

STANDING COMMITTEE ON PUBLIC ACCOUNTS
April 3, 1990

Mr. Chairman: — Good morning, everyone. I'd like to call the meeting to order. And I'd like to begin with introductions, as much as there are a number of new members to the committee, so the officials may not be known to you. Perhaps we might go around the table and introduce ourselves as one way of getting the names out. Begin on my . . . I'll begin on my left.

Mr. Wendel: — All right. I'm Fred Wendel, the Acting Provincial Auditor.

Mr. Atkinson: — My name's Brian Atkinson. I'm a deputy Provincial Auditor.

Mr. Britton: — I'm John Britton, MLA for Wilkie.

Mr. Hopfner: — Michael Hopfner, MLA, Cut Knife-Lloyd.

Mr. Baker: — Harry Baker, Biggar.

Mr. Sauder: — Lloyd Sauder from Nipawin.

Mr. Swan: — Herb Swan, Rosetown-Elrose.

Mr. Muller: — Lloyd Muller, Shellbrook-Torch River.

Mr. Kraus: — Gerry Kraus, Provincial Comptroller.

Mr. Paton: — Terry Paton, director of financial management branch.

Mr. Anguish: — Doug Anguish, The Battlefords.

Mr. Rolfes: — Herman Rolfes, Saskatoon South.

Mr. Armitage: — Blair Armitage, staff.

Ms. Ronyk: — I'm Gwenn Ronyk.

Mr. Chairman: — And I'm Harry Van Mulligen. Good morning.

I'd like to just briefly review sitting times. The committee has been sitting on Tuesday and Thursday mornings during session, unless there's changes, but meeting on those days starting at 8:30 and continuing on to about 10:30. I don't know if we need another motion or if it's acceptable that we just . . . and it's agreed that we continue on with those times.

Mr. Baker: — It's a little early, but it's all right.

Mr. Chairman: — Well I'm open to . . .

Mr. Anguish: — In the spirit of co-operation, I think it's too early as well.

Mr. Chairman: — Well there you go.

Mr. Anguish: — But last time, when we weren't in the spirit of co-operation, I believe that some of the farmers now said, sure, they could get up earlier than the city people, so they decided they would have it at 8:30 in the

mornings.

Mr. Hopfner: — Actually, Mr. Chairman, I think it works out well that we go from 8:30 to 10:30. It gives us all a good opportunity to get other work done before we go into the session.

A Member: — Why don't we try it and see how it goes.

Mr. Anguish: — I've tried it for a year now, so I guess another six months won't hurt.

Why don't we try it and see how it goes?

Mr. Chairman: — Okay. Well I detect then that there's agreement, even if it might be lukewarm for some, but agreement nevertheless to continue to sit from 8:30 to 10:30 on Tuesdays and Thursdays, unless the committee orders otherwise.

I've asked the Clerk to distribute a copy of some briefing notes to all members. This will be of particular interest to the new members to the committee. It covers some of the background of the Public Accounts Committee — purpose and the like; it also covers some of the operating procedures that we operate under, and it covers the most recent report on the mandate of the committee. And this was adopted by the Legislative Assembly in 1982.

I feel that would be helpful information for especially the new members, but I think for all members, to refresh themselves from time to time as to our mandate, as to our objectives, and as to some of the rules under which we operate, for all members to be apprised of that.

The next item is the agenda. I'd had discussions earlier with Mr. Hopfner on just what items we might be covering in the coming weeks. And as you can see, we have a proposed list of departments and their order, beginning with Crown investments corporation today. It goes without saying that this is something that the committee can vary at any time. The committee can call in other departments if it so wishes and we also have the opportunity today to call back departments that were previously in here for questioning, if the committee sees fit to do that. But in the absence of any changes, can we agree that we proceed in this manner with these departments in this order?

Not hearing anything to the contrary, then I would take it that is agreed.

Before we deal with the Crown investments corporation, we have the outstanding matter of the Department of Energy and Mines which was before the committee during the last sitting. And we will need a motion to conclude hearings on the Department of Energy and Mines subject to any recall, which is a standard motion that we put forward and entertain after we've concluded with a department. And I'm wondering if at this point someone would want to move that motion.

Mr. Hopfner: — I'll so move.

Mr. Chairman: — Moved by Mr. Hopfner. Any

discussion on that? All those in favour? All those . . . Carried.

Agreed.

Mr. Chairman: — The next item we have on the agenda then is Crown investments corporation, unless there's any other matters of a procedural nature that members want to raise or if they have any questions about the process. Maybe this would be a good time to stop and to entertain those.

Mr. Hopfner: — No questions here.

Mr. Chairman: — I might point out one other thing in terms of process that I'd almost forgotten and that is that the committee is a smoke-free committee. Members are asked not to smoke in the committee room, but we do take a break around 9:30 or so. I find this is something that the smokers especially desire, so be prepared for a break at 9:30.

If there's no other questions, perhaps we can proceed then or continue on with the Crown investments corporation and bring in the officials . . . (inaudible interjection) . . . Yes, we dealt with them during the last sitting.

Public Hearing: Crown Investments Corporation (continued)

Mr. Chairman: — With us are Mr. Bill Gibson, who is the president and chief executive officer for the Crown Management Board of Saskatchewan, and Mr. Les Wright who is the director of accounting services. They're here to answer questions with respect to the Crown investments corporation. Good morning to you both. I just want to tell you that we're simply continuing on where we left off, oh, it would have been last spring, July to last summer, July 27, and therefore all the things that I said about your testimony being privileged so on still stands. And at this point I would throw the floor open for any questions.

Mr. Rolfes: — Mr. Chairman, if I remember correctly, on July 27 I had a number of questions of Mr. Gibson and at that time Mr. Gibson had indicated to me, on Crown investments corporation as it pertains to Coopers & Lybrand, that a number of questions that I'd asked on that day he did not have the answers readily available to him that time, but he indicated — and the transcript will verify that — that he would look into the matter and provide us with the information.

My first question, I guess, Mr. Gibson is, on the questions that I had asked on page . . . number of pages, have you got the information as it pertains to Coopers & Lybrand, the report?

Mr. Gibson: — Yes we do.

Mr. Rolfes: — Mr. Gibson, if I may, on the first one that I have . . . I don't know how we identify those because it says section 24, the authority, legislative authority that you have in hiring consultants. In reading the legislative authority that you have cited, section 24(1)(k) of The Crown Corporations Act, it seems to me that you have

authority to do any investigation and consulting or commissioning as it pertains to Crowns under your jurisdiction. Is that not correct?

Mr. Gibson: — Yes.

Mr. Rolfes: — Would you agree with me that if consulting is done for Crowns or departments not under your jurisdiction, that you do not have that legislative authority therefor?

Mr. Gibson: — Well that would appear to be the final result. We did receive a legal opinion and the legal opinion was that we did have the authority. And then when it was challenged by the Provincial Auditor, the legal opinion was withdrawn. So it would appear that your conclusion is the right one.

Mr. Rolfes: — So when I stated on July 27 that you did not have the legislative authority to do the consulting for Crowns and departments outside of your jurisdiction, then I was correct in that assessment?

Mr. Gibson: — That's right. It's always been acknowledged by us once we lost the legal opinion that we probably did not have the statutory authority.

Mr. Rolfes: — When was that legal opinion . . . when was the challenge to that legal opinion verified?

Mr. Gibson: — Oh, I don't have that date with me.

Mr. Rolfes: — No, but approximately. Was it April or May or June?

Mr. Gibson: — You know, I really . . . I can't recall. The Provincial Auditor people might recall because they were involved, but . . .

Mr. Wendel: — If memory serves me correctly, I think it was about March 1989 that we heard that Mr. Kyle had agreed with Mr. Neill's opinion, or didn't dispute it any longer.

Mr. Gibson: — That seems reasonable to us.

Mr. Rolfes: — Why was that information not available to you, sir, on July 27 when I had asked that question?

Mr. Gibson: — Well we just didn't have it in our . . . I think you had asked for the chapter and verse under which the legal opinion was based upon. We didn't have that in our files.

Mr. Rolfes: — Well I may stand to be corrected, but I thought that the impression was given to us, yes, we did have the legal authority to proceed with Coopers & Lybrand to the extent that they did the study which included departments which were not under your jurisdiction.

Mr. Gibson: — No, we . . . What happened with this thing was we approved the Coopers & Lybrand study. We obtained a legal opinion indicating that we did have the authority to do it. I think we went through the year end, our year end audit, with that legal opinion in hand, and it

was only when the provincial auditor people came in and reviewed that legal opinion and challenged it that we went back. So it was over a year end as I recall it.

Mr. Rolfes: — I want to come back to that. I want to now ask you when was the Coopers & Lybrand commissioned? When was the date of the commission? I have asked that. Is that . . .

Mr. Gibson: — It's on one of these pieces of paper. It was approved by the Crown Management Board of directors on March 12th.

Mr. Rolfes: — Okay, March 12th. Correct.

Mr. Gibson: — 1987.

Mr. Rolfes: — So it was commissioned, and did it at that time start its work?

Mr. Gibson: — I believe so, yes.

Mr. Rolfes: — And when was the work completed?

Mr. Gibson: — The last invoice that we have from Coopers & Lybrand, which I would expect would approximate the completion of the work, was May 1988.

Mr. Rolfes: — May '88. And it started on March 12, '88, is that . . . '87.

Mr. Gibson: — Yes, that's when it received CMB (Crown Management Board of Saskatchewan) board approval.

Mr. Rolfes: — Is that when it started its work, or is that when it got approved?

Mr. Gibson: — Well I suspect they may have started a little before then. It wouldn't be unusual for the board approval to come . . .

Mr. Rolfes: — About 14 months.

Mr. Gibson: — Pardon me?

Mr. Rolfes: — Fourteen months is what you're saying.

Mr. Gibson: — No, no. They received board approval on March 19, '87. I'm saying they may have started in January or February of 1987, then it rolled through to May, 1988. Those dates are all approximate, but they're based on dates we have bills.

Mr. Rolfes: — Okay, now how much of that work pertained to Crown corporations and departments that were not under your authority?

Mr. Gibson: — I believe the Provincial Auditor indicated approximately 5 per cent was relating to Crowns. I haven't actually gone through and verified that, but the Provincial Auditor is usually pretty reliable on things like that.

Mr. Rolfes: — Five per cent related to Crowns?

Mr. Gibson: — Crowns under CMB, that's right.

Mr. Rolfes: — Ninety-five per cent you did not have authority for?

Mr. Gibson: — It would appear that way, yes.

Mr. Rolfes: — Could I ask you . . . you said you received legal opinion. Who gave you that legal opinion?

Mr. Gibson: — It was the firm of Balfour Moss.

Mr. Rolfes: — Balfour . . .

Mr. Gibson: — Moss. They're Balfour Moss Milliken Laschuk & Kyle is the full name.

Mr. Rolfes: — Kyle. That sounds very familiar. Mr. Gibson, I'd also asked some questions on the objectives and the reason for the firm of Coopers & Lybrand. I think you answered that and said that it's an internal study and therefore it's not available to the committee.

Mr. Gibson: — That's correct.

Mr. Rolfes: — I wonder if under the new spirit of co-operation and consensus if the members opposite would, if the committee . . . I would ask Mr. Chairman, can the committee . . . I'm not certain on this. Can the committee move a motion to have the study brought before us, if there is a government majority decision of the committee — Coopers & Lybrand study? What are our powers? I just want to know what the powers are.

Mr. Chairman: — The committee can do what it chooses. What Mr. Gibson is saying that the study, if I read his answers, that any specific information request will be dealt with by the minister responsible for the Crown Management Board. He goes on to say that the study and its contents are for internal use only, and information requests regarding the objectives in question should be forwarded to the minister responsible for the Crown Management Board.

Mr. Anguish: — On a point of order . . .

Mr. Chairman: — Just let me finish. So that it seems to me that if the committee took the position that it wants to see the study and its contents, the committee can order that. But whether or not the minister and the Crown Management Board would ultimately favour the committee with an answer to that request is something I can't anticipate and I wouldn't know, but . . .

Mr. Rolfes: — Mr. Chairman, the reason I am asking that is we found out this morning that only 5 per cent of the study was under the jurisdiction or the authority of the Crown investments corporation. Ninety-five per cent of that fell outside of its jurisdiction. I don't think the Crown investments corporations, therefore, had the authority to decide whether or not that shall be an internal study. Since they didn't have the legal authority for 95 per cent of the study to begin with, I don't think it's up to them to decide whether or not that shall be an internal study.

And if we as the Public Accounts Committee are going to do our job, then I think we need to have access to those

studies and to see whether or not the public's money was adequately and legitimately spent. Only 5 per cent of it pertains to the Crown investments corporation, so I would think, therefore, this committee would be anxious to see that report, to peruse it to see what the objectives were, what the recommendations were, and whether or not the government acted on those recommendations, and whether or not the public received its value for its money. So I think the committee would be interested in seeing that report.

And therefore . . . I mean, I'm not going to move a motion right now, but I'd like to have some discussion on it. And I would expect that, as I said, in the spirit of co-operation that we've heard so much in the legislature about, that the committee would want to get to it so we can really do the people's work in this committee.

Mr. Chairman: — So you're not moving a motion at this point.

Mr. Rolfes: — No, I'm not moving one right now.

Mr. Chairman: — I might say the Chair always welcomes a spirit of co-operation.

Mr. Hopfner: — If there's no motion, I won't speak.

Mr. Anguish: — I don't know that a motion's necessary even in discussion. I don't know how, Mr. Gibson, you can withhold that information from the committee. If 95 per cent of it did not have to do with Crowns — that's what I heard you answer to Mr. Rolfes — how can you tell us that's for internal use and you can't provide it to this committee? How do you rationalize that?

Mr. Gibson: — Mr. Chairman, that's . . .

Mr. Hopfner: — Order, Mr. Chairman.

A Member: — Easy, Mikey. You're out of order.

Mr. Hopfner: — Point of order then.

Mr. Chairman: — Point of order. What is your point of order, Mr. Hopfner?

Mr. Hopfner: — In the line of Mr. Anguish's question to Mr. Gibson, it's a lead question and he's asking . . . (inaudible) . . . Mr. Gibson as to whether one of the reasons why he should not, or what makes him think that he should not give this information, and then take it upon himself to make that decision wholly on his own? I believe that it is stated in his answer here that it was basically internal documentation, and that's the kind of information you brought to this committee.

He's in no way able to make that decision and give you a personal answer, or this committee a personal answer. That would be one type of question that should be asked of the minister.

Mr. Chairman: — I didn't hear the exact question that Mr. Anguish put, but let me just state the following, that I'm aware of the questions last time and the answer that Mr. Gibson has provided.

Mr. Anguish wants to follow up on that and is trying to get some further clarification as to why certain information cannot be given to the committee. I think that's a legitimate line of inquiry. Except if there's obviously no resolve and he gets into badgering a witness before us, that's something else again. But I think it's legitimate to put questions.

I think you should bear in mind that it's our objective to get as much information as possible about government expenditures so that we can properly inform the Legislative Assembly. And therefore if information is not forthcoming to the committee, it's only reasonable that there should be questions about why that information cannot be shared with the committee, and ultimately with the Legislative Assembly and taxpayers.

So I think it's a legitimate question at this point.

Mr. Hopfner: — I agree with what you've said, but Mr. Anguish's question was a direct question and a direct question to Mr. Gibson in regards to his opinion as to why that information couldn't be brought to this committee.

He can't give his own personal little . . . it was brought forward to us that it was internal document, for internal use only. And that's the answer that was so given. But when it's asked in the context that Mr. Anguish asked, then he ought to . . . that question ought to be asked of the minister. That's all.

Mr. Chairman: — Again, I didn't hear the specific question, but ruling on your point of order, I would take at this point that I'm prepared to let it go.

Mr. Hopfner: — We'll let it go, and if he wants to . . .

Mr. Chairman: — But I'll pay very close attention to the kinds of questions that are being put, Mr. Hopfner, and if I see that any of them are out of order, I'll certainly make that ruling. And certainly you have the right, and other members have the right, to also draw to my attention if any questions are out of order.

Mr. Anguish: — In light of the new information that you revealed today, I was wondering if you would want to maybe reconsider the answer given earlier. You answered to Mr. Rolfes's question written, that the Coopers & Lybrand study and its contents are for internal use only.

In light of the fact that you've now said that the auditor pointed out to you that 5 per cent of the work related to Crowns you had authority, 95 per cent was not related to Crowns and you had no authority to do it, in light of that new information, do you not feel that you could release the information to this committee based on the fact that if 95 per cent of it was not related to the Crowns, then I don't see how you could use that for internal use.

If you have some rationale as to how you can explain why it would be used for internal use, that might satisfy the committee. Otherwise I think that you should be forthcoming with the 95 per cent of the study that doesn't relate to your job.

Mr. Gibson: — The fact is I don't have a copy of it to release, even if I chose to release or I felt I had the authority to release. Maybe just to refresh people's memories, when I read through the transcript of last July, it was very clear then — and I'll refresh people's memories — that I know very little about this Coopers & Lybrand study. It was a study commissioned by our board of directors.

All I can say for the committee is that the work was done by Coopers & Lybrand; it was paid. The essence of the Provincial Auditor's point in their report was questioning whether or not they got charged into the right department or agency or Crown corporation. It wasn't a question of whether the work was done or not. I think it was acknowledged that the work was done. It was just where it was charged, and I have very few details on the report. I have never seen the full, final report.

As I say, it was a report commissioned by our board and the report went to our board members. So even if I felt I could release it, I haven't got anything to release because I don't have it.

Mr. Anguish: — How could it be for internal use if . . . you're still the president?

Mr. Gibson: — Yes.

Mr. Anguish: — . . . and chief executive officer of Crown investments?

Mr. Gibson: — Right. But I'm not a member of the board of directors, and the board of directors are . . .

Mr. Anguish: — Well why wouldn't the answer say it was for board use?

Mr. Gibson: — Pardon me?

Mr. Anguish: — Why wouldn't the answers you gave to Mr. Rolfes say it was for board use. It clearly says that the Coopers & Lybrand study and its contents are for internal use only. Now the board of directors, as I recall, while this was commissioned, would be the Hon. Grant Devine, Hon. Eric Berntson, Hon. Bob Andrew, Hon. Gary Lane, Hon. Graham Taylor, Wolfgang Wolff, Harold Lane, Frank Proto, Garnet Wells. Is that who has this study?

Mr. Gibson: — I'm not sure who on the board has it, but some of those people certainly do have it.

Mr. Anguish: — Well have they given you instructions as the chief executive officer of Crown investments to take specific action because of the study that was done?

Mr. Gibson: — Not as a direct result of the study.

Mr. Anguish: — How much was paid for the study in total by Crown investments?

Mr. Gibson: — 2.7 million.

Mr. Anguish: — Is that the total amount?

Mr. Gibson: — I believe so, yes.

Mr. Anguish: — Over two fiscal years, or is that the amount paid in one fiscal year?

Mr. Gibson: — No that's over . . . well our year end is January to December, but it covered two of those, from March '87 to May '88.

Mr. Anguish: — So just to summarize this to make sure that we've got it correctly. There was a Coopers & Lybrand study that was commissioned in March 12, 1987, and you were last invoiced for it on May 1988 . . .

Mr. Gibson: — That's correct.

Mr. Anguish: — And that it was for internal use . . .

Mr. Gibson: — That's correct.

Mr. Anguish: — And you paid \$2.7 million for it and have never used it.

Mr. Gibson: — Well our board of directors have it. It's quite . . . it's not at all unusual for a board to do work without the day-to-day management being involved in it . . . (inaudible interjection) . . . No, it's . . .

Mr. Rolfes: — No, very unusual to commission a study . . . (inaudible interjection) . . . Okay, I'm sorry.

Mr. Gibson: — I shouldn't comment on how usual or unusual it is, but it is certainly within the board's power. It certainly happens from time to time.

Mr. Anguish: — Do you know which members of the board have a copy of it, or do all members? It would concern me . . . Frank Proto, who was a board member at that time, and Garnet K. Wells are both from Edmonton. Harold Lane is from Saskatoon; he's from Saskatchewan. Wolfgang Wolff, I assume he lives here in Regina. But with the exception of Wolfgang Wolff, all the other people are purely political. One's a former MLA and two . . . five of the board were current members of the Legislative Assembly at that time.

And so I hope you could appreciate, Mr. Gibson, it makes us somewhat suspect, if we spent \$2.7 million of Crown investment money, and the only people who really get advantage of the report are members of this Legislative Assembly. And it's offered to some members because they're members of the Executive Council, but not to other members. And yet it's money that should be appropriated by political party, or by the Legislative Assembly, as opposed to taking \$2.7 million from Crown investments for a study that you have no knowledge of, even though it was for internal use.

Mr. Gibson: — I don't . . . to my knowledge, Mr. Wells and Mr. Proto are not present or former MLAs.

Mr. Anguish: — I said that with . . . if we could just run through, with the exception of those two people from Edmonton and Mr. Wolfgang Wolff, all the others are either currently, or at that time were currently or former members of the Legislative Assembly, for one particular

political party, as a matter of fact.

Could you tell us then how much money Crown investments corporation, since you got no apparent use of the document, not that you can tell us, in terms of an internal use, because I'm sure if it was used to give you some information or some restructuring internally, you as chief executive officer, I would hope, would know about that.

So if Crown investment corporation got no apparent advantage from the \$2.7 million spent for the Coopers & Lybrand study, could you tell us then, Mr. Gibson, how much money Crown investments recovered from the study, from other sources, other departments, from the Executive Council?

Mr. Gibson: — There's been no direct recovery.

Mr. Anguish: — Well would it not be prudent as . . . would it not be prudent that the officers and senior management to . . . if you were to spend \$2.7 million, you would want to get some advantage from that?

Mr. Gibson: — Well, Mr. Anguish, as I said to the members of our board . . . well I guess you would have to ask the members of our board, but I would presume that they believe they did get some advantage from it.

Mr. Anguish: — What has there been that's different now in Crown investments? You paid for . . .

Mr. Gibson: — As I say, I cannot make any direct linkage to it, but you know, I would not expect one of our board members to say, because of Coopers & Lybrand, we want you to do this. I'm sure there's, you know, the people that had access to it reviewed it and considered the comments and recommendations, and that would influence their thinking and comments on various and sundry matters.

You know the only reason why we're talking about this is because after the fact, you know, some lawyers got into a squabble on whether it was . . . whether CMB had the statutory authority to do it or not to do it. There's been no suggestion by anybody that the work was not done or that . . . so 2.7 million was spent for a study. The study made some recommendations or some conclusions or stated some facts and various people had access to that and . . .

Mr. Anguish: — But nobody in Crown investment management?

Mr. Gibson: — Not in the day-to-day management, no.

Mr. Anguish: — Who actually signed the contract with Coopers & Lybrand, Mr. Gibson, to allow these funds to be dispersed?

Mr. Gibson: — Oh gee, I can't recall now. That was . . .

Mr. Anguish: — Could we ask the Provincial Auditor, in your investigation, who signed the contract with Coopers & Lybrand to have the \$2.7 million study done?

Mr. Wendel: — Mr. Chairman, is it the wish of the committee that I give out the names?

A Member: — Yes.

Mr. Wendel: — I have here a signed copy of the signed contract. It's signed by the president and the director of administrative services. I believe it is.

Mr. Anguish: — What are those two names, Mr. Wendel?

Mr. Wendel: — The one name is W.B. Gibson and the other one . . . I'm not certain if I can read the signature.

Mr. Gibson: — Probably Dan Marce.

Mr. Wendel: — Marcy?

Mr. Gibson: — Marce, M-a-r-c-e.

Mr. Wendel: — Is there a person there by the name of Matthies?

Mr. Gibson: — Yes.

Mr. Wendel: — Would that be possible?

Mr. Gibson: — Yes. If you want, I can take a look at the signature and probably recognize it.

Mr. Wendel: — Yes, I'm not certain of the signatures.

Mr. Anguish: — Who are the two individuals then, Mr. Wendel?

Mr. Wendel: — The two individuals are W.B. Gibson and Mr. Matthies.

Mr. Gibson: — Henry Matthies.

Mr. Anguish: — Matthews?

Mr. Gibson: — Matthies. M-a-t-t-h-i-e-s, I believe.

Mr. Anguish: — Can you tell us what his position is with the company, Mr. Wendel?

Mr. Wendel: — The position noted was director of finance, or admin service, I'm sorry.

Mr. Anguish: — That was in 1988? 1987, would it have been?

Mr. Wendel: — It would be the date the contract was signed. I believe it was . . . this is dated December 2, 1986.

Mr. Anguish: — When did that individual, the other individual, sign, Mr. Gibson? When did he leave Crown investments? I don't see him listed in the . . . I've got the 1988 report here and I don't see him listed as an officer or senior management of the company.

Mr. Gibson: — I believe it was probably June 30 of '87.

Mr. Anguish: — Could you tell me, Mr. Gibson, how many contracts you signed in excess of a million dollars in 1986?

Mr. Gibson: — No, I don't recall.

Mr. Anguish: — Well would it be one? Would it be 10? Would it be 100?

Mr. Gibson: — It would just be a wild guess, but I suspect it's probably — it wouldn't be 100 — certainly more than one.

Mr. Anguish: — How many do you think you would have signed over \$2 million? Would it be one? Would it be 10?

Mr. Gibson: — It would be less than 50, would be my best guess.

Mr. Anguish: — So you would average signing contracts over \$2 million at the rate of about three or four a month?

Mr. Gibson: — Well it doesn't come on an average. Crown Management Board has something like \$7 billion in assets. I guess every time I sign a cheque, that's considered to be a contract, and we would sign several multimillion-dollar cheques in a week, if not in a month.

Mr. Anguish: — I suppose what I'm getting at is that when I asked you the question, who signed the \$2.7 million contract with Coopers & Lybrand, you said you couldn't remember. And I am just trying to establish how many contracts in that magnitude you would sign for studies — like how many studies do you do worth \$2.7 million, that you wouldn't be able to remember that it was actually you who signed the contract?

Mr. Gibson: — Well I sign several documents a day, and the procedures we use for a multimillion-dollar contract are very similar to the procedures we use for a \$500 contract. You still have to do the same due diligence. So we try to be careful on all things that we sign.

Mr. Anguish: — If you sign with the same due diligence, I would like your explanation as to why you would sign a \$2.7 million contract with Coopers & Lybrand, and yet there be no apparent advantage, where you as chief executive officer don't even get to see, is what you're telling us, you don't even get to see the report that was commissioned.

Mr. Gibson: — Well I was directed by our board of directors to do it.

Mr. Anguish: — Well what explanations, sir, did the board of directors give you? You, as chief executive officer, I'm sure would want to be prudent with the money that's held within Crown investment.

Mr. Gibson: — Well, as I said earlier, the validity of this contract with Coopers & Lybrand and what they are doing is, and the merit of it, has never been questioned. What we're talking about is whether the CMB should have paid for it or a department of X should have paid for it. It's not whether or not it was a worthwhile thing to do.

Mr. Anguish: — Yes, well we would have a hard time questioning it, Mr. Gibson, because we've never seen the document. And it must be quite a document for \$2.7 million. So I'm sure if you could obtain a copy for us, we

would have several questions of you because it's your signature that authorized the expenditure of 2.7 million. But you're telling us that you can't obtain, or you won't obtain a copy of it for this body, which is the Public Accounts Committee.

And the Public Accounts Committee certainly has some responsibility to determine whether or not taxpayers' dollars are, first off, spent with the authority to allow them to be spent, and secondly, that we're getting some value for the money.

So I'm not questioning the report — how could I question the report — I'm questioning us paying \$2.7 million for something you say is internal use and yet this committee cannot obtain a copy of it; you stating you don't have a copy of the report. And I suppose that I would have to be concerned that we can't see that, but certainly we would question, maybe have questions on the report if we could see it.

Could you maybe just tell the committee how many times the board in 1986 requested you to sign a contract, without providing you with any information as to why you should sign that contract? How many times were you directed to do so by the board of directors in 1986?

Mr. Gibson: — I don't recall. This may have been the only instance, I don't know. This is four years later, and I really don't recall.

Mr. Anguish: — Well I would think that something in this magnitude you would recall. I find that very hard to believe, Mr. Gibson, that you could sign something for 2.7 million and have no recollection of it. I'm astounded by that answer that you have no recollection.

Mr. Hopfner: — Point of order, Mr. Chairman.

Mr. Chairman: — Point of order.

Mr. Hopfner: — The point I'd like to raise is that Mr. Gibson did give the committee the answer that he was directed to sign the contract to get a study done for the Crown investment board. Now he's been directed by his board of directors to enter into that contract. He followed the orders of the board of directors, and that answer has been given to the committee. The question before, is that internal document for use in this committee. It's like any other company. It may have workings going on and would not want to put those conclusions out to the general public. And I think basically that would be probably the reasons and the same reasons for . . . (inaudible interjection) . . . Well let me finish.

Mr. Chairman: — I think you should get to the point.

Mr. Hopfner: — As other companies would not put that kind of information out to the general public, and therefore that answer has been given to the committee. And we are having a reputation of that type of line of questioning as to why and why and why that report cannot come to this committee. I think it's been duly answered, and we'd like to get on with the . . .

Mr. Anguish: — I'll withdraw that line of questioning if it

makes the member feel better. I do have just a couple other questions.

Mr. Gibson: could you tell us whether the communication from the board that instructed you to sign this contract was verbal or whether it was written?

Mr. Gibson: — No, we have a board minute covering it.

Mr. Anguish: — Could you table that board minute for the committee?

Mr. Gibson: — Well, I can check to see. I don't know if that's the tradition, to table that sort of thing with this committee, but if I'm able to, I will.

Mr. Anguish: — So the only thing you went by was the board minute. Were you at the board meeting where it was decided that this report should be done by Coopers & Lybrand?

Mr. Gibson: — I believe I was. Yes.

Mr. Anguish: — And what was your capacity at that board meeting? Do you attend all board meetings?

Mr. Gibson: — Yes, normally.

Mr. Anguish: — So you would not have been directed by someone specifically to do this. It was a board decision. You were there. The board instructed you through a board minute to sign a contract with Coopers and Lybrand?

Mr. Gibson: — Yes, that's right.

Mr. Anguish: — Could we also, Mr. Chairman, I suppose through the auditor, have a copy of the actual contract that was signed? Obviously, the auditor's office would have a copy of the contract, even though we don't have a copy of the study. And I'm wondering if the Provincial Auditor would give the committee a copy of the contract that they had signed between Crown investments and the Coopers & Lybrand firm.

Mr. Chairman: — This might . . . my feeling is that if you want a copy of the contract, that it should come from the department, as opposed to coming from the auditor. The auditor has provided access to minutes, contracts and so on, under certain conditions, and if any information that he has access to is to be released, then it should be released through the department.

Mr. Anguish: — Do you think you could do that for us, Mr. Gibson?

Mr. Gibson: — Well, as I say, if it's normal and traditional for that sort of information to be tabled with this group of people, then I will endeavour to do so. If it's not traditional, then there may not be much I can do about it. It's strictly a policy.

Mr. Anguish: — Whose policy? Our policy or the Crown management's policy?

Mr. Gibson: — . . . (inaudible) . . . It's a policy issue. I will

take it up with our board.

Mr. Anguish: — Well if you're going to do that, Mr. Gibson, If you're going to go to the level of the board of directors to get a copy of the contract, would you also discuss with the board and report back to us whether or not we could have a copy of the actual study? We'd be very interested in seeing the study.

Mr. Gibson: — Fine.

Mr. Anguish: — Thank you.

Mr. Baker: — Mr. Gibson, I just wondered if you were aware of what the objectives of the study were and what the objectives that we were going to try and reach. That's one. And the other one is, if so in the study, would there be information, that related to the competitive world, that maybe we should not look at, or maybe there's no problem with us looking at it, and I guess that's really where we're heading, is to find out whether or not it's in the interest of the public or . . . Those two questions would be . . .

Mr. Gibson: — Well the study has been loosely characterized as a study on government efficiency in the government operations. So my impression is, is that they were reviewing the efficiency and the effectiveness of the various government entities. In order to do that, they would have to do a fairly in depth review into the operations of these various entities, so there would be . . . I'd be very surprised if a lot of the information in the Coopers & Lybrand study would not be considered to be confidential.

Usually, you know, what would happen in a study like that is, they would pick specific examples and review them. So in some departments or agencies they would be going after individual items which, you know, could have to do with individual people, and disclose what happened with those particular incidences. So I think you're correct there that there could be some stuff that is in that report that would be considered confidential and should not be released publicly.

Mr. Rolfes: — Mr. Gibson, I just want to make a comment on your last comment. In this committee we are told time and time again we cannot elicit opinions from the witnesses that are before us. You just made an opinion because you've told us that you have not seen the report.

Mr. Gibson: — If I didn't preface it properly, I apologize, but I was talking generically about studies of this nature rather than . . . which I do have some . . .

Mr. Rolfes: — In all due respect, sir, it does not pertain to this study, since you have not seen the study. For you to say that there may be something in there that may be of an advantage to the private sector out there, when you have not seen a copy. Your answer, sir, if I may say so, should have been: I don't know.

Mr. Gibson: — Mr. Rolfes, you know, I have had . . . This study was done by Coopers & Lybrand which is a firm of chartered accountants. I'm a chartered accountant. I was indicating I was talking generically and I wasn't referring

so much as private sector, but individual case studies, if you're talking about, well the Department of Health for example. You know, they could well have looked at individual health accounts.

Mr. Rolfes: — Mr. Chairman, I have a few questions that I . . . I'd like to go back to the auditor. Could you tell me again, and when was that contract signed? What date was that contract signed?

Mr. Wendel: — I believe, Mr. Chairman, it was signed December . . .

Mr. Rolfes: — December 6, 19?

Mr. Wendel: — December 2.

Mr. Rolfes: — 1986?

Mr. Wendel: — 1986. That's the date of the contract, yes.

Mr. Rolfes: — Mr. Gibson, I have a further question. In your answer to me, and can you tell me exactly the date that it was commissioned? You have answered the Coopers & Lybrand study was approved on March 12, 1987 — fully three months later. Contract was signed in December 2, 1986. The Coopers & Lybrand study was approved on March 12, 1987 by the board of directors of Crown Management Corporation.

My question is: how can the Crown Management Board make a decision on March 12 to commission a study — they approved it on March 12; that's what you said here — and yet the contract was signed on December 2, 1986? Got an explanation for that, sir?

Mr. Gibson: — I was told verbally that the board would approve it when they had a formal meeting.

Mr. Anguish: — You told me you were directed by a board minute. Would you . . .

Mr. Chairman: — Mr. Anguish, I have Mr. Lyons next and then . . .

Mr. Rolfes: — I'm not finished yet.

Mr. Gibson, I think the records clearly show that you indicated to Mr. Anguish that you were directed by a board minute. Earlier this morning you indicated that you were directed by a board minute to commission this study. Is that not correct?

Mr. Gibson: — Yes I did, yes.

Mr. Rolfes: — Could you give me a further explanation as to how do those two dates gibe?

Mr. Gibson: — It happens periodically. I was directed by the board to sign the contract, with the indication that it would be dealt formally at a subsequent board meeting.

You know that . . . The board minute is the formal direction. I fully expect that I would not be very surprised to hear, probably, that Coopers & Lybrand might have done some work before December 2 as well. The

paperwork on these things, it's quite normal for it to follow the actual event.

But I would not have signed it without the board giving me their assurances that it would be documented and formalized in a meeting, which it was on March 12, or whatever that date was.

Mr. Rolfes: — March 12, 1987. Mr. Gibson, was that commitment given to you in writing or verbally?

Mr. Gibson: — Well, verbally.

Mr. Rolfes: — And who gave that to you?

Mr. Gibson: — That would have been the minister responsible, which would be the Hon. Eric Berntson.

Mr. Rolfes: — We've seen this in other cases like GigaText where this has happened, and it's certainly not a good expenditure of public funds, and that's why I think we need to get a hold of the study.

Mr. Chairman, I want to move a motion, seconded . . . (inaudible interjection) . . . not yet? Okay, okay, good enough. Okay, no more questions.

Mr. Lyons: — Mr. Gibson, when were you instructed verbally by Mr. Berntson to sign the contract.

Mr. Gibson: — Well if I signed it on December 2, I can only assume that it was prior, prior to December 2.

Mr. Lyons: — Do you have any idea how much prior to December 2?

Mr. Gibson: — I would expect it would be . . . I don't recall the specific date. I can only guess at it for you.

Mr. Lyons: — Well you know, Mr. Gibson, I look at the *Report of the Provincial Auditor* of the Legislative Assembly for 1988, and it's a fairly significant section in this that deals with Crown investments corporation. You've been before this committee once before where this line of questioning was pursued. Your memory has seemed to be extremely selective in terms of what you wish to remember and what you don't wish to remember. Now I'm asking you, Mr. Gibson, when was it that Mr. Berntson verbally told you to sign the contract?

Mr. Gibson: — Well I'm sorry that it is three and a half years ago; I do not remember the exact date of the calendar.

Mr. Lyons: — Do you keep a diary as a business executive as to your conversations with your boss?

Mr. Gibson: — No I don't.

Mr. Lyons: — Do you keep a diary that relates to orders given to you by your boss?

Mr. Gibson: — No I don't.

Mr. Lyons: — You don't. Don't you find that unusual in a person of your position?

Mr. Gibson: — No I don't.

Mr. Lyons: — Right. Somebody tells you to sign a several million dollar contract. You count on your memory to remember that kind of thing?

Mr. Gibson: — Well I don't have to remember it for very long because if I was . . . you know, the commitment was given that it would be followed up by a formal board minute. I would have given instructions to the secretary of the board who controls the agenda to make sure that was on a board agenda.

Mr. Lyons: — That's on the board agenda; I'm talking about the signing of the contract. But leave that aside for a minute. I'll come back to that. When was the Coopers & Lybrand study commissioned?

Mr. Gibson: — Well it was directed by our board formally on March 12, and I understand we signed the contract on December 6 or the 2nd.

Mr. Lyons: — March 12, 1987 — you signed the contract in '86. You gave testimony before the committee that you wouldn't be surprised that work was carried out prior to the signing of the contract. When was the . . . let's put it this way. Who commissioned Coopers & Lybrand? Was it the Crown investments corporation or was it Eric Berntson?

Mr. Gibson: — It was Crown investments.

Mr. Lyons: — Crown investments corporation. And which principal in Crown investments corporation commissioned that study?

Mr. Gibson: — The board of directors commissioned the study.

Mr. Lyons: — The board of directors commissioned the study. It commissioned the study when?

Mr. Gibson: — What's your definition of "commissioned the study"?

Mr. Lyons: — I'm saying, when was Coopers & Lybrand told that we're going to do a study involving we don't know what, because all we have is your word to rely on it. We don't know what that study's about. When was Coopers & Lybrand told to commence a study for whatever reason . . . whatever the parameters of the study were? When were they told?

Mr. Gibson: — I don't know that date.

Mr. Lyons: — Who told them?

Mr. Gibson: — I don't know that for a fact either.

Mr. Lyons: — So we have a major study, according to your own testimony, that was conducted by a firm of chartered accountants, that you signed for . . . Mr. Matthies signed for, without authorization.

Mr. Gibson: — No, there was authorization.

Mr. Lyons: — Prior to any legal authorization and, as it turns out, without any legal authorization, a study that was commissioned under your responsibility, supposedly, that you don't know anything about. Is it any wonder that the members on this side of the committee have real doubts as to the kind of credibility that are attached to your answers in this?

Mr. Gibson: — Well I wouldn't attach the same conclusions that you have, Mr. Lyons. Mr. Eric Berntson, on behalf of the board of directors of Crown Management Board, instructed me to sign a contract which I signed on December 2, and it was formally documented on March 12, 1987. The documentation in our formal minutes is simply for a matter of record.

Mr. Lyons: — Okay, fine. I take it from your answers, Mr. Gibson, that this was initiated without your knowledge; that it was done by one or several members of Crown investments corporation; that the actual study was put into effect prior to going through the legal obligations. Would that be a correct way of putting it?

Mr. Gibson: — Well it was put into effect by the CMB board of directors. I am not aware that the board of directors to . . . I may be wrong. There are no doubt lawyers in the room here that can correct me if I am wrong, but I am not aware of any requirement that a board of directors has to have a formal written minute in order for them to do something legally.

They as a body can act without a formal minute as far as I'm aware. As I say, I'm not a lawyer so it's not a legal opinion; it's my understanding.

Mr. Lyons: — Was there, Mr. Gibson, prior to the March 12 approval, was there a minute from the board of directors of the Crown investment corporation that instructed Mr. Berntson or other members of the board of directors to go and initiate this study?

Mr. Gibson: — I don't recall any right now.

Mr. Lyons: — But you just gave testimony to the committee that you attend all the Crown investment corporation committee meetings.

Mr. Gibson: — That's right. We indicated that March 12 was the minutes, so I can only assume that there probably was not anything.

Mr. Lyons: — But this is the point. How can this study just happen? How can this study just happen? Wasn't it discussed prior, previously, by the board of directors? Or was this in fact initiated, as we've been suspecting all along, initiated in fact with Executive Council and has nothing to do with CIC (Crown investments corporation of Saskatchewan) except to try to hide the expenses of the study in the CIC budget?

Mr. Gibson: — The board of directors of Crown Management Board are the ones that initiated the study. And it was initiated at that time under the full understanding and belief that Crown Management Board was perfectly entitled and statutorily empowered to do it.

It was only 15 months after the fact that it became apparent to us that there was some doubt, or that the CMB did not have the authority. It was done during that 15-month period — that's the number of months — under the full belief that Crown Management Board had full power and authority to do it. The work was done, and what we are now talking about is whether or not CMB should have paid for it.

Mr. Lyons: — No, no.

Mr. Gibson: — The board of directors has the power to commission studies, and that's in fact what they did do.

A Member: — It wasn't the board of directors; it was Eric Berntson.

Mr. Gibson: — No, it was not. Eric Berntson was the person that called me and told me to sign the contract. The board of directors acts . . . The minutes of the March 12 meeting where there was formal ratification, I'm not aware of any dissenting board member. So it was not Eric Berntson, it was the board of directors of Crown Management Board that was calling the shots.

Mr. Lyons: — But how can you say that, Mr. Gibson. This is the question: how can you say that it was done by the board of directors when in fact you have no proof of that statement? There is no evidence.

I ask you again: is there a minute in existence based on your attendance at the board of directors' meeting where this question was discussed prior to December of '86?

Mr. Gibson: — I said earlier, I am under the impression it does not take a board minute to give the board of directors the legal authority to do this type of thing.

Mr. Lyons: — Let's put it this way. Was there a discussion prior to December 6, '86, of the commissioning of the Coopers & Lybrand study?

Mr. Gibson: — In a board meeting?

Mr. Lyons: — Yes.

Mr. Gibson: — No.

Mr. Lyons: — There wasn't?

Mr. Gibson: — No.

Mr. Lyons: — So it wasn't initiated through a board meeting?

Mr. Gibson: — There was not a discussion at a board meeting, no.

Mr. Lyons: — So it was not initiated at a board meeting?

Mr. Gibson: — Not a formally convened one. No.

Mr. Lyons: — No, not a formally convened one. Was there an informally convened meeting?

Mr. Gibson: — Well I don't know. I go to the formal

meetings. There's nothing to say that the people that make up the Crown Management Board of Directors couldn't get together and have a discussion without me being present.

Mr. Lyons: — And go ahead and just sort of get together and decide to do the study. Because I think that . . .

Mr. Gibson: — That's right. As I said earlier, it's not unusual or it's . . . there's precedence where a Board will have some work done without the management being aware of it.

Mr. Lyons: — Okay. Now when did you first become aware that this study was commissioned?

Mr. Gibson: — Prior to December 2, when I received the instructions to sign the contract.

Mr. Lyons: — But you don't know when. Was it six months prior?

Mr. Gibson: — No, no. Well, as I say, I do not remember the specific date. If you push me into a guess, I would say a day or two.

Mr. Lyons: — A day or two before this.

Mr. Gibson: — Yes.

Mr. Lyons: — So to your knowledge then it was around December 1, prior to December 1, when the decision was made to commission the study.

Mr. Gibson: — No, that's not my knowledge. That would be my expectation. I can't recall the specific date but . . .

Mr. Lyons: — And the . . .

Mr. Gibson: — Put it this way. I guess if I received a phone call six months before, I probably would have recalled it because I . . .

Mr. Lyons: — Okay. CIC. You made the earlier comment that in fact you wouldn't be surprised if work was done prior to December. Does CIC get all the invoices. Did you get all the invoices through? Did you pay by way of invoice?

Mr. Gibson: — Yes we did.

Mr. Lyons: — For what? On a monthly basis, on a per project basis?

Mr. Gibson: — It was approximately on a monthly basis. It's probably best described as a periodic basis, but I . . .

Mr. Lyons: — When was the first invoice issued?

Mr. Gibson: — February 2; well, February 2, 1987.

Mr. Lyons: — February 2, 1987.

Mr. Gibson: — That's right.

Mr. Lyons: — Okay. For what period of time?

Mr. Gibson: — I don't know. I don't have that information.

Mr. Chairman: — Can we take a break at this point and you can resume your questioning after the break? Will that be okay? We'll take the 5 minute break at this point.

The committee recessed for five minutes.

Mr. Lyons: — . . . (inaudible) . . .

Mr. Gibson: — Actually that's the date we made the payment.

Mr. Lyons: — Okay, the date you made the payment. So that's not necessarily the date that the invoice was . . .

Mr. Gibson: — That's right.

Mr. Lyons: — So it would be prior to that. How many invoices did you receive?

Mr. Gibson: — Thirty-one.

Mr. Lyons: — You received 31 invoices. What was the amount . . . Look, you've got a list there, of invoices there. Can you provide the committee with a copy of that list of invoices?

Mr. Gibson: — I will check to see if I can.

Mr. Lyons: — Well it would save us a whole bunch of time, because I want to start asking you . . . What was the amount of the first invoice?

Mr. Gibson: — I'm not sure that I'm authorized to give you that, Mr. Lyons. I don't really know what the tradition is.

Mr. Lyons: — I'm not asking you now about the content of what was the invoices paid for. I want to know how much the first invoice was for.

Mr. Hopfner: — Mr. Chairman, just on a point of clarification. This . . . Is it not stated here that the contract was for 2.7 million . . . (inaudible) . . . If you're going to break it down into . . . It won't mean anything for this committee unless we know whether it was a \$100 expenditure for this or a \$10,000 expenditure for that particular item. And I think this is just a little bit far-fetched in the line of . . .

Mr. Chairman: — Let me just . . . First of all, there's no point of clarification. We will entertain points of order. I'm not quite sure just what the purpose is to Mr. Lyons' questioning at this point, but I'm prepared to let him go on at this point.

Mr. Hopfner: — Can you get it clarified for me?

Mr. Chairman: — You know, and I'm sure, that he'll let the committee know in due course. If he goes on some, what appears to me, pointless line of inquiry, I will certainly bring that to his attention. But at this point he has a question to ask. Mr. Gibson may or may not want to give

him an answer.

I guess you might say that what the committee has here, to put it in perspective, is a \$2.7 million expenditure by government. All right — \$2.7 million expenditure by government, which we are finding out was improperly authorized. Point number one.

Point number two, we really have no indication as to what the money was spent for, what it might have been used for . . .

Mr. Hopfner: — No . . . (inaudible) . . .

Mr. Chairman: — . . . so it's only normal, given that context, for committee members to be curious about all aspects of the expenditure.

Mr. Hopfner: — On a point of order there, Mr. Chairman, it was stated very clearly what the moneys were expended on. It was basically a study of the Crown investment corporation and basically an internal review of the efficiencies and the effectiveness of the corporation and everything involved.

Mr. Chairman: — Yes. No, I agree with you.

Mr. Hopfner: — And that answer has been given.

Now we are breaking it down as to a line of questioning that is coming in to, well how much was the first invoice? Well that amount does not mean anything unless we know what was done for that particular amount. And that, Mr. Gibson had indicated he cannot give at this time because he'd have to get permission from his board of directors whether they wanted to release that or not. And if the line of questioning goes on any further, I would indicate to you that that's badgering the witness.

Mr. Chairman: — Again I just want to make it clear that we have a \$2.7 million expenditure of government, \$2.7 million. This expenditure was improperly authorized, point number one.

Mr. Hopfner: — That was after the fact.

Mr. Chairman: — Point number two, all we are told is that this is some nebulous internal study — no other details. I think the committee will always want to know, not only were expenditures properly authorized, but also was there economy in the acquisition of goods and services; was there regard for the efficiency in operations; was the study effective in terms of achieving its stated objectives. Those are proper lines of inquiry for the committee.

Mr. Hopfner: — And we got those answers.

Mr. Chairman: — So that it's only curious, or it's only normal, that given the lack of information to date, that members of the committee would be curious and would be asking many questions, many questions about this study. So at this point . . .

Mr. Hopfner: — This is just repetitious.

Mr. Chairman: — Well it may be repetitious at times. I think that's . . . when one does not have an answer, one tends to ask questions in different ways to see if you might get an answer. Mr. Lyons asked the question. Go ahead Mr. Lyons.

Mr. Lyons: — I want to know the amount of the first invoice.

Mr. Gibson: — Well, as I said, I don't believe I have the authority to tell you that. What I can tell is there are 31 of them starting February 2, 1987, ending May 5, 1988, and they all add up to \$2,680,522.63.

Mr. Lyons: — Say that number again.

Mr. Gibson: — \$2,680,522.63.

Mr. Lyons: — Okay. And the bulk of the expenditure of that \$2.68 million, was it made in 1987 or 1988?

Mr. Gibson: — The bulk of it was in 1987.

Mr. Lyons: — In 1987. How much of it was in 1987?

Mr. Gibson: — Well, I don't have a subtotal here, but give me a second, I'll give you a ballpark number. All but, I don't know, \$150,000 was in '87.

Mr. Lyons: — All but \$150,000? Okay, so roughly 2.73 in 1987.

Mr. Gibson: — Pardon me?

Mr. Lyons: — \$2.73 million.

Mr. Gibson: — No, no, no. The total was less than 2.7.

Mr. Lyons: — Pardon me, 2.53.

Mr. Gibson: — 2.53 or something like that — whatever.

Mr. Lyons: — In the 1987, in your financial statement, where is that expenditure reflected?

Mr. Gibson: — It will be on our income statement. Just a second here, we'll tell you the caption. It's on page 18 of our annual report; it will be in the caption: operating costs other than those listed below.

Mr. Lyons: — Under the operating costs of the \$1.121 billion?

Mr. Gibson: — That's right.

Mr. Lyons: — So it was included in there, okay.

Now you stated earlier that about 5 per cent of the study dealt with the Crowns corporation and 95 per cent dealt with other. Could you tell us . . . breakdown the 5 percent to the Crowns and the 95 per cent to the other. What do the reports . . . (inaudible) . . .

Mr. Gibson: — Well, that's not my breakdown. I believe I got that out of . . . or from something that the Provincial Auditor put out, and it's their calculation.

Mr. Lyons: — We may ask the Provincial Auditor then, or the Acting Provincial Auditor, Mr. Wendel, what was the 95 per cent? What did the study deal with, that other 95 per cent other than the Crown investments corporation?

Mr. Wendel: — Mr. Chairman, Mr. Lyons, I don't have that information with me. That will be in the next year's annual report.

Mr. Lyons: — . . . (inaudible) . . . annual auditor's report?

Mr. Wendel: — That's correct. I think if you note in this annual report, it's stated here that we will go and look for the information and determine that amount, and that would form part of the next annual report.

Mr. Lyons: — Has it been cleared?

Mr. Wendel: — Yes, it has.

Mr. Anguish: — It pertains to this year. I don't know why we couldn't be told that, Mr. Wendel, if it's already been done and this is the year under review.

Mr. Lyons: — Well I mean, I just find that it's running into a stone wall on any more questions. And I mean it's, you know, the amount of secrecy that surrounds this whole situation where you have that \$2.7 million improperly expended, and then all of a sudden you can't find out what it was.

Mr. Hopfner: — Point of order. Those accusations can be discussed after a motion has been presented on the floor, or something like that, but they're not allowed, according to this.

Well you gave us the rules here, and accusations in debate carry on after a motion's been put on the floor.

Mr. Chairman: — Mr. Hopfner, I'm certainly aware the operating procedures state that political partisan discussion is to be excluded from the questioning of witnesses. But to use a word and agitate such as . . .

Mr. Hopfner: — The member's in the gutter, sir. I'd ask you to get him out of the gutter.

Mr. Chairman: — There is nothing in the operating procedures that talks about members in the gutter. But it does state that political partisan discussion is to be excluded from the questioning of the witnesses. Sure enough, that's an operating procedure that the committee's agreed to.

But for a member to use an adjective such as secretive, I think can hardly be construed as therefore being political partisan discussion. I'm listening very attentively to what Mr. Lyons is saying, and if he should . . .

Mr. Hopfner: — That has nothing to do with this committee, that it's secretive.

Mr. Chairman: — Well, Mr. Hopfner, you're interrupting the chair.

Mr. Hopfner: — Well you interrupted me.

Mr. Chairman: — Well the Chair makes the ruling. I'm trying to answer the point that you raised. But I'm listening very attentively to what Mr. Lyons is saying, and I will certainly call him to order if I see him dwelling in political partisanship — seeing him discussing political partisan considerations. And I'm sure that you and other members of the committee will also, should I miss it, draw it to my attention.

Mr. Lyons: — Now if I may continue. I'm saying that I find it more and more difficult to get to the bottom of this situation where you had a \$2.7 million expenditure improperly done, in the opinion of not only the auditor now, but it's also the legal opinion that Crown investment corporation had. So I'm going to ask Mr. Gibson just a couple more questions regarding that.

You said earlier today, Mr. Gibson, that the legal opinion given to you regarding the improper expenditure was withdrawn, and I find that a curious term. It's not often that lawyers will put forward a legal opinion and then reverse that legal opinion. Why was that legal opinion withdrawn? What was the process by which it was withdrawn?

Mr. Gibson: — Well you're right, it is unusual. We received a letter from Balfour Moss basically just stating exactly that, probably even using those words.

Mr. Lyons: — Was Balfour Moss the firm in which you sought the original legal opinion?

Mr. Gibson: — That's correct.

Mr. Lyons: — And they put forward a position — what? — that they were incorrect in their legal opinion? Do you have a copy of that letter here?

Mr. Gibson: — I can't table the legal opinion with you, but I do have a copy of the letter here. The essence of the letter states there is another side of the coin and that the Provincial Auditor's legal counsel . . . I believe what happened was the Provincial Auditor got a legal opinion from his legal counsel which stated the opposite to what ours did, and the two lawyers got together and discussed it. And this letter acknowledges that the Provincial Auditor's lawyer does have some legitimacy to his point of view, and while it was a point that could be argued at length, you know, it was not clear who would win the ultimate argument, whether anybody would or not.

So the quote from the letter is: it would seem to be better to take remedial action than to argue at length.

Mr. Lyons: — What was the date of that letter?

Mr. Gibson: — It's February 6, '89. And I guess that's . . . we talked about this date before, I think.

Mr. Lyons: — Yes.

Mr. Gibson: — We said March, and it was actually February 6.

Mr. Lyons: — February 6, '89. Okay, just a couple more questions regarding the Meadow Lake saw mill. I'm wondering how that situation has been resolved.

Mr. Gibson: — Well there was a disagreement between . . . we did not agree with the position taken by the auditor of Meadow Lake saw mill. They initially agreed with our accounting treatment of that particular issue. They then rethought it and withdrew their opinion and reissued another version of it. It was then reviewed between ourselves and our auditors, and our auditors and Meadow Lake saw mill's auditors. And our auditors agreed to, I guess, disregard the opinion of the Meadow Lake saw mill auditors and did their own audit work on that particular issue. And rather than relying on the Meadow Lake saw mill auditors, they relied on their own work to form their opinion.

Mr. Lyons: — Do you know who the auditor for the Meadow Lake saw mill was?

Mr. Gibson: — It's a firm that's now called Peat Marwick Thorne.

Mr. Lyons: — And which audit firm did you use that disagreed with Peat Marwick Thorne's?

Mr. Gibson: — The current name is Ernst and Young.

Mr. Lyons: — Good firm. And so what's been the conclusion?

Mr. Gibson: — Well there's, I guess, an agreement to disagree. The financial statements for Meadow Lake saw mill were qualified by Peat Marwick Thorne because they did not agree with the accounting treatment. Those statements are included in our financial statements as part of the consolidation process. And Ernst and Young did their own work and they concluded that any impact, you know, number one, I think they concluded that management's treatment of the issue was the proper one and that there was no significant impact on the Crown Management Board's consolidated financial statements.

Mr. Lyons: — Mr. Wendel, there will be a statement to the effect of the resolution, if such, by the Provincial Auditor in the next annual report?

Mr. Wendel: — Yes, Mr. Chairman, and Mr. Lyons. The 1989 annual report will discuss this matter.

Mr. Lyons: — And do you accept the point of view put forward by Mr. Gibson as to the resolution of this?

Mr. Wendel: — I think if I understood the point Mr. Gibson was making is that the auditors disagreed as a matter of judgement, I think, which way they were coming from.

Mr. Lyons: — Okay. I've got no more questions at this time.

Mr. Anguish: — Mr. Gibson, would the study that we were talking about before, the Coopers & Lybrand study, you read some sections of the report. Is that correct?

Mr. Gibson: — Well I, yes, see to that last July. I recall reading — I don't know even if the sections is the right . . . I read a couple of pages of it at one time. I'm not even sure . . . I can't recall what I read right now.

Mr. Anguish: — Why wouldn't you read the sections that would be appropriate to Crown Management, Crown investments corporation?

Mr. Gibson: — Well the circumstances in which I read them were we were talking about . . . my memory is just a blank on what I actually read even today. We were talking about something and was handed a couple of pieces of paper which I perused quickly, and that's the extent of my reading of them.

Mr. Anguish: — What was it — an executive summary?

Mr. Gibson: — No, no, it was just a . . . I don't even . . . No, it wasn't an executive summary, no.

Mr. Anguish: — Do you recall reading the section on the security section of the property management corporation?

Mr. Gibson: — No.

Mr. Anguish: — Do you recall reading the section on preparing for privatization?

Mr. Gibson: — No.

Mr. Anguish: — You have no recollection of what you read from the report?

Mr. Gibson: — No.

Mr. Anguish: — Mr. Wendel, I direct my next question to you, and I'm wondering, since it has to do with the year under review, certainly a portion of the funds were paid out in the year under review — could you give us a breakdown now of 5 per cent that was applicable to Crowns and which Crowns it was applicable to, and the other 95 per cent what departments and/or agencies of government that was applicable to?

Mr. Wendel: — Mr. Chairman, Mr. Anguish, that information was determined after this annual report. That's what this report is saying that the Provincial Auditor was going to go out and have a look at all the payments and determine where the payments fit, whether they fit under the departments or whether they fit under the agencies responsible to the Crown Management Board. And that work has now been done.

Mr. Anguish: — It has now been done?

Mr. Wendel: — Yes, that work has been done. Now that work . . . don't have that information with me today, and I'm at the wish of the committee. If they want to have me provide that information, then you know I'd have to come back and bring it back to you. I don't have it with me.

Mr. Anguish: — The reason we would ask is just in terms of timeliness. One of the important functions of the committee is to have timely information, and I think it's

timely that if we could have that information that we would have a better idea as to what we are discussing in terms of the report, Mr. Wendel.

Mr. Wendel: — Again, Mr. Chairman, Mr. Anguish, I'm at the wish of the committee. If you wish me to bring that information to the next meeting, if you make a motion to that effect, I'll bring it.

Mr. Anguish: — Would that be all right with you, Mr. Chairman? Thank you for your diligence and just listening to our conversation.

Mr. Chairman: — Sorry, go ahead.

A Member: — He asked you a question, sir.

Mr. Chairman: — Ask it again.

Mr. Anguish: — I'm asking the question that I asked to Mr. Wendel: would it be appropriate for this committee to have the breakdown of the percentages of the report, the 5 per cent that was applicable to Crowns which they've completed, which Crowns it was applicable to, and the other 95 per cent which was to other government departments and/or agencies? Could he provide us with that breakdown as well?

Mr. Wendel said to me, I believe, that if it was the wish of the committee to have that information come forward, and I'd like you to determine whether it's the wish of the committee to bring that information forward since it's appropriate and it's certainly timely, and I don't know how the committee can function without timely information on something that's appropriate to what we're dealing with here today.

Mr. Chairman: — I certainly cannot determine the wish of the committee, but I would point out the following, that it seems to me that the bulk of the expenditures that we're talking about occurred during the fiscal year under review. So it's not an unreasonable request to make, that given the expenditures and activity that took place to a very great extent on a year end of review, the committee wants to know now how those expenditures were apportioned. Fair request. The auditor is saying but we really . . . so our next year's report will tell you how those expenditures were apportioned.

Now it's up to the committee. Do you want to know that apportionment now and deal with it now. If not, then it seems to me the committee has to take the position that in the review of the auditor's report for the next year, that is to say, for the year ended March 31, 1989, that it would then be a legitimate line of inquiry to get back into activities that may in large part have taken place for the year ended March 31, 1988. Now the committee needs to determine one or the other. They can pursue this at this point. Fair enough.

On the other hand, if they don't wish to do that, then it seems to me the committee cannot come back subsequently or should not come back subsequently and say no, even if we know the apportionment now, that really pertains to a previous year and therefore don't want to discuss it. So the committee should be clear as to which

way it wants to go. It's up to the committee, Mr. Anguish.

Mr. Hopfner: — Well, Mr. Chairman, I probably feel that what we should be doing here is basically staying with the year under review and so that we don't set any new precedent and start dealing with two years at a time and get nowhere. I think the members opposite of the committee here can definitely pick up with their line of questioning. It's all in *Hansard* here, and there should be no problem with that in picking it up once the information is tabled in the House and we get into the 1989 Provincial Auditor's report. I don't think we should delay our proceedings under the 1988 report, because I know this side of the committee has been accused on a number of occasions last year that we were trying to delay it. And I'm not trying to delay it, I'm trying to get through with it so we can get into the 1989 report, and we'll deal with it then.

Mr. Rolfes: — Mr. Chairman, I really don't see the logic of the member from Cut Knife-Lloydminster. The bulk of the expenditures were for 1987-88. The only reason that the Provincial Auditor did not report it because it was too late in the year. Had it come out . . . had the legal opinion been earlier and had he been had access to it, it would have been in this year's report that we are studying right now.

Now the information is available. It is very timely for us to have that information right now. And I think in order for us to finish the Coopers & Lybrand report as it pertains to 1987-88, we should have that information. And let's do it now and then we're finished with it. If it comes before us again next year, we're going to go through the whole thing again. And I'm sure that Mr. Gibson would appreciate us not going through the whole thing once more. Because it will be another year and that will be either four or five years that we're expecting him to remember. Now that's not very timely information. And I hope the members opposite would agree to our request to have the Provincial Auditor bring that before us next day so that we can then finish up with this analysis and study of Coopers & Lybrand.

Mr. Hopfner: — I don't think Mr. Gibson minds.

A Member: — You're a mind reader, are you, Mikey?

Mr. Baker: — Mr. Chairman, just for clarification for a new member on the committee. If in fact we've sanctioned this information, would it be setting a major precedent, and could you reflect on future directions that the committee might go? I mean, if that's the question here, that's foremost in my mind at the moment.

Mr. Chairman: — I don't think so. I think the important thing to understand is that the Legislative Assembly wants to know or wants to have the committee's opinion in report as to his thoughts on a certain year of expenditures. And since there's no disagreement in this instance that the major activity, the major expenditures took place under the year that we're now considering, that it might be reasonable to say that, look, we should have that information and deal with this subject because most of it pertains to the year under review.

The alternative is to come a year or two later and say, well

the auditor has reported now on something that occurred two years ago, but we're now only getting into it.

Mr. Baker: — I've spent quite a number of years on Crown corporations, and I know that I can clearly see that if we allowed that flow of information back and forth, we may never get done. Because information is produced on a daily basis, and I guess I would have to kind of have some hesitation as to whether we should set a precedent here.

Even though common sense tells me that if we could change the way government operated, it would be reasonable, but I can see the member from Lloydminster's point and I can see the member from Battleford's point. And if we're going to stay with traditional rules, my common sense says we should do it, but I think that we could wind up in a situation where it may encumber the committee down the road and just make it unworkable.

Mr. Chairman: — It's entirely up to the committee what it wishes to do here.

Mr. Anguish: — You know, there's no motion on the floor, Mr. Chairman, and if the members don't want to bring that information forward, that's fine. I guess we'll deal with it next year again.

I don't think that we're . . . I haven't sat on the Public Accounts Committee, but I would find it very surprising if we would be setting a precedent by having the auditor give us information that has been completed in another year but was appropriate to the year under review. I just don't believe that we're setting any precedent by doing that.

I'm sure there are many examples of this committee. In fact, Mr. Wendel's predecessor, I can recall, maybe not that specific information I was requesting, but if something had been looked into, if the report said it would be looked into further but there wasn't time and we asked the question, has that been completed, they say, yes, no, they'd provide that kind of information. So we're not setting any large precedent by doing that.

Mr. Chairman: — Let me just say again that I don't think there's any precedent. All this arises out of statements in this year's report and concerning activities and expenditures during the year under review.

Now it seems to me to be entirely appropriate to ask for the information as to, well if this was inappropriately spent, as we've now found out, or authorize, then how was the payment made of these moneys? That's entirely reasonable. But I just . . .

Mr. Anguish: — Mr. Chairman, I withdraw my request for the time being. I want to, before 10:30 comes, I do have the floor and I have a couple of other questions I'd like to ask Mr. Gibson while he's on the docket here as a witness.

Mr. Chairman: — Let me just make one other point. If, in the ensuing auditor's report, the auditor reports that, you know, these expenditures were apportioned in the following manner, then it seems to me that it's appropriate to rule at that point that even though, like the

auditor said in his '88-89 report that, as an example, 20 per cent was paid by the Department of Social Services, then it seems to me reasonable for the committee to ask the Department of Social Services to come before it to report on expenditures which were apportioned in '88-89, but for activities which took place in '87-88, and for that then to be a legitimate line of inquiry at that time.

Mr. Anguish: — Can we have motion that was, like, put on the floor?

Mr. Chairman: — By all means. You have the floor.

Mr. Rolfes: — Mr. Chairman, I would like to move, seconded by the member from Regina Rosemont:

That the Public Accounts Committee request that a copy of Coopers & Lybrand study, commissioned by Crown Management Board on March 12, 1987, be made available to the Public Accounts Committee.

Mr. Chairman: — The motion has been made by Mr. Rolfes, seconded by Mr. Lyons. Do I need to read it again? Take it as read?

Mr. Hopfner: — Read it again.

Mr. Chairman: — Read it again? I move that the Public Accounts Committee request that a copy of the Coopers & Lybrand study, commissioned by Crown Management Board on March 12, 1987, be made available to the Public Accounts Committee. Any discussion on the motion?

Mr. Baker: — Well, Mr. Chairman, I would ask all members to not support this motion until we had some absolute assurance that the info in this study would not affect the real world as far as the competitive nature of things that happened. And for that reason and that reason only, I would ask all members to not support it.

If we're dealing with something that we're going to bring forward that we don't know what's in it, I mean, it could be the improper thing to do. I think we should have a look at the auditor's comments when he tables his new document and then maybe discuss it again. At this moment I would ask all members to defeat the motion.

Mr. Rolfes: — Mr. Chairman, yes. The reason I made the motion was, you know, we've heard in this new session of this legislature the Premier saying he wants to co-operate with the opposition, he wants consensus, and he wants an open government. And he wants to have the public be aware of government expenditures and that we should . . . that whatever the government can do, they will co-operate with the opposition to make absolutely certain that the information will be available to the people.

It's our function, Mr. Chairman, to make sure that we peruse the expenditures of government in the Public Accounts Committee. That's our duty; that's our obligation.

We found out this morning, unbeknownst to us, that 95

per cent of a \$2.7 million expenditure was not legislatively . . . did not have the legislative authority to pursue it, that study. It simply was not there, and therefore we have an expenditure of well over \$2 million that is improperly spent. Surely the members of this committee on both sides would want to know whether or not this government was accountable for the expenditures of those funds. What were those funds expended on? We don't know. We just tried to get into that and were turned down by the members opposite.

I'm simply saying, gentlemen, look, you want an open government, you want a co-operative government, you want us to co-operate with you people, and every time we want to do our job, you're saying no, we're not going to give you the information. I think that for the sake of this committee you people should agree with us. Let's have that study before us, and then we can debate it and see whether or not that money was properly spent or not.

Thank you, Mr. Chairman.

Mr. Chairman: — I have Mr. Hopfner, then Mr. Muller, but it's also 29 minutes after 10, by my watch. What is your wish? Do you want to continue the discussion today or pick it up again on Thursday?

A Member: — Thursday.

Mr. Chairman: — Pick it up on Thursday? So we adjourn at 10:30 unless it's the committee's wish to continue the discussion and to carry over. But if not then . . .

Mr. Hopfner: — Is the motion lost if we don't deal with it?

Mr. Chairman: — No, no. The motion will come back to us on Thursday morning. Okay, we'll meet again Thursday morning at 8:30. I have Mr. Hopfner and Mr. Muller on the motion of Mr. Rolfes.

The committee adjourned at 10:30 p.m.