

STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 13, 1989

Mr. Chairman: — . . . (inaudible) . . . meeting to order. Before we do that, the auditor has a comment that he would like to make and . . .

A Member: — As long as it's not controversial.

Mr. Chairman: — It's always controversial. And therefore I'd like to call on Mr. Lutz.

Mr. Lutz: — Thank you, Mr. Chairman. On June 8, 1989, I received a copy of a memorandum from the Premier to all cabinet ministers, directing that all departments and agencies provide the Provincial Auditor with all necessary co-operation to permit him to fulfil his duties, and to advise their appointed auditors of the directive. In the memorandum he also provided for a process for me to obtain information if I am refused information in the future.

I am confident that this memorandum will correct matters included in paragraphs 208 to 257 in my report as they pertain to access to information and to co-operation. I do, however, continue to have a concern regarding the manner in which funding is provided to my office to carry out my duties.

Thank you, Mr. Chairman.

Mr. Chairman: — Thank you, Mr. Lutz. The only business before us this morning is determination of an agenda for the consideration of the auditor's report and any other matters for the committee.

Mr. Rolfes: — Mr. Chairman, I don't know exactly what the problem seems to be that we can't have an agenda before us this morning. I would have thought the logical place to start would be with the auditor's report, as we've done in the past, and I simply want to ask you a question. I think we left it with you and the vice-chairman the other day to bring forth an agenda. And what seems to be the problem that we can't start with the auditor's report, as we've done in the past? What's the problem? I want to ask you, because we left that with you and the vice-chairman.

Mr. Chairman: — Well the indication I had from some members was that they wanted to discuss issues of . . . or current issues of importance as contained in the auditor's report, whereas Mr. Hopfner indicated to me that other members wanted to proceed directly to a consideration of the chapter on the Crown Investments Corporation of Saskatchewan. So there was a difference of opinion between members, and therefore we could not agree on what the agenda might be, and therefore the matter is before the committee.

Mr. Rolfes: — Mr. Chairman, a follow-up on that. It . . . first of all, let me say that as far as I know, from my personal experience, that we've always done that. We've gone to the auditor's report immediately, and that has been the priority of our agenda.

Also I want to indicate to the members that it was clearly . . . and we shouldn't necessarily put serious emphasis on what the Premier has said, but the Premier did indicate that we take this matter out of the legislature, the auditor's

report, and put it to public accounts. And he had clearly indicated that he would ask his members to immediately address that issue.

I would hope that we can get on with the business of the auditor's report. Let's get on with what the auditor has said in his report and carry on our function as the Public Accounts Committee, and that is to scrutinize the expenditures of the government under the year under review. And I hope that we can address that issue. Let's get on with it.

Mr. Lyons: — Well, Mr. Chairman, I wonder . . . we had a motion that was passed in this committee instructing the . . . and I thought it would be a motion that the chair would understand, that it would instruct that we proceed to deal with the auditor's report. That was Mr. Martens' motion of last sitting, two sittings ago.

And I just want to know . . . First of all, I have a question, and that is: what has been past practice in dealing with the auditor's report? Has it been the past practice to start at the beginning and work our way through, or start at the beginning and then when we get to the individual departments or corporations identified in here, then move to them, or . . . Can you give me some indication. What's the nature of past practice?

Mr. Chairman: — The Clerk doesn't have a great deal of experience to offer us at this point in time. As your chairman, I can only relate my few years of experience, and unless I'm mistaken, we've dealt first with the . . . we've gone through the auditor's report sequentially — chapter 1, 2, 3, and so on. There may well be other members, such as Mr. Muirhead, you know, who have more experience in the committee in recent years who might be able to offer some words on this.

Mr. Muirhead: — . . . (inaudible) . . . Mr. Chairman, for the same length of time, for two years, since '86, so I never sat here to an opposition, so . . . not in government. I don't really know.

Mr. Martens: — I'd just like to make this observation for discussion purposes, and that is that if we deal with the items as identified in the report as it relates to the specific items, we can deal with the context of what the auditor says about them in the context of the individual one that it relates to.

If we deal with the auditor's report, we're really dealing with it out of the context of the meat of the report. And if we deal with it as a part of the total, that has an identity with the various agencies of the Crown and the various departments, and then we can clearly identify the one with the other.

If we go the other way, then what we do is we really run through it twice. And I would, just for discussion purposes, have you consider that.

Mr. Lyons: — I'm not necessarily opposed to that particular way of proceeding at some point in time, because I think that the potential for redundancy is there.

However, I want the opportunity, before we get into the specifics, of being able to question the auditor on the statements that he made. For example, regarding in the summary of current issues of importance: "In my view, the Legislative Assembly requires more information about crown corporations . . ." Or, it's not timely or so on and so forth.

And I want him to identify in particular, and we may be able to speed the whole process up in dealing with this report if we have a day, take a day and question the auditor as to what is meant by the comments and identify in particular. For example, he made the comment today, or the opening statement today regarding the directive issued by the Premier on the 8th of this month. Now how does that affect, first of all, the current issues of importance; and secondly, how does that apply to, take WESTBRIDGE for example, or CIC (Crown investments corporation of Saskatchewan), or what does this mean.

So we may be able to get into some further . . . narrow the scope of the examinations down. So I think that if we approach it that way, maybe just take one session in dealing with how we . . . or of asking the auditor as to the specifics. And I think that that's a more fruitful way of proceeding because I know that there are corporations, departments here that I think that we both want to identify.

Actually, if you get right down, I want to deal with CIC for example, I want to deal with WESTBRIDGE, I want to deal with those things. But I want to deal with them in the context of the auditor's statements and the specifics so that we can narrow in when we call the witnesses from those departments.

Mr. Wolfe: — I've only been on the committee a short time, but the time that I've been here we usually ask the Provincial Auditor a few questions and then we move on to the area of concern. And it seems to have worked quite well. I don't really know why we would vary from that course at this time. If we have a chance to ask the Provincial Auditor his concerns and then deal with each concern on a step-by-step basis, I think those concerns can be best addressed while they're fresh in everybody's minds. Everybody's had an opportunity to look at the report, and should have had ample opportunity to think about it. I don't know why we'd change from that course.

Mr. Rolfes: — Mr. Chairman, I agree with Mr. Wolfe. When he started out I was going to disagree with him; as he ended I agree with him. Let's not go off the course, and that means that the first 21 or 22 pages should be done first. And that is . . . they pertain basically to what the auditor has said about the expenditures of government and how he has been interfered with in his work as the Provincial Auditor.

That's what has been done in the past, and I can appreciate Mr. Wolfe not being here at the beginning of this year, and therefore he wasn't here when we dealt with the report in that fashion last year. We went to the beginning, went to what the auditor said, asked him some questions on it. Now it wasn't nearly as controversial last year, and therefore we didn't spend as much time on it. I expect that we will spend a little more time on it this year;

I don't know how much.

But there are a number of things that pertain to his whole report that are in the introduction, basically. And I want to ask some detailed questions on it and find out from the Provincial Auditor where those interferences have specifically occurred, so that when we get to those departments then we can ask those questions and zero in on those questions.

And that's why I think we should start with the beginning of the auditor's report, spend some time with the auditor on it, and get him to explain what he means by some of the statements that he has made. Then when we finish with that then turn to the specific departments. And I think that's how we should deal with the report.

Mr. Martens: — I think, Mr. Chairman, that that's where we come to the place where we have a whole lot of repetition. And I have no problem with you taking each one of these identified issues and dealing with it in the context of those ideas mentioned in the various departments and Crown corporations and dealing with it there. Ask him, the auditor that is, to be specific at that time — where does this qualification of your report show up in the first part of your itemized concern list, you might say, and where does that identify itself? And he obviously knows so that he could identify it specifically, individually.

If you deal with it in general, then every department gets branded with the same brush, and I don't think that that's fair to the departments to have that done to them because you never reward competence in that fashion.

If you're specific to the ones dealing with the issue, I believe that that's the best way to handle it. And I would say that moving to the individual items that the auditor draws to our attention in the various Crowns and departments, with him knowing that we want those identified out of the first part, would be good.

Mr. Chairman: — Can I just ask you, Mr. Martens, how you would see the committee then dealing with items such as independence, the question of funding for the auditor's office, which may not be dealt with in any of the ensuing chapters.

Mr. Martens: — Mr. Chairman, I would perceive that to be a part of our motion at the beginning when we were dealing with this. And I missed the meeting so I'm just trying to put this back into perspective, but the idea that the auditor was available even for the '86-87 and '87-88 is still a part of what we can deal with, and those functions as it relates to his financing and that sort of thing, that can be done within the context of when we talk to him about it specifically.

Mr. Wolfe: — just a comment, Mr. Chairman. You had raised the issue of funding for the Provincial Auditor. I would hope that you recognize that it was an initiative actually put in place by members here that suggested that we allow the Provincial Auditor the opportunity of bringing his department forth to the committee. And I would think that that would be the appropriate time to deal with the issue of funding, or a problem with funding,

or whatever the Provincial Auditor's concerns are. So I think that there'll be a very good opportunity to deal with that at the appropriate time.

I think that Mr. Martens' comments about dealing with each concern on a step-by-step basis rather than basically wasting a day dealing with a report that we've all had ample opportunity to see — I think it's very appropriate that we deal with things one at a time so that we deal with them properly and while they're fresh on everybody's minds. It'll be redundant to go through them again and again and again. Thank you, Mr. Chairman.

Mr. Lyons: — I don't like what I'm hearing from that side of the table, quite frankly . . . (inaudible interjection) . . . Well I may expect it, but I don't like what I'm hearing, and that is, is that you guys want to skip over what the auditor says . . . (inaudible interjection) . . . Yes you do. It's exactly what's going on.

What we want to deal with is the procedure that's been followed before and that is to deal with the current issues of importance as outlined by the auditor, so that we all get . . . all of us get a chance to question the auditor as to the content of his statements. And I don't, unlike Mr. Wolfe, I don't see that as being a waste of time.

When he says that, for example, I'm not getting enough money so that I can do my job, it's obvious, it's obvious that that statement needs to be examined if in fact that is the reality, right? We can do that, not in the context of dealing with CIC, not in the context of dealing with WESTBRIDGE, but in the overall operations of the auditor. Are you saying that you are willing to do the auditor's department now? If that's the case . . . well if that's the case, if you want to deal with the auditor's department now, then let's deal with it now and put these statements in the context of that particular department, and we're willing to do that if that's what you're suggesting. Okay?

A Member: — Just like trying to get them on to the estimates.

Mr. Lyons: — Yes. In fact, let's test that, and I will move a motion:

That first items of business be the auditor's department
— the auditor's report and the office of the auditor.

You guys need a five-minute caucus? Otherwise, I see us getting into a fairly large wrangle about you guys trying to hide what the auditor said.

A Member: — What happened to your basic argument that started this whole thing?

Mr. Lyons: — Well that is — we can deal with that argument. But let's deal with the auditor's report and with the department of the auditor.

Mr. Chairman: — We have the motion of Mr. Lyons:

That the first department to be called before the Public
Accounts Committee be the Provincial

Auditor.

I had Mr. Hopfner on the previous speaking order, and I'll give him first opportunity to address the motion if he so sees fit. Other than that, I have no one else on the speaking order. Mr. Hopfner, do you want to address the motion?

Mr. Hopfner: — I guess I'll address the motion. I was going to address the discussion earlier, but . . .

Mr. Chairman: — Yes, I'll give you the first opportunity of this one.

Mr. Hopfner: — Mr. Chairman, I think and I strongly believe that this committee could probably function in a much quicker and more efficient way by striking an agenda and getting into the various departments, basically for these particular reasons, and that is, number one, for not having to be on a repetitious type of nature in this committee as to when we're dealing with the department.

I think probably if you looked at it on the basis of my next reasoning is that when we've dealt with an agenda and struck an agenda and have dealt with all the departments, I think and I strongly believe that we could definitely shorten the questioning of the auditor's department. And we could basically have a report summed up in a very timely fashion for the Assembly.

I think really that when it comes down to it, when we've dealt with all the departments, the auditor is definitely going to bring any basic concerns he may have with those various departments to the surface. And I have to kind of agree with Mr. Martens when he indicated that competence will surface from the various departments. And, you know, with that in mind we're not maybe slapping the hands of various departments that may need their hands slapped, if that is the case.

So I would suggest that with the fact of dealing in a rather fashionable way, we can shorten this committee's timetable and get on with the total report and sum up the report with the auditor's department in here.

I think basically what you're doing there is you've completed the departments, you've then turned all your focus to the auditor department and saying, okay, maybe such questions as: were you prevented now from doing this, this, and this with maybe CIC or some other particular area. And if he says yes or no, well then we'll deal with it one way or the other. And if he says he's well satisfied, well then we can move on and maybe there's not a whole lot to do with the auditor's report after that.

And I don't know why we should get into a difference of opinion. The member from Rosemont, he insinuates that the government guys are pushing him in a different frame of mind than what he actually wants to get into. And well, so be it. But I mean, like I would suggest that if he wanted to, if he wanted to get through this report in a very timely fashion, we should all co-operate and get down to it.

Nobody is going to prevent anybody from asking any kind of a question in this committee that is of a non-political

nature, if you want the political questions asked, and then take her back to the floor of the legislature and ask that of the ministers. We're into estimates now. We're back into the working of the . . . on the floor of the legislature, which I really strongly felt it was about time, and those kinds of questionings can be asked on the floor of the legislature, Mr. Chairman.

I basically think that now with the House servicing . . . with the House procedures once again in place, that the questions of the committee can be asked here, and the political questions can be asked in the Assembly, and the true story of those questions can appear in the media, and then things can kind of level out in this building.

And I think for the good of the . . . it's for the good of the province, good of the people of Saskatchewan, to have responsible committees and responsible members of the Assembly get back to some sort of a workable level and do it with all expedience. So I feel that such a motion from the member from Rosemont, which we're continually getting, with on the spur of the moment motions from this member continually, I think we deal more time with his motions than we do with the actual agenda.

So I wish the member, if he would put some more thought into it and withdraw the motion, and let's get to set the agenda and we can have the departments start coming in here, and we can ask the questions of those various departments. Thank you.

Mr. Martin: — We discussed at great length last day, at least it was my perception, that the real issue here is the difference between the auditor and the private sector auditors as to difference, or the perceived differences in the Crown corporations. And that seemed to be the big issue as far as I'm concerned.

And I, as a matter of fact, would like to get at it and get some of those answers, and I'd like to recommend that we start at number 4 on the list here, the agricultural development corporation of Saskatchewan, and let's just get started on those. Let's get those differences settled. That's what the media is interested in.

So I won't be supporting the motion on the floor.

Mr. Rolfes: — Mr. Chairman, let's go back to some of the history of the public accounts. I ask members to give me one incident in public accounts in the past where we have not dealt with the auditor's initial statement in his annual report first. It's always been done that way. I ask you people to go back to your own members who have sat on public accounts. Why do we suddenly want to change this now, that we can't deal with the issues that are of most importance to the Provincial Auditor and his report? Why don't we want to deal with those now?

Secondly, the Premier of the province assured us in the legislature, and I have a number of quotes here where he said to the media that let's get this out of the legislature, let's get it before public accounts so that these issues, the ones that the auditor mentioned in his annual report — that is the interference of the executive, mismanagement of funds, not having access to information — those were the issues that we were debating in the legislature. You

people didn't want to debate them in the legislature. You said the most appropriate vehicle was the public accounts. It was then referred to the public accounts, and the Premier assured us that he would talk to his members on the public accounts, tell them to immediately deal with those, immediately deal with those issues.

Now it's before public accounts, now you people don't want to deal with them, and I think that's unforgivable. I think that your word just doesn't mean a thing; neither does the Premier's word mean a thing. You said you were going to deal with them. You didn't want to deal with them in the legislature because you said it wasn't the appropriate place to deal with them. You then assured us, through your Premier, that we could deal with them here.

And I want to reiterate, we've always, always dealt with public accounts in this fashion, and that is that we start with the problems and the issues that are raised by the Provincial Auditor. We start with those; we ask the Provincial Auditor as to why he has made those particular statements. We ask him to corroborate that before the committee. And if the committee believes that the auditor is correct, we have then mentioned it in our annual reports and have suggested to the Executive Council, through our annual report, that corrective action should be taken. That is our job. That's our job to do that.

And I don't understand why we can't proceed as we have in the past, deal with those issues, and then go to specific departments. We've always done that. What is so different about this year? — and in particular, gentlemen, since your leader gave us his word that we would deal with that immediately in public accounts. He gave us the word and said that he would ask you people to deal with it immediately in public accounts, and now you're denying us that ability.

And I would ask you to support the motion, which motion is simply saying, let's carry on as we have in the past, deal with the auditor's issues, and then we'll go to set up our agenda and deal with each department as they come forward. And I think we should proceed.

Mr. Anguish: — Mr. Lutz, how long have you been coming to public accounts committees? I assume since '71 as the Provincial Auditor. Did you come to committee meetings before that?

Mr. Lutz: — Mr. Chairman, I believe my first one was in '68, but I wouldn't want to really give you a hard and fast date. I think '68 was the first one I attended.

Mr. Anguish: — In 1968. Do you recall any time since 1968 where the auditor's issues of current importance weren't the . . . wasn't the first item dealt with? I guess I'm asking you, can you remember the Public Accounts Committee moving away from the issues of current importance, or whatever title it might have been under, the current issues noted by the auditor, if they were overlooked and you went directly to a department in the committee?

Mr. Lutz: — Mr. Chairman, I think I would have to probably go back through the verbatims to give you an answer on that. It's a long time back and I'm . . .

Mr. Anguish: — Well to be absolutely correct, but there's nothing that springs to mind for you that had happened? Or maybe the chairman could ask the Clerk of the committee if there's a precedent for this. Like, I'd like to know if we're setting a new precedent, and again, Mr. Chairman, sort of on the bleeding edge of parliamentary reform here in Saskatchewan.

Mr. Chairman: — Historically the committee may have done things in a certain way, but that does not necessarily suggest that it's a procedural precedent and therefore is something that the committee need follow. Historically again, however, things may well have been done in a certain way. But the committee is not bound to follow history if it . . .

Mr. Anguish: — Well the committee's not bound by anything, but historically that's the way it's been done. And certainly in our system, if that's . . . the Clerk that you checked with for that information, in our system, tradition and convention, the way that things are done, become a very important part of the system. And when rules and procedures or tradition is changed without any consultation or without a rules committee or some kind of consensus, it makes for a very bad working of the democratic system, whether it be in the Public Accounts Committee or whether it be in the House.

And I, for the life of me, don't understand why you would want to move away from the traditional way of doing it. If you want that, let's have some extra meetings at a different time than the committee sits to discuss the rules. That was the big issue when this session started. The rules had to be reformed. Mr. Neudorf wanted to reform the rules of the committee, but that seemed to fall by the wayside. And if you want to change the way this committee works, do it in another forum, but don't come here and try and destroy tradition that's been built up since the beginning of the parliamentary system that we operate under.

Well, Mr. Hopfner, you screw up your face. What is the tradition? Do you know what the tradition is? The tradition has been is that you start with dealing with the first item the auditor has notated in his report. And Mr. Muirhead would know that. He's the senior member of that committee, former cabinet minister. You've been elected longer, Gerry, than any of those guys, and you know darn well that you've never seen this happen in the Public Accounts Committee, either under your government or ours.

And the way that public accounts is dealt with when the auditor's report comes down is the first item of the auditor's report. I don't see how you can deny that and want to change it. If you want to change that, why doesn't the vice-chairman and the chairman get together as a steering committee, so to speak, of this Public Accounts Committee, instead of coming here and wasting our time? I thought it was us that was supposed to be trying to get the media coverage. Is it you that's trying to get the media coverage by being on the bleeding edge of parliamentary reform?

I can't believe you guys. All I'm saying is, if you want to

work out the agenda, if you can't come here and agree with what's traditionally been done, have the vice-chairman and the chairman get together instead of wasting our time. You should have known what — you know very little.

Mr. Lyons: — Mr. Chairman, I mean, quite frankly I'm surprised when I hear the members from the Conservative side of this committee engaging in the kind of procedural wrangling which can only do one thing, and that is to undermine the damage control that the Premier of the province has engaged in in regards to this auditor's report.

Here we had the Premier doing his best to try to bury this issue, take it out of the legislature. That's what he did — took it out of the legislature and put it into the Public Accounts Committee. And we've got quotes galore from the Premier of the province saying that, well here it is; there's the appropriate place to deal with it; take it to public accounts; take the auditor's criticism to public accounts and deal with it in there out of the light of the Legislative Assembly. That was his first effort in damage control.

Then we see the Premier's actions on June 8, at least the actions as outlined by the auditor, where the Premier sent a memorandum to all cabinet ministers directing that all departments and agencies provide the Provincial Auditor with all necessary co-operation. Implicit of course in that memorandum is a de facto admission that what the auditor was saying is right, that he wasn't being provided with all necessary information.

So here's the Premier trying to say, well we're going to try to deal with this issue; we're going to try to bury it. Now I've told my cabinet ministers to give the auditor all the information they want, and we've got it in Public Accounts Committee. But what do the PC members of the Public Accounts Committee do? They go and trip up the Premier by getting into a "P" match . . .

Mr. Martens: — I do not think that the member opposite has to relate anything vulgar in this committee to the members of this committee, and I don't think that that's a part of this committee. I've noticed on other occasions that members of this committee get referred to as animals, and I don't believe that that's parliamentary, and I don't think that that's parliamentary.

Mr. Chairman: — Yes, I agree with you. That word isn't parliamentary.

Mr. Lyons: — It's the letter "P" dot, dot, dot match. Let me be more explicit. They want to get into a squabble over procedure as opposed to dealing with the substantive issues at hand, which does nothing to help the Premier's own agenda of trying to deal with this auditor's report in the least damaging way possible. But if they want to do that, then I guess they want to do that. But we're not going to take it sitting down, because we're not going to allow you to bury what the auditor has to say.

And you can use whatever phoney rationalizations you want to try to use in this. The fact of the matter is, is the auditor had comments under your current issues of importance. The procedure of this committee has been to

deal with current issues of importance first before going to departments. I want the right to be able to question the auditor as to what the intent and the meaning of his statements are, contained in current issues of importance.

And quite frankly, I am surprised, I am quite surprised that you folks don't want to take the auditor on on the substantive issues raised by the auditor. Because that's precisely . . . here's your opportunity to challenge what the auditor is saying in regards to his statements that he has not been able to do his job because of the actions of the cabinet.

And all I hear now from you is an admission that you're afraid to take the auditor on on the substance of what he's saying. So what instead you try to do is bury the issue through other departments or to set up a phoney private auditors versus public auditor scenario, which is not reality when you look at the content of the auditor's report itself.

I don't know what you think you're doing, even on a straight political level. And anybody who doesn't think this committee is political, or the way it's been politicized by the activities of the Executive Council, the cabinet, has got rocks in their heads. So if you want to deal with the substantive issues raised, it seems to me that the way you deal with the substantive issues is you take the auditor on. If you disagree with what he's saying, you say no, I don't agree with the statement 2.02:

The Assembly's ability to question the Executive's actions is affected by the information the Executive gives to the Assembly.

Or 2.03 or 2.04, and so on and so forth — all the substantive issues, all the guts, the meat of the matter that the auditor raised, that are contained under the current issues of importance.

And you've got neither, I would suggest, the resources in terms of the truth to deal with what the auditor was saying . . . And that's why you are trying to bury the thing — because that's all it is, just a burying operation. Or, and I suggest this is the real issue, you're trying to get the thing buried.

And it's a very sloppy attempt at carrying out the Premier's attempt at damage control around this issue. And that's particularly, that's particularly evident . . . (inaudible interjection). . . Mr. Martens, I agree . . . Mr. Martin, I agree. That's the way that you people have operated — one untruth after another.

Now I do not understand why you want to deal with it in this way. What is your political motive other than, in fact, to engage in the kind of cover-up . . .

A Member: — Behind closed doors.

Mr. Lyons: — . . . the kind of behind closed cabinet doors, Mr. Martin, if you . . . (inaudible interjection) . . . Right. Exactly.

Mr. Chairman, will you . . . he has a hard job controlling himself.

Mr. Chairman: — Mr. Martin, I have you on the speaking order. If you're patient, we'll certainly get to it.

Mr. Lyons: — That member's got a great reputation of a hard job controlling himself. Maybe he wants to go out and pace it off a little bit, because maybe the shoe is starting to pinch a little bit in this.

You don't like getting your political operations exposed to public view, and maybe that's why, maybe that's why we're getting the reaction from the members opposite that we are, because you're . . .

A Member: — I've never had a problem with the truth.

Mr. Lyons: — Mr. Martin says he's never had a problem with the truth. That may be true. Maybe he's never recognized it, because the truth of the matter is, in this particular instance, is that you're trying to bury and cover up what the auditor says by not dealing with what the auditor says.

You're afraid to deal with his substantive allegations. You're afraid. You're afraid to deal with what the auditor says. This is your opportunity, under current issues of importance, to challenge the statement that the auditor makes. Right? To challenge the statements that he makes.

And you don't want to challenge it because you can't challenge it. Is that what you're saying? Is that what you're saying, is you're saying that, and you agree with the auditor like the Premier agreed with the auditor? It seems to me that that is precisely why you're engaged in this cover-up operation.

So, Mr. Chairman, I am totally amazed, totally amazed at the hypocrisy of the statements shown by the members of the Progressive Conservative Party. On the one hand, you have the Premier of this province and the Justice minister standing in the House saying, the proper place to deal with the substantive allegations made by the Provincial Auditor is in the Public Accounts Committee.

We get to Public Accounts Committee, the next thing we know, you see the members of the Progressive Conservative Party in this committee trying to bury this report, bury this report. And if that isn't hypocrisy, I don't know what is.

Anyway, I think it's clear the kind of political manoeuvres that these people are engaged in. And if they were sincere in what they said, which is that they want to deal with the department and they want to deal with specific cases . . . One of the most damaging indictments the Provincial Auditor has put forward is the fact that he is underfunded and that he is being denied access to funds in order to carry out his work.

Well it seems to me if you wanted to challenge that particular statement, the best place to challenge that particular statement is to put the auditor in the chair at that end of the table and deal with the auditor's department first, if in fact that was your intent, if in fact you had a case to make against the Provincial Auditor.

Because I tell you this, the Justice minister sure tried to make a case against the Provincial Auditor when he stood there and I say slandered the person inside the House. He didn't have a case to make in terms of the substantive remarks made by the Provincial Auditor. Well this is the opportunity for the Progressive Conservative members to try to make that case.

So I just cannot understand why you would vote against this motion. I just can't understand what your attitude in that regards is.

Mr. Chairman: — Before we move to the next speaker, I wonder, Mr. Lyons, if I just might point out that semantical gymnastics or double entendres, which do little more than create an uproar, are not always welcome in the committee.

Mr. Muirhead: — Thank you, Mr. Chairman. Well it's very apparent this morning to see what's going on, that the members opposite are trying to put words into our mouth. Nobody on this side here says we want to not have Mr. Lutz, the Provincial Auditor, questioned to his utmost. I'm quite anxious to do it; it's just in the manner of how we do it.

Mr. Anguish, Mr. Lyons have been putting words in my mouth by saying that I am the elder member here, that I've sat around here a long time, and never in history has this ever happened before that you don't have the auditor's report first. Mr. Anguish asked the auditor this morning, and he wasn't able to answer that that is absolutely a fact. In honest, sincere words to you, Mr. Chairman, I've been elected since 1978 and I can't say that it has always been the practice. I don't know that. I said that before; it's on the record.

I just can't see anything wrong with this manner in questioning the Provincial Auditor, questioning the department, is to have the department called, and just prior to the department coming in the room — they're out in the hall — we can question the Provincial Auditor as long as we want, right there. Then if we think we need the private auditor in the case, then they can be here at the same time.

That's the way I'd like to see it done, Mr. Chairman, that we have the department out in the hall that we want to call. Then we question as long as we want, because I want it out in the open all the accusations that the Provincial Auditor said just as much as they do. And I'd like to see the department out in the hall that we want to call, but just prior, but just prior, we question the Provincial Auditor on that department statement, if it's pertaining in this report, as much as we want to — as long as you want and wide open.

Because they're saying, Mr. Chairman, that the Premier has said bring it down to Public Accounts; it'll be wide open. Then they're turning around and saying that we don't want it. We do want it. It's just that we're disagreeing this morning, Mr. Chairman, on the manner of which way we do it.

I'm just suggesting, in pertaining to Mr. Lyons' motion, that I'm not liking it that way. I would like to see it, as I've

said a couple times now, the department in the hall, question Mr. Lutz before they're called in, but we as a committee can decide. If there's a private auditor involved, that he also be in the hall, or in here, or whatever. We can make that decision on department after department as it's called up; not do it the way we are planning to do it on the motion.

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

Mr. Wolfe: — Yes, Mr. Chairman. We came here this morning to set an agenda, and the reason we came here to set an agenda is so that we could deal with this report in the most efficient manner possible, and to have it wide open and have it dealt with properly.

I think that the members opposite have very, very short memories. I'd just like to quote from June 8, Mr. Lyons, who's just finished. I'd just like to remind him on what he told us on June 8:

The auditor is saying quite clearly — the message in his report is that the Executive Council, i.e. cabinet, has interfered in his work and has issued directives, for example through CIC (Crown investments corporation of Saskatchewan), and have tried to shift (shifted) the blame somehow out (of) there into the Provincial Auditor, and (blah, blah, blah, blah) . . .

(Also) When the auditor talks about accountability, when he talks about accessibility, he's saying that it's Executive Council, for example through CIC and the Crown management . . . who issue directives to Crown Management Board, that he's not able to carry out his work.

And then he goes on.

The issue here is the attempt on the part of Executive Council on behalf of the cabinet to hide and cover up 50 per cent of the public spending of the people of this province.

I'd just like to remind him and all members over there of what they said at last day, and we're just plain and simply trying to accommodate their requests to deal with the issues at hand — over 50 per cent of public spending that they were quite concerned about, that we are very concerned about; the issue of interference and how do we best deal with that.

At the same time, let's do it in a timely and efficient manner, step by step. I mean, if you want to go ahead and do a shotgun approach, and not really issue the areas of concern and go about your merry way . . . We're just trying to accommodate your requests in the most timely and efficient way that we can.

It seems to me that the members opposite just can't make up their minds. They say let us decide it. I thought you'd decided before what your concerns were. And we're just trying to accommodate that in the most timely and efficient manner possible.

We'd like to accommodate it, and we'd like to deal with

this report, but let's deal with it properly. Let's not try to shuffle \$2 billion worth of spending under the table, as was the attempt prior to getting into '88, in a matter of an hour and three-quarters. Let's deal with this report and let's deal with it properly, step by step. Let's bring out the private accountants, let's deal with the Provincial Auditor's report, let's deal with all the concerns — all the concerns. Thank you, Mr. Chairman.

Mr. Martin: — Well it's interesting that the members opposite are talking about accountability, etc., and we just finished the previous studies and they refused to ask questions of Environment, of Science and Technology, of the Public Service Commission, Sask Housing Corporation. Certainly Environment, Science and Technology are high on people's list these days, and yet the members opposite didn't even want to ask any questions on it. Something in the neighbourhood of well over a billion dollars of public money just breezed through here in a matter of minutes because they didn't care to ask questions on that.

So from a historical point of view . . . and historically it's been the procedure of this Public Accounts Committee to ask questions of all the departments. And they're big on history apparently, and tradition — at least certainly when it suits their ends — and they refused to ask questions on those very high profile departments. And I find that most unusual.

From a point of view of accountability and the substantive issues, as has been mentioned several times, as I've said over and over again, there are differences or perceived differences between the public sector auditors and the Provincial Auditor. That's what I think is interesting about the current debate. And so by bringing in the public sector, or the private sector auditors, to answer those questions as we see them, or as the Provincial Auditor sees them, I think we can then get some answers, which is what we want.

And I think, as I mentioned earlier, by starting at chapter 4 we eliminate the possibility of a lot of duplication because all the questions that will go forward from then on would have been covered . . . will cover the first three chapters in the index of the report. So I will, when I get a chance, make a motion on that effect. But meanwhile, there's another motion on the floor.

Mr. Chairman: — Thank you, Mr. Martin. I wonder at this point . . . we've had about 18 interventions since we started this morning on the question of the agenda, notwithstanding the fact that we have a specific motion before us. The issues seem to be coming clear, I think, for members, and perhaps members are in a position of wanting to put the questions on any motions that might see some resolve as opposed to continue to discuss the agenda items.

I don't sense that there is any agreement coming on the matter of the agenda, and if there's no agreement, then perhaps members should get on with calling questions on specific motions. But I know that the only member that hasn't had an opportunity to speak yet is Mr. Neudorf, and with your leave, Mr. Hopfner, we might go to him and then ask if we're ready for the question. Is that

agreed?

Mr. Hopfner: — I can get on later on though?

Mr. Chairman: — You can always get on later on, okay?

Mr. Neudorf: — I appreciate your insight into the matter, Mr. Chairman. I guess what I want to do is go on record as reputing some of the wild accusations that members opposite have been making about our motivation and the incentive that drives us in the direction that we're going. I think it was totally unfair of members opposite to make those accusations.

The accusation that let's go to the auditor's report right now and take the auditor on, as Mr. Lyons was saying — is confounding me a little bit as well, because I do not see this necessarily as a confrontational process but rather the process of finding out exactly how the accountability process in this committee and indeed this government works.

So I take exception to that, and certainly the insinuation that we're trying to bury the auditor's report, totally, totally fallacious. We are not going to do that. I think what we're talking about here is the process involved. We want as much as members opposite to air the entire issue so that we can come to some accommodating conclusion on this issue.

And I just want to make a few observations that I noticed, and that is that the members, when it suits their fancy, try to become traditionalists and say, well this is the way we've always had it, so by tradition let's do it the same way. By that, referring that this whole process should begin at the beginning.

Well if you want to begin at the beginning, I suppose what we would have to do then is take a look at this auditor's report, and we find on pages 2 and 3 that there's a brief description of the audit scope, which I assume is where the auditor lays out the parameters under which he operates.

Then we come on to page number 4 where there's a summary of the current issues. And I notice on page 4, where the summary of current issues of importance are stated, that the very first thing that the Provincial Auditor makes reference to is that the process be repaired and that the appointed auditors are an issue. That's his very first comment on the situation.

Then if we go on to page 5 where there is a breakdown of the current issues of importance . . .

Mr. Chairman: — Mr. Rolfes, would you let Mr. Neudorf finish.

Mr. Neudorf: — Thank you, Mr. Chairman. Then on page 5, if you take a look at page 5, we have a listing of events talking about such things as accountability, accessibility, difficulty in getting information, and so on, and I would suggest to you, Mr. Chairman, as has already been alluded to by the auditor and by members opposite, the Premier's letter to the auditor directing all departments and agencies to provide the Provincial Auditor with all

necessary information, has ostensibly cleared up that perceived problem.

And if that is the case, then we go on to page 6 on the auditor's report, we find that page 6 is devoted to the public purse, where he says that:

This information is provided for illustrative purposes only.

And he makes a list of the different kinds of expenditures that are being made. So if we continue on, the real first substantive issue in the Auditor's report is on page 7 where it deals with 2.08, effectiveness. And what do we find again is the Auditor's main concern under "effectiveness?" We find that it is more private sector auditors as a concern that he has — the appointed auditors.

And I think, Mr. Chairman, the point that I'm trying to make is if we're going to deal with the major concerns that are here, it appears to me that it deals around the issues of appointed auditors. All appointed auditors deal with CIC, so it seems natural to me that if we want to get to the bottom of an underlying perceived problem, that we turn to where the appointed auditors are, which is the CIC, call CIC in as witnesses, and we can get on with the process in the most efficient manner possible.

This idea of sitting across here calling each other names and so on, as has been the point, I think that that destroys what the debate is all about.

Mr. Chairman: — Thank you, Mr. Neudorf. I suggest that at this point that we take a five-minute break. I know that Mr. Anguish would appreciate that, as a former smoker. I might also suggest to members that during the break, that they might discuss among themselves as to how we might move on, recognizing that we could be here all day like the Pistons and Lakers going back and forth scoring points. It could take a long time to get some resolve. I encourage you to think about moving ahead as opposed to just debating motions. So therefore I suggest we take a break at this point.

The committee recessed for a short time.

Mr. Chairman: — If we could come to order. I just want to test the members at this point. I have two more speakers on the speaking order, Mr. Hopfner and Mr. Rolfes, but the motion before us is from Mr. Lyons that:

The first department to be called before the Public Accounts Committee be the Provincial Auditor.

That is the specific motion. I wonder if you're ready for the question on the motion.

A Member: — No.

Mr. Chairman: — No.

Mr. Hopfner: — Well, Mr. Chairman, if the member from Saskatoon is not ready then I guess we will not be ready.

Mr. Chairman: — Okay, we're not ready.

Mr. Hopfner: — I want to clarify some of the statements that have been made here by members of the opposition in the committee, and basically the reason I'm saying that is because that's probably a fairly political statement.

I think, Mr. Chairman, that we must strive in this committee to keep the politics out of this committee. The member from Rosemont, he says, if anybody thinks that this committee can function without politics being in here then they must have rocks in their heads.

Well I guess probably people try, members try to bring the politics into this committee, and other members must try and fight that in order to keep it out of the committee. That's the only way this committee will function. We've gone over and over and over that argument for some months now.

I also want to indicate to you, sir, that when the member from Battlefords was speaking and he says, well this committee is for the opposition members and it's for us to try to get media coverage, well I'll tell you, Mr. Speaker, I just cannot believe the mentality of the member when he makes a statement like that. All members of this committee are equal, and all members of this committee have the right to question in this committee, have the right to have the story told in this committee as to what the actual message is.

And whether . . . if it's a point where the members opposite, of the NDP side of the House want to bring the politics into this committee, sir, then I say that those members are scumbagging. They're here for media attention and media attention only, and they're scumbagging because basically they're looking for some sort of a bad type of reporting thing that may come from the various departments.

Mr. Chairman: — If I can just stop you. Did you use the word scum bag? Is that . . .

Mr. Hopfner: — No, no, no, I say they are scumbagging, sir.

Mr. Chairman: — I wonder if you might find different verbs, Mr. Hopfner. I think it's fair to say that moderation in use of language is the kind of thing that will lead to co-operation of the committee.

Mr. Hopfner: — If the shoe fits, they wear it. I'm not saying that he is, or he is, or he is; I'm saying if the shoe fits then you wear it. I'm not calling anybody a scum bag. I say they are scumbagging.

Mr. Chairman: — I'm encouraging you to use moderation in language. Go ahead, Mr. Hopfner.

Mr. Hopfner: — I see what you're saying. But basically if members of the NDP part of this committee want to indicate that for some strange reason or another that we on this side of the committee are trying to strategically manoeuvre or do some sort of thing just to get away from the basic tradition of this committee, well, sir, I'll tell you, when you talk about tradition and change, I don't believe that there ever could be a specific line of type of

questioning within this committee.

Because as we all know, as the lines of questioning changes from one questioner to the other and, you know, when you're talking about tradition, basically if you don't have your questions one, two, three and four type of thing listed and follow that, there is not such a thing as a tradition.

There may be things fairly relevant too, from year to year to year, that have taken place as far as the basic line of questioning is concerned. But other than that there has not been anything to really nail down, as what you could basically call tradition.

And I don't think anybody's trying to remove any type of line of questioning in this committee except that of where it could lead into a political forum. That when the Premier had indicated that we move this report and the auditor's report down into the Public Accounts Committee, and things like this particular events that had taken place in the past in the legislature, well we have agreed to take that on. And I don't believe we're going to prevent anybody, any member of this committee, to ask any of those questions and any question that they may feel relevant to and for the committee to make their final report.

So I kind of think that if we could bring it back and get off that typical thinking of political partisanship and get back to a general way of thinking of where a committee should operate, well then I think this committee could operate very well and we could get on with setting the agenda and calling in the people. Thank you.

Mr. Chairman: — Thank you, Mr. Hopfner.

Mr. Rolfes: — Mr. Chairman, just a few comments. I'll ignore the comments of the member from Cut Knife-Lloydminster. As usual, he doesn't make any sense at all in his comments. But I want to make a few comments about other members.

I do want to say to the members that the first issue that the Provincial Auditor deals with . . . and it should be of concern to all of us here, because our job is to make effective the workings of the Provincial Auditor. It is our job to see to it the Provincial Auditor can do his job, and his job is to scrutinize the books of the government. And it is up to us to go through his report and report to the Legislative Assembly as to how we can assist him in doing his job.

In the first 20-some pages, he lists a number of examples where he cannot effectively do his job because of many instances of being interfered with; of private auditors being appointed, therefore he doesn't have the information. He says he can't do additional audit because he doesn't have the staff and doesn't have the money. These are issues that we as a committee should be dealing with and reporting to the Legislative Assembly. That is our job. That's our job.

A Member: — Do it.

Mr. Rolfes: — They say do it. Yes, let's get at it. Let's sit down with the Provincial Auditor, this committee, let's sit

down now, go through those first 20 pages and see where he can suggest to us how we can enhance his job, how we can make his more effective. Because the very first line under the Provincial Auditor is not as the member from Rosthern said. The very first line is:

I cannot effectively carry out my role to watch over the public purse for my client, the Legislative Assembly.

That is the first sentence. That is the first sentence. That is what he says he cannot do.

We must ask him now, why can't you do that? And I agree with the member from Rosthern, one of them is, one of them is that he says that there have been private auditors appointed; therefore, he only sees about 50 per cent of the expenditures. We should question him as to why. Because you don't see . . . and private auditors are done . . . why is that not an effective way of scrutinizing public expenditures from his point of view? That's our job. That is our job.

If, as he later on says, he can't do additional audits because he doesn't have the staff and he doesn't have the finances, that should concern each and every one of us here. We should question him on that. All of us should. Does he have sufficient staff or doesn't he? And if the committee then believes he doesn't, then I think we report that to the Legislative Assembly. That is our job — all of our jobs.

If he says that the private auditors have a different client to serve, other . . . different than him, we should ask him what client do they serve and how should it be different . . . (inaudible interjection) . . . Yes, the committee should ask him. It's got nothing to do with the private auditors, absolutely nothing. It's got nothing to do with it.

Our job . . . (inaudible interjection) . . . The member from Assiniboia-Gravelbourg, and I can appreciate because he's new, our job is not to study the role of private auditors. Our job is to make sure that the role of the Provincial Auditor can effectively be carried out. That is our job. That is our job. And our job . . . and if he indicates that there is a potential conflict of interest between the clients that are served by the private auditors and the clients of the Provincial Auditor, that should concern us, and he does make that statement in 2.04.

There are a number of issues that we should be addressing in the first 20-some pages. We should be addressing and sitting down with the Provincial Auditor. That is our job, and I think we should get at that. Once we've finished that, then let's go on to specific departments — let's get on to specific departments and see how we can address those specific problems.

And to me, that's the way we should go about it. And I don't see any reason that should prevent us from doing that. And why we wouldn't want that information from the Provincial Auditor and then go into the specific departments is beyond me why we don't want to do that. It's the job of this committee to do it.

And I suggest, Mr. Chairman, that that is exactly what we

should be doing — sit down with the Provincial Auditor. I have a number of questions that I want to ask him as to why he can't effectively do his job and why he thinks that there has been interference, why he thinks there has been — or he doesn't know; there may be mismanagement. There may be mismanagement, and that should concern us. We should clarify that. Is there or isn't there mismanagement?

And if there is, this committee should report that to the Legislative Assembly. And we do that by sitting down with the Provincial Auditor and asking him and then going through specific departments, and again when we have the private auditors here and the Provincial Auditor, then go to specific departments and see whether or not there is any truth in the statements that are made or whether they . . . as the member for Arm River has said, let's find out what the truth is.

Let's proceed then. Let's proceed and let's ask him. I'm ready to ask him a number of questions that I want answers to. And let's do it right now. I'm ready to go. Let's ask him. He's here. Let's do it. I see the member from Assiniboia will agree with me, and I assume he's going to vote for the motion.

Mr. Chairman: — Thank you, Mr. Rolfes. The motion before us is by Mr. Lyons:

That the first department to be called before the Public Accounts Committee be the Provincial Auditor.

Are you ready for the motion?

Negatived

Mr. Martin: — I'd like to move a motion. I move:

That we begin with the ag development corporation and continue on the items as identified by the auditor's table of contents.

Mr. Chairman: — Thank you, Mr. Martin. It's been moved by Mr. Martin that we begin with the agricultural development corporation and continue on the items as identified by the auditor's table of contents.

Agreed

Mr. Chairman: — I might say at this point that . . . (inaudible interjection) . . . Okay, the first item of discussion then is the Agricultural Development Corporation of Saskatchewan, page 22, the auditor's report. The first item before the committee is the Agricultural Development Corporation of Saskatchewan and the auditor's comments.

Mr. Neudorf: — What was that, Mr. Chairman? There was some ruckus going on back here.

Mr. Chairman: — The first item of discussion is the Agricultural Development Corporation of Saskatchewan and the comments of the auditor. Is it the wish of the committee that the department be called here, or do you just want to deal with . . .

Mr. Martens: — I suggest that we deal with it in the fashion that we have proceeded with to this point, and that we call them in for Thursday. And together with the — I think it's Price Waterhouse — and ask them to come in. And we will begin on Thursday with ag development corporation, and then probably move to CIC on Thursday at 2, together with their auditor too.

Mr. Chairman: — Okay. Do you want to move that, or is it just a suggestion?

Mr. Martens: — I can move it, but I think it's already in place, that those are the things that we'll do.

Mr. Chairman: — Okay. So pursuant to the agenda, you're suggesting that we call the officials and the auditor for the Agdevco for Thursday morning? And that's agreed? Agreed, okay.

Mr. Martens: — Yes.

Mr. Neudorf: — To facilitate matters, Mr. Chairman, I was going to make a suggestion that you and the vice-chairman can sit down, and as the motion had just indicated, we're going to go in a sequential and an orderly fashion through all of these departments, and if there is no demand on either of the sides of this committee that a particular department be brought it can be deleted. And that way we can go through every department where either side wants them to appear. There may be some, as historically has been the case, that there is no request for.

Mr. Chairman: — No, it should be a simple process . . .

A Member: — There's nothing simple in this matter.

Mr. Chairman: — I withdraw that. And I'll just say that Mr. Hopfner and I will do the best we can under the circumstances.

If there's no further business this morning the meeting then stands adjourned and we'll meet again Thursday morning at 8:30. The auditor will be here as will the officials from Agdevco.

The committee adjourned at 10:05 a.m.

CORRIGENDUM

Part of the verbatim from the Public Accounts Committee meeting of June 6, 1989 appeared in the verbatim of June 8, 1989.

On page 354 of the verbatim No. 18 Thursday June 8, 1989 in the right-hand column, please delete the two paragraphs beginning with:

Mr. Martens: — I wonder if my suggestion . . .

And ending with:

and then report back.

We apologize for this error.

[NOTE: The online transcript has been corrected.]