect they would. We have an indication that the Department of Supply and Services has not provided the Provincial Auditor's representatives with information in a timely manner. We have a report that the Saskatchewan Property Management Corporation has also failed to provide the auditor with necessary reports in a timely manner. And we have the very unfortunate situation in which the financial statements for the Consolidated Fund and the Saskatchewan Heritage Fund for the year ended March 31, 1987 were not completed and provided to the Provincial Auditor for audit until March of 1988.

Mr. Chairman, I'm very concerned about the fact that we've got a situation where just not one, but several agencies of government are failing to co-operate with the Provincial Auditor as required by law. And I think, therefore, that we obviously require from the Legislative Assembly a clear set of guide-lines that all departments and agencies of government will be required to follow to ensure future co-operation with the Provincial Auditor. I think, Mr. Chairman, that the need for those guide-lines has now become very apparent, and I hope that in light of that need all members of this committee will support the motion that I've put forward.

Mr. Neudorf: — If I might, I'd like to respond to a few of the issues that have been raised over the last few moments. I find the motion to be perplexing, confusing, somewhat multifaceted to the degree where I suspect that

it is designed to do exactly that, with the different kinds of issues that are involved. Some I might agree with and certainly most I do not. But one other comment that Mr. Prebble made in questioning Mr. Hopfner's right, I suppose, to question the auditor. I don't see any reason in asking the auditor questions for clarification and questions on how and why he thinks the way he thinks. So certainly I have absolutely no hesitation in Mr. Hopfner doing that, and certainly I intend to do the same thing.

I couldn't help but notice on one particular member's face the expression as our eyes met, in shock, when we heard what the auditor was just telling us in part of his response about these minutes of corporations. And I certainly don't expect members opposite to fully appreciate what business is about and how business operates and must operate in order to survive. It is a competitive world out there.

At first I was even going to say that the material that the auditor is supplied with from the minutes of these board meetings would remain confidential within the confines of the auditor's office. But by his own words he has admitted that that is not the case, that they do become public, those parts that he deems advisable to become public. And he is quite prepared, without any thought whatsoever in terms of economic advantage or disadvantage or whatever the material might happen to be and how sensitive it would be to the survival of that particular business, that it will be published, I suppose — and I don't want to put words in his mouth — but I suppose, for the greater good is how he would rationalize that.

And with that kind of thing in mind, I have just an inherent distaste for that type of thing, particularly since there are other routes, by his own admission, that the auditor can take in auditing those books by simply going and auditing them. I understood from his remarks that he has the right to do that. Now whether the finances in his estimation are substantive enough, or whether the efficiency within the department is great enough to allow that, that of course is another matter. But in my own mind I find the motion to be, bluntly, totally unacceptable, and I shall so vote. Thank you.

Mr. Chairman: — Thank you, Mr. Neudorf. I just want to pick up on one comment in that you said that the motion was multifaceted, and I agree. And therefore I would suggest, in fact I would ask that we deal with it in four separate parts.

Having said that, I would certainly encourage the committee to bear in mind that the auditor has put into his report the following:

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

In dealing with the motion, please bear that in mind. Please bear in mind that the Legislative Assembly and the public looking at that will say: what does a Public Accounts Committee have to say about that particular

comment?

Now the motion on the first part:

That this committee expresses its concern about the lack of co-operation the Provincial Auditor has received from the Crown investments corporation of Saskatchewan.

Mr. Hopfner: — When you said for the first time there was a lack of co-operation, we should get some clarification from Mr. Lutz. He had indicated to me when I questioned him . . . I had asked him if there was a withholding of information or a lack of co-operation with the auditor, or if the auditor had that . . . withheld information or lack of co-operation, and he said no. Now is there or isn't there a lack of co-operation and withholding of information?

Mr. Lutz: — Mr. Chairman, I think I want to seek a little clarification here if I could. Is the question, was there lack of co-operation with the other auditor, or was the question, is there lack of co-operation from the administration?

Mr. Hopfner: — When we asked whether it's information — the topic was on information — was there a lack of withholding and a lack of co-operation — and withholding information was the way I'd asked you earlier — to the auditor, and was there a lack of co-operation or withholding of information from the auditor to you, as being the primary auditor, and you said no.

And you . . . And then you also indicated in your answer that you had the right as the primary auditor to go into that department at any one given time yourself to do a re-audit or question or get any information you needed. So where does your opinion . . . your opinion's either different in your report or you're telling the committee wrong. You can't have it both ways.

Mr. Lutz: — Mr. Chairman, Mr. Hopfner, I do not tell the committee wrong. I think I will make that point right now so we understand it.

The section 24 of The Provincial Auditor Act deals with access to information, and it only mentions government departments, Crown agencies, Crown-controlled corporations, and I really felt that when we wrote this thing on lack of co-operation it would be assumed I was talking about lack of co-operation from the administration. That is what we mean here. I'm not sure how it comes out in the reading, but that's what it means.

Mr. Hopfner: — But you also indicated, Mr. Lutz, that you had the right and the powers to go over to the department and audit anything that you may deem necessary to be audited and would question anything that you deemed to question. So where is the lack of information? Where is the withholding of information? Why don't just go and ask?

Mr. Lutz: — It says here:

On April 12, 1988, officials of C.I.C. (Crown

investments corporation) again refused my representatives access to the minutes.

He went there. He said, I'm here, can I see the minutes please? And they said, no.

Mr. Hopfner: — All right. But you can do an audit any time you want.

Mr. Lutz: — Not unless I can't rely upon the work of the other auditor. It would be folly to, just because I can't get these minutes, go in and do an audit and say I know that you did bad because I haven't seen the audits. I wouldn't do that. I'll go look at the man's working papers; I'll examine his audit programs; but I would still have access to the minutes because section 24 says:

(1) 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 related (thereto) . . .

(ii) all files, documents and other records relating to the accounts;

of every department . . . Crown agency . . . or other person that he is required to examine or audit or, in the case of the provincial auditor, with respect to which his examining (and blah, blah, blah, on it goes) . . .

Mr. Hopfner: — Where does it mention minutes?

Mr. Lutz: — Well I would have included minutes under all files, documents and other records.

Mr. Hopfner: — You're talking board minutes. You're not talking filed document minutes or anything like that.

Mr. Lutz: — Okay, Mr. Chairman, I think maybe we should perhaps clarify this. I will try.

There is an audit committee, a cabinet audit committee appointed by cabinet, and annually that committee reviews my report. Now this is the cabinet audit committee — it's not something I dreamed up — and that committee concurred with me 100 per cent that I was certainly entitled to the minutes of that Crown or any other Crown that I ask to see. No dispute. No argument. They said, of course. Their only counselling to me was, it might be more advantageous, PR-wise, if you try to do their proper procedure. I tried to do their proper procedure. It didn't work. I went back over there on this date, April-something, and I said, let me have them, and they said, no thanks.

Mr. Chairman: — I ask, are we ready for the question on the first motion:

That this committee expresses its concern about the lack of co-operation the Provincial Auditor has received from the Crown investments corporation

of Saskatchewan.

All those in favour, please signify. All those opposed?

Negated

Mr. Chairman: — The second motion:

That this committee requests that the September 17, 1987 minute of the Crown investment corporation board, denying the auditor access to CIC minutes, be rescinded by the CIC board and the minister responsible for the CIC, and that the minister be requested to ensure the Provincial Auditor has access to the CIC minutes in the future.

All those in favour? Opposed?

Negated

Mr. Chairman: — Item no. 3:

Further, that this committee indicate to the Legislative Assembly its concern about the lack of co-operation accorded to the Provincial Auditor by various agencies.

All those in favour? Opposed?

Negated

Mr. Chairman: — No. 4:

That this committee recommend to the Legislative Assembly that the Assembly call on the government to enunciate a clearer set of guide-lines for all departments and agencies to ensure future co-operation with the Provincial Auditor.

All those in favour?

Mr. Neudorf: — Mr. Chairman, could you re-read this just momentarily and . . . (inaudible) . . .

Mr. Chairman: —

That this committee recommend to the Legislative Assembly that the Assembly call on the government to enunciate a clearer set of guide-lines for all departments and agencies to ensure future co-operation with the Provincial Auditor.

All those in favour?

Mr. Neudorf: — I would ask Mr. Prebble to expand on that a little bit.

Mr. Prebble: — Mr. Neudorf, I think what I have in mind here is that there really, in light of at least three documented incidents of lack of co-operation with the Provincial Auditor from various government departments and agencies, it seems to me that it would make sense for the Assembly to adopt a very clear set of guide-lines that

various agencies and departments of government are to follow to ensure that these incidents of lack of co-operation don't occur again.

I mean one obvious one, it seems to me, would be to simply re-emphasize that the Provincial Auditor has access; that when we talk about having access to information, that includes things like having access to board minutes, which obviously the Provincial Auditor requires to undertake his work.

But it seems to me the Assembly would establish a set of guide-lines. We may well want to recommend what some of those guide-lines would be, but it seems to me that it's the role of the Assembly to establish those guide-lines and to ask all government agencies and all government departments to follow them. And I think there's a need for such a set of guide-lines, given what's happened here.

Mr. Chairman: — This might say that the motion calls on the government to enunciate a clear set of guide-lines.

Mr. Neudorf: — Thank you. For a moment there, Mr. Prebble, just a fleeting moment mind you, I had some hope for you in the fact that I thought that you were thinking along a different line, but it goes back to the same fundamental issue as the second part of the motion.

I'm going to reject and vote against this at this time, but I think, as we go along in the next couple of days, I'm probably going to come forward with a proposal that might be a little bit more encompassing than what you're mentioning just now, and hopefully set the parameters under which this whole committee will be able to operate much more effectively and much more efficiently; where we don't break down and have basically partisan squabbles as . . .

Mr. Prebble: — There's nothing partisan about this.

Mr. Neudorf: — And I think that this is something in the future, Mr. Chairman. Maybe if that member from North Battleford wants to speak and has something worthwhile to contribute, he can go through the normal channels which would not break the laws of debate as he is always constantly doing here.

Mr. Chairman: — I agree, Mr. Neudorf, I agree.

If I might from the chair just make a brief comment, and that is to say that we seem to be operating in a grey area here. Some things are clear. The law that governs the Provincial Auditor is more or less clear. The auditor does have some rights in terms of, I think, to subpoena witnesses, to demand that information be made available.

On the other hand, we have some practices . . . one of the practices that has been observed by the government is that when the auditor requests minutes of Crown corporations, those are provided to the auditor to assist the auditor in completing his audit.

We now have a departure from that practice. The only thing that we seem to have as a means of resolving that is: (a) the auditor carries through in terms of legal

proceedings or requests this committee to assist him to ensure that that information will be provided to him.

I certainly hope that, even if this last portion or this last motion is lost, that the committee does not lose sight of the fact that we're operating in a grey area here between a breakdown in a practice on the one hand, and a very clear law that might be a very severe way of dealing with this impasse on the other hand; and that we may want to encourage the government through the Legislative Assembly or otherwise to think about this problem that we have before us and to find some resolution.

If this motion is not acceptable as put forward, or perhaps a, amended, then we may want to think of other ways to encourage the Legislative Assembly to dwell on the issue and/or the government to resolve the problem.

All those in favour of the motion, please raise your hand. All those opposed?

Negatived

Mr. Chairman: — I wonder if we might take a break for just five minutes, and before we do that — it's nearly 4 o'clock, or it will be 4 o'clock when we reconvene — would it be your intention that we continue on with the auditor's report? Is it your feeling that there might be another hour of discussion, therefore we might tell Energy and Mines to renegotiate some other time, to come back? They are listed as appearing here at 4 o'clock. What is your wish?

Mr. Lingenfelter: — I think at any rate we won't get finished here, so why don't we just plan on adjourning when we get the auditor's report done, if we get it done.

Mr. Chairman: — Okay. Is that agreed? Can we take a break then and reconvene at 4 o'clock? I have it as 3:54 and one-half.

The committee recessed briefly.

Mr. Kraus: — I'd just like everybody to understand that the financial statements for the Consolidated Fund and the Saskatchewan Heritage Fund were provided to the Provincial Auditor in draft form on July 23, 1987. And we had treasury board review them in late September or early October of '87, and subject to audit adjustments of course, they were approved by treasury board and sent again to the auditor.

So when that statement was made a little while ago that the financial statements for the Consolidated Fund and Heritage Fund weren't provided to the auditor for audit till March 7, 1988, if you don't understand that perhaps the auditor is talking in the terms that it was absolutely the final corrected copy, you might think that we hadn't had the statements ready for almost 12 months. But of course that isn't true.

If you were here earlier, a year or two ago we talked about the kind of information that we provide internally within the government. And of course, if you're a treasury board minister, you would get financial statements from us probably every two weeks, and then as well as at month

end.

And so I just want to clarify that there's no misunderstanding that we're not able to provide financial statements on a regular basis.

Mr. Chairman: — Thank you, Mr. Kraus.

Mr. Anguish: — Mr. Kraus, I don't think there's any misunderstanding, at least from our members on the committee. I think what the misunderstanding was about, Mr. Chairman, was the government members' interpretation of what information should be available to the auditor. I'm amazed that the Act is so clear, and I'd like to read from that section 24(1) of the Act from which the auditor receives his authority and mandate. It says:

(1) 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 related to the electronic data processing equipment; and

(ii) all files, documents and other records relating to the accounts;

of every department of the Government of Saskatchewan, Crown agency, Crown-control led corporation or other person that he is required to examine or auditor (in the case of the Provincial Auditor) with respect to which he is examining pursuant to a special assignment; and

(b) to require and receive from employees of a department of the Government of Saskatchewan Crown agency, Crown-controlled corporation or other person subject to examination or audit by him, any information, reports and explanations that he considers necessary for the proper performance of his duties.

That's an Act, Mr. Chairman, passed by the provincial legislature giving the mandate to our Provincial Auditor.

And I think it's very key in terms of the testimony given by the Provincial Auditor that the two different auditors, the auditor . . . the Provincial Auditor, I should say, and the private auditor serve two different masters. The private auditor, I assume, is working for the board and gives a reflection in their audit report of the revenues and expenditures and an accurate financial picture for the client. The public auditor examines whether or not there was the authority there by legislation or regulation to make the expenditures. And the private sector auditor has no obligation to do that. That's not within their mandate.

So how can the auditor, if he doesn't have access to all the pertinent information, how does he give an accurate assessment as to whether or not the legislative authority

was there to make an expenditure?

And I would have to disagree with you, Mr. Chairman; I don't think there are grey areas — no grey areas whatsoever. I read from the Act; it states very clearly. The auditor goes on in his report to say that this information is being withheld, Crown Management Board withholding minutes that relate to expenditures. And I find it appalling that the ethics and the confidentiality of the auditor is being questioned by him having access to those minutes. It's just an argument that doesn't hold any water whatsoever.

I say there are no grey areas. The Act is the law. The law is being broken. And so I think the only recourse for the government is either to change the Act or continue breaking the law — very clearly, breaking the law. I don't think there's any grey area there.

So my question to the auditor is, since we've reached this stage where the majority of the committee refused to deal with a violation of the Act that gives you your mandate, where do we go from here? What is the next step?

I am asking the auditor, what is the next step? The majority of the committee does not want to deal with a violation of the law.

Mr. Lutz: — Mr. Chairman, and Mr. Anguish, we have gone through this one time before. We will probably have to reconsider our position, and certainly not without legal advice. And somehow we must, I think, get these minutes because we think we need these minutes. And in my view, that's what matters.

And I don't know how we'll get them yet. I would be reluctant to give you a "yes I will, no I won't" answer, depending on what my legal representative says, my legal counsel. But I think we're going to get the minutes. I believe we'll get the minutes some day. How, I don't know.

Mr. Anguish: — Some day. I go back to the point about the timeliness of the information. Some day seems to destroy the whole concept of timeliness. We're now two years past the report on the fiscal year that's under review right now. Since timeliness is past the point of being timely, do we wait one more year? Two more years?

At what point do you feel compelled to take further action beyond this committee, keeping in mind this committee tried to deal with it today; the majority of the members do not want to deal with it. What's acceptable to you in terms of waiting to get the information that's necessary for you to tell whether or not some of these Crowns are in fact within the legislative authority that governs their expenditures?

Mr. Lutz: — Well when we reviewed this report last year with the cabinet's audit committee, having regard to the opinion expressed by the chairman of that committee, we did have some hope that maybe there would be a change in the administrative viewpoint. But there wasn't. And I can't tell you really right now what my time parameters can possibly be because we're in the middle now of writing my latest report and trying to get that out of the

way. You can only do so many things in a day. But we will certainly consult with my solicitor smartly when we get out of this week's work and find out and see what he says.

I'm not averse to going the litigation route, but I would regret it because I think once I do that whatever association I have with the administration is probably going to slip back a little further. But no doubt I have got to discharge my obligations to my employer, namely, the Legislative Assembly. I am required to do these things, and I guess I'd better go do it or I'm not doing my job.

Mr. Anguish: — You mentioned earlier in your testimony that the audit committee had agreed with you. Does the audit committee have any teeth to it? Do you have recourse through that audit committee?

Mr. Lutz: — Oh no, no, the audit committee is an audit committee appointed by cabinet to review my report. And I don't know whether I've got it . . . did I get a copy of the report last year from that committee? I should have one in here some place.

Section 20 of our audit Act provided for the establishment of an audit committee, and they are appointed by cabinet. There was a committee of three and they go through the report; they go through the things we say. They, I think, make recommendations to cabinet. I believe I got a copy of it one year at least; I'm not sure. But it's their committee; it's nothing to do with me. I just go there and explain my report. And they agreed with me.

Mr. Anguish: — For clarification, the audit committee that you referred to in the question from Mr. Hopfner is the same audit committee as set out in section 20 of the Act?

Mr. Lutz: — Yes. Yes, a cabinet appointed audit committee who goes through my report, if time permits, before it's tabled. Last year it was after it was tabled. Last year they tied the delay in the *Public Accounts* to the fact that I hadn't tabled my report. So we tabled my report today and went to the audit committee tomorrow. That didn't exactly make them too happy, but I think they understood why.

Mr. Anguish: — So at this point you feel that there is some possibility of receiving the . . .

Mr. Lutz: — I felt that last year. I don't know what I feel this year.

Mr. Anguish: — Well you must still be holding out some hope that you'll get the copies of the minutes, otherwise why would we be delaying this process? It seems to me that you've almost exhausted all of your avenues at this point in time, with the possible exception of the legislature itself. The legislature is one recourse for you to address this problem. What is the next step for you to address this serious violation of the Act?

Mr. Lutz: — Do our legal counsel consulting, and I guess whatever he tells us to do we'll do it, go do it.

Mr. Anguish: — You mentioned earlier that you didn't have the money to go to court.

Mr. Lutz: — So if I lose, if I have to pay that much money and I can't get a special warrant, maybe I'll get rid of one or two bodies. I can't run an overdraft. I cannot run my vote down to nothing or minus before year end; I can't do that. I can apply for a special warrant to treasury board and perhaps I would get supplementary estimates; I don't know.

Mr. Anguish: — Well in your knowledge of the workings of this committee, does this committee have the authority to grant funds?

Mr. Lutz: — No, no, I have made that request several years in a row too, that my funds be voted or handled by the Board of Internal Economy and taken away from treasury board, and that hasn't happened.

Mr. Anguish: — Well, Mr. Chairman, I feel very frustrated by this whole process, and I don't know how the auditor or even the public can stand for a violation of the Act, and members on the committee, because of their partisan politics, won't address the problem. I don't see any other course to have this problem addressed other than litigation, and if the litigation doesn't take place, I would again suggest to members of the committee from the government that they change the Act.

I don't think any of you in good conscience can really believe that you're not in violation of the law. I think it's a very serious situation. And yet again you won't address it in this committee because of partisan politics or whatever the Deputy Premier — whoever orders you to do whatever you do in this committee — I don't know how your conscience can allow you to have such a blatant violation of the Act governing the mandate and responsibilities of the Provincial Auditor.

Mr. Neudorf: — Heaven forbid that I ever have Mr. Anguish's conscience to guide me.

Mr. Anguish: — I love you too, Bill.

Mr. Neudorf: — What I would like to do is go off . . . I'm not addressing the particular concerns that have been spoken of over the last 10, 15 minutes, but I do want to pick up a few concerns that I have with the auditor. One, a current issue that was just broached by the member opposite to initiate this afternoon's meeting; and the second, an issue that I raised on June 9 with the auditor to which I have had no response to this date.

And so to begin with my comments, I guess I'll start with a simple question to the auditor and I would like to ask Mr. Lutz, first of all, whether or not he has his solicitor with him today.

Mr. Lutz: — Mr. Chairman, and Mr. Neudorf, no, I don't.

Mr. Neudorf: — The last time I asked you a question, on June 9, there were a series of questions that I asked, and you withheld that information from me, saying that you would answer it at some other time when you had your solicitor present. And to refresh your memory, after a moment I will perhaps even quote some of those discussions that we had at that time.

I have yet, in my lifetime, short as it is as a politician — and before I became a politician, I led the simple, rural life of a teacher in a small rural town where everyone knew me and I knew everyone — and now, when I come in to the wide, big world of political reality, I guess I have to have some political lack of sensitivity, perhaps, knocked into me the hard way; but coming from a rural background like that, I'm very sensitive to what people say about me and think about me. And I think I can hold my head high in my own constituency and certainly in my own town, but I'm public property now, so I'm going to have to thicken my skin and get used to these kinds of things.

But I refer to the newspaper article which is widely . . . has been widely quoted, namely the *Leader-Post*, that I have an example of and to which the member opposite made reference to right at the beginning of our meeting. And quite bluntly, sir, I take exception, I take strong exception to that statement. We live in a world of politics. I am partisan and I make no doubt and no bones about it. That's why I'm here and that's why my constituents elected me. You, sir, your position should not be. And when I read the article, and I'll just quote where you are talking, you're quoted as having said:

That the governments are setting up Crown-controlled companies.

And you go on, and I quote:

It's a common thing that is happening to Conservative administrations, Lutz said.

They are finding reasons why things shouldn't be made public. The companies are part of the political smoke-screen process, he said. The less you have to tell the (provincial legislature) the easier is the life of government members, Lutz said.

We walk a fine line, I submit to you. My line is demarcated very, very precisely. I do not feel that in your position, as you are fond of saying, which is a servant of the legislature, that you have under any circumstances the right to single out me, as a member of the Progressive Conservative Party that forms the Government of Saskatchewan, and make the innuendoes that you are doing to me in person. And that's what I take exception to because you are not talking to a group of 38, you're talking to 38 individuals. I am one of those individuals, and I resent that.

And I think in your sensitive position as auditor of the Province of Saskatchewan, you have to be sensitive to your position. And for you to go out and to single out two or three or four — I don't know how many you had in mind — Conservative governments, and say they are part and parcel of the same strategy and all the rest of the conditions that your innuendoes are implying, then I have to say to you that you have crossed that fine line.

It has been amply proven already today that on numerous occasions preceding 1982 when this Progressive Conservative government was elected, that on numerous

occasions there were Crown controlled corporations established that had part private ownership and thus were subject to private auditorship. Now as was mentioned by the member opposite, there was at no time when you raised an eyebrow to that particular procedure at that time. Now all of a sudden we are finding that that is no longer the proper route to go; that these Crown corporations are dummies to hide some insidious machinations of this government.

And for that reason, sir, I say that you have crossed that fine boundary that your position implies, and the respect for the legislature that that position should hold, and I would expect at the least from you to acknowledge that it was an error in judgement on your part to make that statement. Hopefully you will be able to tell me when I've finished my comments here that it was a misrepresentation or a misquote as far as the papers are concerned. But failing that, I think that it behoves you to take the step and say that you were wrong and that you are sorry and that you apologize for that remark.

I will give you opportunity to reply to that, and then I would like to get back on the speaking list. I'm not finished.

Mr. Chairman: — I just want to say to the committee that we're dealing with the auditor's report 1986-87. If there are other issues out there that need to be addressed, then I look for the guidance of the committee as to if and how we might address those. At this point we're dealing with the auditor's report, and there is nothing in here I see has any bearing on the remarks that you've just made.

If there's something in this report that you want elaborated on, I think we can do that. But if we want to move beyond or outside a consideration of this report into other areas, whether this be news comments and so on, then we should do that, if you feel that's appropriate. But at this point we're dealing with the auditor's report.

If it's a question of a servant of the House, if that's what you want to deal with, and the conduct of that official, I question whether it's the responsibility of this committee to deal with that or whether that's something that the Legislative Assembly should deal with. I just throw that out just in . . .

Mr. Neudorf: — Well, Mr. Chairman, during the break, unbeknown to you, I did make the comment to a colleague that you were conducting a very reasonable meeting, and I certainly would not want you to do anything at this stage that would make me change my mind. And the reason I feel so justified in bringing this topic up is not because I initiated it, it is rather in response to the member from Battleford whom you allowed at quite length to quote from exactly the same article that I was quoting from. And I just took it up from what he had initiated and brought it to its logical conclusion.

Mr. Chairman: — Well, I know what you're saying and I'm not . . . I'm guided by the committee as to, you know, if and how you want to deal with that and if there should be some resolve to that. If a member of the committee is talking about issues in the report and wants to illustrate it with something that might have been said publicly,

they're entitled to do that. I mean, you can't sort of deal with an item in total isolation, and you can pick examples and say that, well, you know, this has been said and that relates to this, but at least you're dealing with this report. And I guess what I'm saying is that that's what we're dealing with.

If you want to deal with public statements that are made extraneous to the report and deal with them in a certain way, then we should do that and we should change the agenda and make that clear that's what we're doing, that we're not now dealing with a report but we're dealing, say, specifically with a newspaper clipping and so on. And then, you know, we should deal with that as a separate item, Mr. Neudorf. And you know, it's up to the committee to decide whether it wants to do that, but we should move away from the report as such, I think.

Mr. Neudorf: — I'm waiting for some response from some other members, please, before I get back into it.

Mr. Hopfner: — All afternoon we've been . . . we're dealing with the report and we're dealing with the report at present. And the innuendos that had been flowing back and forth had been over the report, date and back and forth, and a statement such as the member from Rosthern has brought forward is a statement that reflects this report as well as the report that's going to be coming out in '87-88.

Mr. Neudorf: — That brings this to a head, Mr. Chairman. I may be suggesting that I was fully aware of what I was saying when I was talking to Mr. Lutz, and I did want to give him the opportunity to respond to that. And perhaps we could just turn the table over to him and if he feels inspired to respond, then so be it; and if he does not want to, then I'll let it rest.

Mr. Chairman: — I'm guided by the committee. Again my feeling is that, you know, like the comments that you're asking him to respond to are not in the auditor's report.

Mr. Neudorf: — And neither were his.

Mr. Chairman: — No.

Mr. Neudorf: — But you allowed that.

Mr. Chairman: — But there's nothing wrong with people in talking to the report to illustrate what they're saying by other things that are not indicated in the report. I mean, you can illustrate a point, but if you want to make that the central point of discussion, then I think that we need to have some agreement in the committee as to how it's going to be done. I'm not sure whether I'm making myself clear, but anyway, Mr. Martin, you're next, and we can always get back to . . .

Mr. Martin: — Mr. Chairman, I think it's rather unfortunate that we've gone this route, but it was brought up by the member from Battlefords and we got into it.

I think what's happened as a result of that statement by Mr. Lutz — and we've never questioned his professionalism or the professionalism of any members of

the department; we have the highest regard for them — but as I said earlier, I thought it was unfortunate he made that. And for my satisfaction, I think, for Mr. Neudorf's and all the rest, I think it's important that he convince us that there was nothing . . . there was no political intent in this, so we can then, you know, continue with the respect that we've had for him all these years.

That's the only reason I bring it up, because I think it's important that I feel comfortable with Mr. Lutz's position on that statement because it got wide publicity. He may want to say something. As a matter of fact, I think he's anxious to.

Mr. Chairman: — Just wait, Mr. Martin, I didn't quite get . . .

Mr. Martin: — Do you want me to repeat what I said?

Mr. Chairman: — If you would, please. These are difficult and trying times for your chairman.

Mr. Martin: — Okay. I tell you, all I said is that I have always respected the auditor's professionalism, and all those that work for him are highly respected people. It's just that by making that comment in Edmonton, and it was reported in the newspaper as it was, I think I felt, and other members of the committee felt that it was a partisan political statement, which was most unfortunate.

And I think it's important that Mr. Lutz retain his professionalism and his neutrality by commenting on that position so he can convince us that there wasn't any political partisanship in that statement, and we can continue to have the high regard for him that we've always had, and members of his staff.

That really wasn't the question I was going to ask earlier, and I'd like to have an opportunity later to ask Mr. Lutz another question concerning events.

Mr. Chairman: — Various individuals are making suggestions and comments about things that we should be doing, prompted by Mr. Neudorf's remarks. I'm your chairman; you're the committee. If the committee wants to set aside consideration of the auditor's report for a brief time to consider a substantive motion in a different area, then the committee can certainly do that.

But I think the committee should first make a decision that it wants to set aside consideration of the '87 report, because the question you're getting at is one more censure based on something that the auditor had to say in a — as I understand your remarks — in a news report, in a public forum. But it's not a motion of censure related to this report *per se*. You're not censuring the auditor or proposing the censure of the auditor or calling into question his judgement, anything that's stated here. Am I correct? So it's a question of something that's outside the report, I think that . . .

Mr. Neudorf: — It's not a motion of censure. That was not my intent. It's simply a reaction on my part to a statement and a quote that you, as chairman, allowed the member from The Battlefords to make. And I was reacting to that for further clarification. And to me it does not seem as if

that's totally out of order.

Mr. Anguish: — Mr. Chairman, just for clarification, I'd like to remind members that I brought this up in reference to a question that was raised by one of the members opposite.

Mr. Chairman: — He raised it in the context of dealing with this report; you can raise virtually almost anything in the context of this report. But if you then want to take that specific issue that's raised and deal with that centrally and substantially as distinct from dealing with the report, I'm saying the committee can do whatever it pleases, but it should make a decision that it doesn't want to deal with the report for a period of time, or move away from the report, and to deal with that.

Mr. Lingenfelter: — Well on this, I guess for now, on this narrow issue, Mr. Chairperson, I disagree with the member from Rosthern that the auditor should have to apologize or . . . I mean, he can make up his mind what he wants to do with the statement he made. But I think in the context of the article in the *Edmonton Journal*, at least the article that I read, I wasn't shocked at all that someone who would have to put in his report, and I refer to page 6, "lack of co-operation . . ." I mean, this report has been out for some time.

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 in obtaining information that I consider necessary.

It's not only the mandate of the auditor to mention when information isn't forthcoming. The Act clearly states that it's an obligation. Under section 12 of the Act, sub (2), it clearly says that:

(a) report on the work of his office and on whether, in carrying on the work of his office, he received all the information, reports and explanations he required from departments of the Government of Saskatchewan, Crown agencies or Crown-controlled corporations or their auditors . . .

That's a mandate within the Act that says . . . (inaudible) . . . his office. He received all the information, reports, and explanations he required from departments of the Government of Saskatchewan, Crown agencies, or Crown-controlled corporations or their auditors. That's a mandate within the Act that says that he has to comment on it.

When he was in Edmonton, he referred to . . . It seems to be a trend of Conservative governments to be setting up these kind of Crown-controlled companies as smoke-screens. Which governments have done it? Look at the record. An informal survey of the three other provinces and the federal government show that there are none in B.C.; one in Manitoba, Tory; none in Ontario, which is Liberal; and four at the federal level. And this isn't Lutz saying this, this is *The Edmonton Journal*, in a survey that they did of provincial governments and the federal government.

I'm not sure what he would apologize for — for telling the truth? I mean, the simple fact is, is that when he's trying to do his job, whether it's get the minutes of the corporations that he's supposed to review, the member from Cut Knife Lloydminster attacks him for doing his job. Now we see the member for Rosthern attacking him again, saying he should apologize to this committee. I just want to go on record saying that I feel, and the majority of the public in Saskatchewan feel, that the Provincial Auditor is in fact doing his job.

Even as the Ombudsman, if he finds cases where the government or government agencies aren't doing their job or are doing harm to people or not doing what they're supposed to be doing in terms of their mandate as a government agency, they have every right to comment on it, which is what I think he's done here. I would be more disappointed, obviously, if he didn't comment when he got information or when he wasn't getting response from agencies.

I mean, and this isn't only shared by the auditor from this province, it's obviously shared by the auditor from Alberta. And it's a general feeling of the public, believe it or not. When I go around this province, I hear people say that this government is very secretive; that they won't give any information to the public; that they're not accountable to no one. And I don't tell them that; that's what I pick up from them.

What I can't understand is why you people here want to perpetuate that kind of an image that your government is getting. Even in the most crass political terms, why you want to do it, I don't know. I think the better step for this committee to take would be to take in the context that it was written the lack of accountability that this government is giving to the people, which shows up in the massive deficit we have. Obviously everything is going to rack and ruin in terms of the economy of this province, part of it because of the secretiveness and the lack of sharing with the public.

And I just say to you that, far from apologizing, I think the public appreciates very much what the auditor has done in the last year. And I say we need more of it, not less. If this were at the federal level, you guys would be hung out to dry years ago. I think he has been more than patient. We're pushing him to be moving quicker, to be taking you birds to court, because we feel that you're totally inappropriate and not even within the law in what you're doing in withholding documents and information from the taxpayers of this province.

Like, I don't care whether Mr. Lutz gets the information or not. That's not the issue here. The issue is, this is public money. Taxpayers pay their taxes. Whether it's the increased flat tax, whether it's the increase in sales tax, they have every right to know where the money's being spent.

We now have close to \$12 billion in total deficit in this province between the Crowns and the Consolidated Fund, and you're sitting here saying that we don't need more information as to where that money's going? It's two years he's been trying to get information, and you guys are the front trying to defend this process. I say if anyone

should be apologizing to anyone, you people should be apologizing to the people of this province for the fact that you stay in government with the terrible job you're doing in terms of the economy.

I'm not talking about drought and the lack of grain and all of that. I'm talking about policies that directly affect ordinary people versus the Pocklingtons and the people who are getting the vast amounts of money out of this government.

So apologize? I'm voting that the auditor doesn't apologize but keep digging and move even quicker to find out where you people are putting the tax dollars.

Mr. Chairman: — Before I move to Mr. Hopfner and then to Mr. Neudorf, I just want to say the issue we're dealing with, there doesn't seem to be any motion on the floor. It's all quite tangential to the report that's before us. I would certainly encourage you in any comments you have to make to try and relate them somehow to the report that's before you. I'm also advised by the auditor that if you wish him to speak on this tangential issue, that he's prepared to do that too.

Mr. Hopfner: — Well, the member from Elphinstone there has indicated that there is a lack of information and a breaking of the law by the government of the day. I think this all relates to a debate that we've had earlier, and I assure the member opposite that if he knew himself that we were breaking the law, I'm sure he would be more pressing on the fact of taking the government to court himself.

As well, I think when you're talking about breaking a law and lack of information, then it would be totally impossible for the auditor, the primary auditor, to even table a report and let alone on the law side of things he's got legal advice and the interpretation of law. I'm sure his lawyer could also indicate to him whether there was a breach of law or not. It's a total interpretation.

When you talk about what the member from Rosthern was trying to bring to this committee's attention, is the fact that we would like to know whether there's a non partisan view as to when the questions are asked of the auditor that they are not in a flamboyant type of way scarring or trying to scar Conservative administrations. We were not the ones that said Conservatives; he was. If he would have said governments, it would have been fairly well acceptable. That's his viewpoint. But he did slander the Conservatives, and we would just like to know that, when we ask him a question on this committee, that the answers we're getting are of a non partisan view, but of a professional view. And that's basically all we're asking, is the clarification on that.

Mr. Chairman: — I also might say that Mr. Lutz has indicated that he's prepared to make comments on this matter, and waits for your nod to do that.

Mr. Neudorf: — I would like to respond to a few of the comments made by Mr. Lingenfelter. And I agree with you, Mr. Chairman, that certainly talking about tangential is exactly where, in my opinion, Mr. Lingenfelter's comments were — off on a tangent some where. But I

thank him for his insights into the political world. Needless to say, I think they're somewhat warped.

Dealing with policies, as he suggested that it was this government's policies that has been instrumental in coming up with a deficit, of course he chose not to make any reference to the potash industry or to PAPCO (Prince Albert Pulp Company) or things like that. But I would suggest to you, Mr. Lingenfelter, that it is because of these policies of this government that Saskatchewan finds itself in a relatively strong and stable position as it does today. Had we followed the policies that your government recommended in these kinds of circumstances with the land bank and all those other irresponsible measures as brought by you, we would find ourselves in a very, very precarious position.

I might suggest to you that it is because of the governments that are in Ottawa and in Saskatchewan here that the farming income, which is the stable, primary industry of this province, was able to be doubled, which makes the rural sector at least viable and able to maintain its position until such time as we do get a few breaks as far as our resources and as far as the climatic conditions exist.

And I would invite you, sir, to come out into the real world. Come out of Elphinstone; come into rural Saskatchewan. Find out what makes this province tick. Find out what this government has been able to do for this province, and then you will realize the error of your ways and the facetiousness of your statements . . . (inaudible interjection) . . .

Mr. Chairman: — Heckling has no place in this committee, and Mr. Neudorf has the chair.

Mr. Neudorf: — Thank you very much, Mr. Chairman.

I see I struck a raw nerve and the truth does hurt, so I appreciate your reaction to Mr. Lingenfelter. It makes me feel as if I'm accomplishing what I set out to do.

And wanting to talk about reality and so on, I think the people spoke, I think the people spoke in Assiniboia-Gravelbourg. And let us not forget that for a party that came up third place, dead last in the last election, to go ahead and to win a seat in a seat that we had never won before, in a seat that you were determined to win, but were not able to, I think speaks well for the people of Saskatchewan.

Mr. Chairman: — Gentlemen, the chair is being very lax or very gracious . . .

Mr. Neudorf: — I apologize, Mr. Chairman. I appreciate your laxity . . . (inaudible) . . .

Mr. Chairman: — I encourage you to focus anything and everything you might have to say on the auditor's report before us, certainly in the context that you're somewhere in there, and go ahead. That goes for both sides.

Mr. Neudorf: — I appreciate your laxity, Mr. Chairman, and I want to make your job as easy as possible.

Mr. Chairman: — Thank you, I need the help.

Mr. Neudorf: — And having said that I will now turn the chair back to you and to Mr. Lutz, as you have indicated was wanting to respond.

Mr. Lutz: — Thank you, Mr. Chairman. The correct pronunciation is Lutz, not that it's vital, but I will mention it.

Before I address each of the comments attributed to me, I want to say that all of these comments are about accountability in substance. I have said nothing more to the press than I have said in my annual reports about accountability.

The following comments have been attributed to me: "It is a common thing that is happening in Conservative administrations." I was talking about the recent consecutive administrations in Saskatchewan, and the common thing that is happening here is the creation of companies to carry out public policy objectives: Saskoil, SaskEnergy, property management, Institute of Applied Science and Technology and WESTBRIDGE.

I have no concerns with the use of corporations to carry out public policy, provided there is full accountability to the Assembly for these corporations. The effect, however, of carrying out public policy using corporations is that less information is given to the Assembly, and therefore there is less accountability. Also it results in fragmented financial reporting. Both of these concerns are contained in pages 12, 13 and 14 of my 1987 annual report.

"They are finding reasons why things shouldn't be made public," etc. My comments here are referring to a number of items contained in my last annual report. The reason given for not tabling the 1987 *Public Accounts* in a timely manner was that they are tabled with the Provincial Auditor's annual report. I reported on page 6 that that was not the case. When public policy objectives are carried out by Crown corporations, the executive is less accountable to the Assembly.

In my annual reports I have talked about the need for Crown corporations to provide more information on public spending. If there is to be full accountability, Crown corporations should have to provide the Assembly with a list of persons who received money in the same manner as required of government departments.

Most recently the public policy responsibilities carried out by the Department of Supply and Services were transferred to the Saskatchewan Property Management Corporation. The Assembly no longer receives the list of persons who received public money from this agency. The reason given was that, for not providing that information, is that Crown corporations give their information in a certain format.

This transfer and the method of accounting for SPMC (Saskatchewan Property Management Corporation) resulted in the reported deficit for the Consolidated Fund being incorrectly reported by 182 million. Page 58 and 59 of my annual report describes this understatement of the reported deficit.

I reported the *Public Accounts* did not contain financial statements showing clearly and fully the financial position, revenues and expenditures of the Government of Saskatchewan. When questioned on this matter by the Public Accounts Committee, the Department of Finance undertook to hire a consultant to study the matter. I believe the Public Accounts Committee shared my opinion that we would receive a copy of the consultant's report. We did not get a copy of the report which was completed in 1986. The reason given was that the report was a policy document. See page 13 of my 1987 report.

On page 161 of my annual report I discussed my inability to get information about proposals being made by private sector auditors for the audits of Crown corporations. I was not able to get the information when I needed it. One reason given by CIC for not providing this information was, and I quote:

Under the terms of his Act, he can ask for whatever he wants. But again, I go back to saying, one of my purposes is to make everybody's job a little bit easier. And by letting him do a report or consider doing a report or spending his valuable resources looking at one piece, when he's missing the other 90 per cent of it, to me I'm not doing my job.

Since my last annual report the computer services carried out for the government by SaskCOMP were transferred to a Crown-controlled corporation, WESTBRIDGE. Public money is invested in WESTBRIDGE Corporation. Before the transfer the law required SaskCOMP to provide an annual report to the Assembly. The law does not require WESTBRIDGE to provide an annual report to the Assembly. If statements are not provided, there will be less accountability for this public money.

"The less you have to tell the House, the easier is the life of the government members. Any time the Executive Council doesn't have to tell the Assembly and the electors any more than they have to, the accountability is taking a pounding."

My comment here is that the Assembly cannot hold the executive government accountable without timely, complete, and correct information. My last two annual reports contain many instances where information is not timely, or is not correct, or is not complete.

The next attributed to me, "I've bitched about this now for quite a while . . ." — Crown corporations not filing reports."

For several years I have reported the need to have financial statements tabled for Crown-owned companies created under Business Corporations Act.

I also reported on page 8 and 161 of my 1987 annual report where I have been refused access to information.

The Legislative Assembly and Executive Council Act gives the Assembly the rights and powers of a court to discipline persons interfering with an officer of the Assembly in the discharge of his duties.

I reported that in September of '87 the board of directors of CIC directed management to not release any information to the Provincial Auditor. The law requires CIC to give me the information I need to carry out my duties for the Assembly. This appears to me to be an interference with an officer of the Assembly.

If members of the Assembly will not act when interference is reported, more interference can be expected. When interference occurs, the Assembly and the public are not well served.

I maintain I have reported with integrity in my annual reports, and I think the facts contained in those reports speak for themselves.

Mr. Neudorf: — I have no problem, sir, with your integrity. That is not the point. I would like you to know that the question that I asked got a response that I was not really expecting. I did not expect that you would have such a prepared statement which was read very, very rapidly. And I think there is a lot of material in there that should probably be digested rather thoroughly before we disperse of the problem.

My suggestion would be that, being that it's two minutes to 5, that we thank the auditor for that response at this time and wait until tomorrow morning when everybody's bright and perhaps a little bit more cheerful, and we can begin on a positive note to conclude this issue.

I might add that I finished the first third of my situation that I wanted to discuss with the auditor, and I will ask to pick this up and resume again tomorrow morning.

Mr. Chairman: — You'll be first on the order paper in the morning.

Mr. Neudorf: — I appreciate that.

Mr. Chairman: — Mr. Lutz has a further comment here.

Mr. Lutz: — Mr. Chairman, and Mr. Neudorf, I did ask the question of the chairman before I started, whether or not it was too late to do this today. I was not trying to hit the stop-the-clock stuff.

I am prepared to put this out as a sessional paper if the members wish to have a look at it on a more leisurely basis.

Mr. Neudorf: — That would be appreciated.

Mr. Lutz: — I can do that, sure.

Mr. Neudorf: — Okay.

Mr. Chairman: — Agreed. I just want to take exception with something you said, Mr. Neudorf. I think we're bright all the time, but maybe a little bit brighter at 9 o'clock in the morning, and we can meet at that time.

Mr. Lutz: — I would like to maybe propose a little accolade. I got off the plane from the Caribbean on Saturday not having heard any of this, and I would like to tell you that my staff had already prepared that for me

when I got to the office this morning. So they are not that inefficient.

Mr. Chairman: — This meeting stands until tomorrow morning at 9.

The committee adjourned at 4:58 p.m.