

Report of the Provincial Auditor, 1988-89 (continued)

Mr. Chairman: — Good morning, everyone. Mr. Hopfner, who had the floor, is giving up the floor at this time. Mr. Anguish, do you have any questions?

Mr. Anguish: — Yes, I just have a few questions of the auditor. I'm wondering if the auditor can tell us how many Crown corporations that . . . maybe list the Crown corporations that are 100 per cent owned by the government, and you can confirm whether they're the total or whether they're additional Crowns owned 100 per cent by the province. Would that be possible to do that?

Mr. Wendel: — I could try. I don't have all that information in front of me but . . .

Mr. Anguish: — SaskPower Corporation?

Mr. Wendel: — That would be 100 per cent.

Mr. Anguish: — Sask Government Insurance?

Mr. Wendel: — Yes.

Mr. Anguish: — Sask Economic Development Corporation?

Mr. Wendel: — Yes.

Mr. Anguish: — Sask Forest Products?

Mr. Wendel: — We're just checking that, Mr. Anguish. I'm not certain what activity it had in '88.

Mr. Anguish: — Agricultural development corporation?

Mr. Wendel: — In the case of forest products corporation, that would still be 100 per cent owned. It's still there. And Agdevco, yes.

Mr. Anguish: — Sask Development Fund Corporation?

Mr. Wendel: — Yes.

Mr. Anguish: — Sask Water Corporation?

Mr. Wendel: — Yes.

Mr. Anguish: — Sask Transportation Company?

Mr. Wendel: — Yes.

Mr. Anguish: — SaskTel?

Mr. Wendel: — Yes.

Mr. Anguish: — And we understand that WESTBRIDGE Computer Corporation is owned to the extent of 60 per cent of the shares are held in SaskTel?

Mr. Wendel: — I believe it was 61 per cent, the note in the financial statements.

Mr. Anguish: — Can you tell me the total number of companies by name that are held within CICIII (Crown Investments Corporation Industrial Interests Inc.)?

Mr. Wendel: — Mr. Anguish, I'm in the Crown corporation's annual report book here and in the 1988 annual report for the Crown Management Board they list the following information:

CICIII's investment portfolio at December 31, 1988 included 100 per cent voting interest in Prairie Malt Limited and 586643 Saskatchewan Ltd., 75 per cent voting interest in Saferco Products Inc., 33.8 per cent voting interest in Saskoil and . . .

Mr. Anguish: — I'm sorry, the percentage of Saskoil?

Mr. Wendel: — 33.8 voting interest

. . . and a 15.7 per cent voting interest in IPSCO Inc.

And they also list some mortgages that they hold. If you want that information I can read that in, too.

Mr. Anguish: — Is that in the annual report, the mortgages that they hold?

Mr. Wendel: — Yes.

Mr. Anguish: — It's my understanding that the government no longer has 75 per cent in Saferco.

Mr. Wendel: — This is as at December 31, 1988. I have nothing more current than that with me.

Mr. Anguish: — What about the Millar Western pulp mill at Meadow Lake?

Mr. Wendel: — I have no information on that with me, Mr. Anguish.

Mr. Anguish: — We're in '89.

Mr. Wendel: — It would be for the year ended March 31, '89, which would include Crown corporation annual reports of December 31, '88 or for any other year end during that . . .

Mr. Anguish: — Can you tell us the percentage of our interest in the Lloydminster upgrader?

Mr. Wendel: — I'd have to look that up, Mr. Anguish.

Mr. Anguish: — You could provide that to us though, could you?

Mr. Wendel: — Yes I could.

Mr. Anguish: — Can you tell us the percentage of our interest in NewGrade Energy?

Mr. Wendel: — Again reading from this 1988 annual report, NewGrade's outstanding voting shares are owned

50 per cent by the province of Saskatchewan through CIC (Crown Investments Corporation of Saskatchewan).

Mr. Anguish: — Cameco, what percentage interest do we have in Cameco?

Mr. Wendel: — It's 61.5 per cent of the issued common shares.

Mr. Anguish: — 61.5?

Mr. Wendel: — Yes.

Mr. Anguish: — The Crown investments corporation also hold I think it was referred to as an income debenture on Weyerhaeuser?

Mr. Wendel: — Yes, that's held by the Crown Investments Corporation Industrial Interests Inc. So they own the income debenture of Weyerhaeuser Canada Ltd., yes.

Mr. Anguish: — What was the rate of return to the province of Saskatchewan on that debenture?

Mr. Wendel: — We would have to get back to you on that, Mr. Anguish.

Mr. Anguish: — Can you tell us the total revenue for the Crown investments corporation in the year under review?

Mr. Wendel: — Attributable to the income debenture on Weyerhaeuser?

Mr. Anguish: — Well along with that too. I'm speaking more in total of the revenue that would be gained through their holdings.

Mr. Wendel: — The Crown Investments Corporation of Saskatchewan presents its statements on a consolidated basis. That's what I have before me. I can give you the gross revenue they've reported here, but that would ... I'm not certain whether that would answer your question. They reported \$2,142.597 million which was gross revenue.

Mr. Anguish: — What would be their ... I don't know what they call it. Would it be something comparable to a net profit?

Mr. Wendel: — The net income reported here is 436.833 million.

Mr. Anguish: — And there was 200 million put into general revenue for the Consolidated Fund, or whatever you call it?

Mr. Wendel: — For the year ending December 31, 1988, there's nothing disclosed here as a dividend or a payment of profits over to the Consolidated Fund.

Mr. Anguish: — Is there still an active Heritage Fund in Saskatchewan?

Mr. Wendel: — There are still financial statements produced for the Heritage Fund, yes.

Mr. Anguish: — Are there transactions in and out of the Heritage Fund, or is it stagnant, or what's ...

Mr. Wendel: — Well I believe all the ... maybe the comptroller's office could help you with this. But I believe all the non-renewable resource revenues flow into the Heritage Fund initially.

Mr. Knecht: — Yes, that's correct. Mr. Chairman, there were no dividends from Crown investments corporation reported in the Consolidated Fund or the Heritage Fund for the year ended March 1988 or March 1989.

Mr. Anguish: — Is there an annual report filed in the legislature for the Heritage Fund?

Mr. Wendel: — Yes. It would be part of the *Public Accounts*.

Mr. Anguish: — It's part of the *Public Accounts*?

Mr. Wendel: — I believe there is also a separate tabling of an annual report for the Heritage Fund.

Mr. Knecht: — Yes, there is.

Mr. Anguish: — I have no further questions, Mr. Chairman.

Mr. Chairman: — I was remiss earlier in not introducing Peter Knecht, the director of the central accounting branch for the Provincial Comptroller's division; and Chris Bayda. Chris has been here before. He's also with the Provincial Comptroller's division. They'll be sitting in for Mr. Kraus and Mr. Paton this week, who have business elsewhere. Welcome, gentlemen.

I wonder at this point if I might ask Mr. Hopfner to take the chair.

Mr. Van Mulligen: — Mr. Chairman, I want at this time to move a motion, copies of which have been distributed and which I'll read into the record:

That the committee recommend the government promote the accountability of government in its management of Crown-owned share capital in corporations where the extent of Crown equity is less than 100 per cent and greater than 10 per cent, by tabling in the Legislative Assembly all quarterly statements, annual reports, and other documents received by virtue of its equity position, and by requiring the Crown Management Board or other agencies to account annually, or as required, for their stewardship of Crown equity to the Crown Corporations Committee.

Mr. Chairman, it's clear from the last number of weeks that notwithstanding the significant issues raised by the auditor in chapter 2 of his report, notwithstanding efforts by members of the committee to try and get at least one corporation into the committee to ask some questions about events that transpired, in this case a business corporation, but events which transpired at the point that

it was created, largely because of government initiative, in an effort which was not successful, it seems clear to us that these corporations that the auditor mentions will not be called before us.

There was another motion put forward a couple of weeks ago, or a week or so ago, which called for an expanded mandate for the auditor to conduct an audit of all privatizations because of concerns that are still being expressed about whether people of Saskatchewan got value for their money in all cases, in all privatizations.

These motions were all voted down in committee, but it begs the question of accountability, as outlined in chapter 2. I want to reiterate that the auditor talks about, in his very opening sentence, that "A substantial amount of public money is administered through corporate entities." I believe he mentioned a figure of \$7.5 billion. He mentions that some of these corporations are accountable to the Legislative Assembly — corporations such as SaskTel and SaskPower — but that that is not necessarily the case with corporations that are created under The Business Corporations Act.

And the intent of this motion is to deal with that category of corporation and especially where, or in particular where the government owns less than 100 per cent. I think the committee in the past has dealt with the question of reporting for corporations where the government has 100 per cent of the shares. I don't want to repeat the work of the committee in the past, but I want to deal with those corporations where the government owns less than 100 per cent.

And just to follow up on Mr. Anguish's questioning earlier, I just want to lay out for the committee that this is a not insignificant group, involving a not insignificant investment on the part of the taxpayers of Saskatchewan. The Crown investments corporation, Crown Management Board, owns 100 per cent of CIC Industrial Interests Incorporated. But CIC Industrial Interests Incorporated . . . now according to the December 31, 1989, or as of December 31, 1989 and according to the CIC annual reports, CIC Industrial Interests owns 53 per cent of the Saferco Products Inc. — that's the fertilizer plant in Belle Plaine; 49 per cent of Millar Western pulp in Meadow Lake; 25 per cent of Sask Oil and Gas Corporation, Saskoil; 16 per cent of Ipsco; 18 per cent of the bi-provincial Lloydminster upgrader; and also has a Weyerhaeuser income debenture.

Crown investments corporation also owns 100 per cent of SaskTel which owns 59 per cent of the WESTBRIDGE Computer Corporation. Crown investments corporation, Crown Management Board directly is involved in 61 per cent of NewGrade Energy Inc., the Co-op upgrader; 50 per cent of Cameco; 100 per cent of the Potash Corporation of Saskatchewan, which then in turn owns 31 per cent of PCS Inc. And there are other investments.

So I guess the point of that is to show that government investment in these corporations is not insignificant. And again as the auditor effects the question of how does the government account for this investment in these corporations, the auditor says that this matter is worthy of further study by the Standing Committee on Public

Accounts to determine the accountability to the Legislative Assembly. And I agree with him.

One way was presented by one of the members of the committee a few meetings ago. In fact it was Mr. Muller. In discussing the whole question of WESTBRIDGE where members of this committee were trying to get WESTBRIDGE officials to appear before the committee to answer certain questions, Mr. Muller at one point said, and I want to quote him:

Every area has their spot to do their work. And I feel that WESTBRIDGE should go before the Crown Corporations Committee, and the minister's there with SaskTel to certainly answer your questions and concerns. And I see this is as a way to remove this impasse from the Public Accounts Committee.

Those were Mr. Muller's words. So Mr. Muller was saying that he didn't feel it was appropriate for WESTBRIDGE to come before the committee. And I'll put aside the question at this point as to whether or not that's right or wrong. But anyway, Mr. Muller felt that it wasn't appropriate for WESTBRIDGE to come before the committee, or the officials to answer to this committee. But he said it was appropriate for the minister to answer any questions that members might have in the Crown Corporations Committee about activities or about SaskTel's activities vis-a-vis WESTBRIDGE. That was his comment.

Now again putting aside the question as to whether or not WESTBRIDGE officials should have been before Public Accounts Committee — and I'll go on later to make some arguments why I feel in that particular case that they should have been — putting aside that question, I have to agree with Mr. Muller that in the long run for government to be held accountable for its equity, for its share ownership in those business corporations, then the obvious thing to do is as the motion suggests, is to have the Crown Management Board, or other corporations such as SaskTel in this case, appear before the Crown Corporations Committee. And that's basically what the motion is saying.

The motion also says that shareholder information should be tabled with the Legislative Assembly and then, I assume, referred to the Crown Corporations Committee, in addition to CMB (Crown Management Board of Saskatchewan) accounting for its holdings.

Now shareholder information . . . if Mr. Baker has a share in Sask Oil and Gas Corporation, he will by virtue of having that share receive quarterly statements, an annual report, and from time to time may receive other information from Saskoil by virtue of his ownership of a share, and I use that as an example. So Mr. Baker can be informed, as a shareholder, about the activities of the corporation in which he has a direct investment.

What the motion suggests is that the Legislative Assembly should be provided with no less than that. And if the Crown Management Board is being provided with the quarterly reports and annual reports, quarterly statements and annual reports, that information should then be

tabled with the Legislative Assembly

So if the members of the Legislative Assembly are supposed to hold Crown Management Board and government accountable for how it exercises its stewardship for those shares, the Legislative Assembly then also has that information and can determine for itself, through the Crown Corporations Committee, whether the government's doing that appropriately. Or whether there are questions raised by the quarterly statements, which no doubt there are from time to time for shareholders, that information is then also available to the Legislative Assembly.

The accounting for its holdings, I think that it's reasonable for the Crown Corporations Committee to be able to ask ministers, and the minister responsible for the Crown investments corporation, as to the public policy objectives for any of those corporations in which we have a share. Why do we continue to own 25 per cent of Sask Oil and Gas Corporation? Why do we own 16 per cent of Ipsco as opposed to X percentage of the previous year? Why did you increase? Why did you decrease? What public policy objective are you pursuing with this share ownership?

As in a further example: one of the questions that's been raised or issues that's been raised, and I'm not saying that this is the case or will be the case, but that there have been rumours that Ipsco may relocate some of its operations elsewhere, to the United States. We want you, minister responsible for the Crown management corporation and who votes our 16 per cent of those shares, to answer questions that we have about that. What are our public policy objectives and what do you have to say about that? I think that those are reasonable expectations for members of the Legislative Assembly and for the public to have.

And I look at Saferco and Cargill as one example. Has anyone suggested to me that Cargill, who owns half of Saferco, that the Cargill company and its representatives would not get the quarterly statements, the annual reports, and other information that might flow to a shareholder in the Saferco plant, and that Cargill would not take an interest in those statements and in those reports and in that information, and in fact that Cargill wouldn't demand to see that because it wants to analyse, because Saferco is part of its equity . . . (inaudible) . . .

My sense is that Cargill, in addition to getting that information, that Cargill officials from time to time would also be holding meetings with its directors on the Saferco board to ask them to account for their stewardship of the Cargill shares. I'm not saying that that's a regular mandated procedure of Cargill's — maybe it is — but certainly that Cargill reserves the right to talk to their representatives on that Saferco board.

In fact we know that the web is much tighter than that. We know that Cargill president, Kerry Hawkins, as an example, makes policy announcements with respect to the Saferco plant in his position as president of Cargill. So the connection is a much more direct one than that.

But again it begs the question of what's appropriate for

members of the Legislative Assembly in asking the government to be accountable to it for its ownership in those shares.

And again, it seems to me that it's reasonable that we should be able to ask the government to be accountable for its ownership of those shares and to answer questions. And if there are public policy objectives being pursued, then what are those, and that should be fair game for, you know, members of the public, the Legislative Assembly to ask questions about that. If the only reason we have ownership in these companies or any equity is because of business or profit objectives, then that can also be clearly spelled out, and we can look at it from that point of view. But right now we have no mechanism, none at all.

I don't believe, and it would be stretching credibility to suggest that if quarterly statements and annual reports and other information that a shareholder receives, if that information is tabled in the Legislative Assembly that somehow that might compromise the competitive position of the companies involved.

I don't think that there's one competitor of Saskoil, as an example, one competitor of Saskoil that would not have access to the annual reports and quarterly statements of Saskoil, at a minimum, if they were interested.

I think that's sort of normal practice, that you keep an eye on what your major competitors are doing. And I think it's almost by definition that information which is provided to shareholders is public information. I mean, there's probably additional information that has to be tabled with stock exchanges and other regulatory bodies, whether it's securities and exchange commissions that is available, is public information, that competitors could access if they're interested.

So again, I'm suggesting that by having that information tabled in a public assembly, that members need not raise any concerns about somehow compromising the competitive edge for any corporation in which the Crown has some equity holding. Are we going to compromise Ipsco's competitive position because its annual report and quarterly statements are filed in the Legislative Assembly, even though other steel companies own parts of Ipsco and have shareholdings in Ipsco, as I understand it? I think not.

So that's why I'm putting the motion before us. And I say less than 100 per cent, because we have other motions that deal with corporations in which we have 100 per cent. I'm saying greater than 10 per cent. That's the threshold at the TSE, at the Toronto Stock Exchange, where if a company acquires 10 per cent of a public share offering, then it has to issue a press release to indicate its intentions and to guard against any surprise take-overs.

I'm suggesting that 10 per cent is a reasonable threshold in this case. And if the government's interested in hanging onto some equity of something because it . . . of some public policy objective, chances are it'll be greater than 10 per cent.

I recognize that we also have equity in many other corporations — pension corporations or funds that come

through pension boards and so on — which report to us in other ways. And I'm not interested in getting those necessarily to report to the Crown corporations in the context of this motion, to the Crown Corporations Committee. They do that in different ways. I don't want to include them in this net. I don't particularly want to, you know, say that we should be asking someone about, well you own .0001 per cent of General Motors and therefore you should account to us. That's not the intent here.

So I want to exclude the pension corporations. They're minor shareholders. And I've done that by suggesting that it be greater than 10 per cent.

I think we should reserve the right to call mutant corporations like WESTBRIDGE to ask him questions about the time of formation, given the government role at that point. I mean, there wouldn't be any WESTBRIDGE Computer Corporation if it wasn't for government involvement at that time.

We had questions about the nature of the transaction at that time. I think that it's appropriate that we ask the officials — not the politicians, but ask the officials at WESTBRIDGE about some of those transactions. But that's water under the bridge. Still the questions arise about the future, and I think that it's entirely legitimate, as Mr. Muller suggested, that that kind of reporting relationship then, to ask the government to be accountable for its equity in those corporations, be it through the Crown Corporations Committee and be answered by the politicians.

Again, mutant corporations like WESTBRIDGE, where we have questions about the transactions at the time of formation given the government's role, I think it's fair ball for this committee to ask those people in. In the long run, I think the only way to hold them accountable is as the motion suggests, and that's through the Crown Corporations Committee. Mr. Chairman, those are my comments.

Mr. Swan: — Mr. Chairman, I've listened with interest to the comments the member has made as he moved his motion. I believe that the government has to be accountable for the Crown corporations and the money that it spends. But I believe that there are mechanisms in place today that give that opportunity for members, but they have to take the opportunity in the right forum.

First, there's the Crown Corporations Committee that deals with practically all of the major Crown corporations that we have. And you can talk to the minister and he'll have his officials there, and you should be able to get the information that you're looking for in that forum.

There's the estimates of the departments of government and the ministers responsible for different areas. You can get some answers in that forum. You have question period every day where you can ask questions of ministers, and have the opportunity to access some of the information in that way.

We have the tabling of documents requirements of our legislature. Many of these corporations table documents, and it's a matter then of researching those documents to

gather information that you need. There's also legislation that creates Crown corporations, and in that legislation the requirements for tabling of documents is also spelled out.

So for the member to come here and say that all of this information is not available, I think is rather unfair. That the information is available, but you have to do a little work to sometimes arrive at some of it.

You've raised the issue of WESTBRIDGE several times in your comments and the shares in WESTBRIDGE are held by SaskTel. When the SaskTel appears before the Crown Corporations Committee you'll have the minister and the officials of SaskTel there. There's no reason why you can't get your information.

So, Mr. Chairman, I don't believe that the Public Accounts Committee should be passing a motion of this nature which really deals with the work of the Legislative Assembly. We have a very small number of the members of the legislature here. A motion like this should not be coming to this small committee but rather should go to the legislature if there's need for that kind of motion.

Mr. Chairman, I for one will be not supporting the motion.

Mr. Lyons: — Well, Mr. Chairman, it is absolutely no surprise that the position that Mr. Swan . . . and I presume Mr. Swan is speaking for the other members of the government side. Well when given the fact that this recommendation which goes to the Legislative Assembly has been circulated prior to the meeting to the government members, I would take it that the government members are going to all take the line that Mr. Swan has taken.

And once again we see the sheer and utter hypocrisy of the members of the government when it comes to the question of public accountability. Once again we saw here, over the question of WESTBRIDGE for example, the line that was being pedalled by the government members that, oh, the rightful place for WESTBRIDGE is before the Crown Corporations Committee. One after the other the members spoke it — Mr. Muller, other members of the government put forward that position that the rightful place for WESTBRIDGE.

In essence, the issue once again before the committee is the question of how does the government become accountable? In what forms are accountability to take shape? We have tried in the last months in this committee to put forward various suggestions — all reasonable suggestions — by ways of motion that that accountability be taken forward. This is probably the most reasonable motion because it does nothing more than ask for what every shareholder who owns a share in any of those corporations is entitled to receive. And here we see Mr. Swan trying to deny to members of the Legislative Assembly information which is available to any shareholder of any of those corporations that are owned or have the share in by Crown Management Board.

That is the level, that is the depth to which the government's refusal to be accountable, the government's refusal to try to provide any information to

members of the Legislative Assembly have sunk. That's the depths to which the government has sunk — stuck in, in their blind ideological position; stuck in, in their blind partisanship. They say, no, you can't even get what's available to shareholders in these Crown corporations despite the fact that the people of this province have an immense stake, as we have just seen this morning, an immense stake in the equity in those corporations.

And the members of the government would sit here and deny members of the Legislative Assembly information which is available to every shareholder — the quarterly reports, the financial statements, the annual reports, all those things which are available to any ordinary shareholder, whether it was a one share person who had one share or a hundred shares or a thousand shares. They say that the people of the province of Saskatchewan are not entitled to even have that information brought before their elected representatives.

That's the utter contempt to which the government holds the role of members of the Legislative Assembly in this province. That's the utter contempt in which the government looks upon the question of accountability and the role of accountability on behalf of the people of the province by its elected representatives.

And I just say, shame. I say, shame on that, Mr. Chairman, because it is inconceivable in my mind how a totally reasonable motion like this, on the one hand saying, well members of the Legislative Assembly should have the information which is available to any ordinary shareholder of any of the corporations in which Crown Management Board and CIC Industrial has a share; and on the other hand having the ministers appear before the Crown Corporations Committee to justify their public policy objectives, to justify what they've done with the money of the people of the province.

And it is beyond me, it is beyond me how any reasonable person could turn this extremely reasonable motion down and it shows just, I guess, the total divorcing from reality, how far this government has been divorced from reality of what's going on out there and the utter contempt in which the people of this province hold back government and its members.

Thank you, Mr. Chairman.

Mr. Baker: — Thank you, Mr. Chairman. Well I sat on Crown corporations for the past eight years and I can tell you that the requests that are asked for here other than the tabling of the documents have been in place. We've had questions about Prairie Malt. We've had questions about Ipsco, Intercontinental Packers, Westank-Willock, GigaText for three to four weeks, yes, and WESTBRIDGE. All have been questioned by the minister in Crown corporations.

Everything they're asking for is already in place other than the tabling of the documents, quarterly and annually report in the legislature. And if that isn't adequate I don't know what more you can do. WESTBRIDGE was dealt with, many questions in Crown corporations answered by the officials and the minister. Anybody that sat on Crown corporations knows that any area, that a

corporation comes before that committee that has assets outside of the obvious, they've been free to ask questions. Questions have been answered and only at that point the refusal would come when it might inhibit the competitive factor.

And I just named a few. There's others, you know, you don't remember them all, but I remember all of these being on there. And clearly they have access to all of this information at this time. So I don't know why we in this committee should be dealing with something that another committee of the legislature already has access over and are dealing with. Who do we think we are in here to think that we can, 5 or 6 or 7 of us can instruct the balance of the legislature and Crown corporations as to what they're going to do. I mean, we're in public accounts now, I thought. I think it's a redundant motion because it is all dealt with, and there has been questions on equity positions in excess of the less than 10 per cent in Crown corporations. Quite clear that the vehicle is already in place and it's in place almost exactly as the way it's described here. Thank you.

Mr. Van Mulligen: — As I listen to the government members, Mr. Chairman, I have a sense, a very clear sense of a defensive posture on the part of government members as to why the motion should not be passed. Suggestions like, well if you're really interested you can get the information here; you can get the information there; you can get the information in some other place, and therefore we shouldn't deal with the motion. You know, if you really want it, you can find it. And it's available. And to top it all off, that the motion somehow is inappropriate.

Let me deal with the last point first. The motion simply suggests that this committee recommend the government. Any recommendation on our part goes as a report to the Legislative Assembly to be considered by the Legislative Assembly.

We have an auditor who raises a question of \$7.5 billion of public money being administered through corporate entities, saying that this is a matter worthy of further study, and I agree with him. I think members of the Legislative Assembly agree with him. The question is: how do we deal with that?

To make reports and recommendations to the Legislative Assembly is an appropriate responsibility of the committee. I don't think we'd be doing our jobs if we weren't making suggestions and reports to the Legislative Assembly as to how the accountability process can be improved. That's the job of the committee in part.

I beg members to tell me where I might receive quarterly statements, annual reports, and other documents that shareholders receive. Sask Oil and Gas Corporation, Millar Western pulp, Cameco, NewGrade Energy Inc., Saferco, WESTBRIDGE — tell me where I can receive the annual reports and quarterly statements, short of buying a share in those companies. I don't feel like I should have to go out and buy a share to get that information. What you're doing is putting up hoops. You're saying, if you're really interested you'll jump through the hoops. And that's certainly one approach you can take is to make it

more difficult for the members of the Legislative Assembly and the public to get the information. You can put up hoops and say that's how it should be dealt with.

To say that you can go to Crown Corporations Committee and should be able to get the information . . . well yes, the ministers are there, and you can put questions to them and undoubtedly members have in the past. But it begs the question of what information do members have to be able to base their questions on. Do they have the annual reports and do they have the quarterly statements and other information that shareholders in those corporations have? And if they don't have that, why don't they have that? And if they don't have that because they didn't go through the hoops, then I suggest that's not the appropriate response. That's not the way things should work.

You're saying in estimates we can get some answers. Will Crown investments corporation, Crown Management Board, answer questions in estimates — I don't know about WESTBRIDGE Computer Corporation, Ipsco, Sask Oil and Gas Corporation?

And it may not always be appropriate. It may not always be appropriate to ask questions in estimates about some of the public policy objectives that the government has with respect to some of these corporations. There may be questions asked, answers to which are sensitive and therefore need to be dealt with *in camera*. And I would hope that the Crown Corporations Committee has the right to be able to do that if necessary, and therefore the estimates process is not necessarily the best place to be asking questions.

Question period? Question period is a forum to ask about extended questions about public policy objectives in any number of equity investments. Question period if there is a scandal, question period if there is a major problem, question period if there's a major departure from public policy — but not question period for the day-to-day questions, that series of questions that members may build up about one corporation or another. Question period's not appropriate for that.

Tabling of documents? Where are the documents? Where are the . . . When the documents are tabled, where are the quarterly statements and annual reports of Ipsco? Are they tabled in the Legislative Assembly? I'll ask the auditor: is Ipsco required to table its quarterly statements with the Legislative Assembly?

Mr. Wendel: — No, they're not.

Mr. Van Mulligen: — Is Sask Oil and Gas Corporation required to table quarterly statements with the Legislative Assembly?

Mr. Wendel: — I don't believe so.

Mr. Britton: — They never were.

Mr. Van Mulligen: — Never were.

Mr. Britton: — You got it all right there. You can get all the information you need.

Mr. Van Mulligen: — Well, the point is that they don't do that. We don't get that information.

Mr. Britton: — Never have.

Mr. Van Mulligen: — Never have.

Mr. Britton: — You always got it through . . . (inaudible) . . .

Mr. Van Mulligen: — If the government members are now saying that the highest aspirations that we have to public accountability is the way the system operated prior to 1982, then I would say you're headed for a major defeat in the next election, as was the government in 1982. Because if that's all you aspire to, you're headed for big trouble.

Mr. Britton: — Time will tell.

Mr. Van Mulligen: — And your comments this morning about, well, you know, you can do this, you can do that, are essentially defensive posturing.

Mr. Chairman, times have changed since 1982. We now have less ownership, 100 per cent ownership in these corporations. Government has moved from ownership to equity — not 100 per cent, but has equity in these private corporations.

We used to own 100 per cent of SaskCOMP and SaskCOMP used to report to the Legislative Assembly. And you could ask questions in the Crown Corporations Committee about SaskCOMP, what you were doing, and you had the annual report there and the other information about SaskCOMP on which to base your questions.

Now we have WESTBRIDGE. Well where is the annual reports for WESTBRIDGE? Were these tabled in the Legislative Assembly? Are their quarterly statements tabled in the Legislative Assembly? But now we don't have ownership; we have equity. Does that mean that somehow we should have less of a reason to ask questions about government ownership in these corporations, not 100 per cent ownership, but part ownership? That somehow because we don't own 100 per cent, we have no right to ask questions about the very significant stake that the taxpayers of Saskatchewan have in these corporations.

You can put up all the hoops that you want and say, well you know you can do this, you can do that, you can do that. Or you can take a different approach and say that there's a question of accountability in that you always look for opportunities to practise and exercise accountability; that is, to give reasons and explanations for the things that you're doing. I think that's how the auditor defines accountability.

Or you can take the other approach and say, no, we don't want to give you those opportunities. You have to work hard and labour hard and work throughout the night to get the information on which you can base your questions. And that's a defensive posture by a government that doesn't want to open up and doesn't

want to be accountable.

And I encourage members to think very carefully about the things that the Premier had to say last fall about becoming more open, more accountable. And is your response to this motion one way of doing it.

Again, I just want to reiterate, just point out what the auditor says:

The Legislative Assembly . . . has the pre-eminent position in this system because it enacts the laws by which we are governed.

The Executive government is subordinate to the Assembly because it operates under and is constrained by laws passed by the Assembly.

A basic principle of our parliamentary system of government is that the Executive government shall not collect revenue, make expenditures or incur debt without the permission of the Assembly.

And I would say, exercise stewardship over its share equity. And yet we have no appropriate accounting mechanism, no appropriate reporting mechanism.

In the final analysis, members of the committee, when we ask you about having WESTBRIDGE appear before us, you can say no. When we ask you about auditing the privatizations that have taken place, you can say no. When we ask you for any number of ways in which to improve accountability and reporting, you can say no. And you can say no to this bare-bones proposal, this bare-bones motion about, we should get no less than shareholders get. You can say no, and you can no, no, no, no, no many times over, but you'll pay a price for it.

The other question I have is that if you say no, no, no, no, to all of the motions and suggestions and advances from this side of the committee, then what are your own positive responses? And if you say no to this then you'd better start to come up with your own ideas as to how to improve accountability and to put your own motions forward. You've failed miserably to do that. Those are my comments . . .

Mr. Vice-Chairman: — Would you like to take the chair for a few minutes so I can speak.

Mr. Hopfner: — I won't be long, Mr. Chairman. I just wanted to make a few remarks in regards to some of the things that have been stated, and basically that is because of some of the argument that you had made, and as well as Mr. Lyons.

The defensive posturing, I guess if you will . . . You've been throwing that out at the members, government members of this committee, and I'm simply amazed that you would have taken that position and made that kind of a strong statement. I think those are basically the reasons that there are impasses in this committee is basically because of the political agendas that are being brought into here because of members. And I think probably if you would recognize the fact that the politics . . . if members, all members would recognize that if they kept the politics

out of this room and had dealt solely with the auditor's report, there would not have to be any defensive posturing, if that's what you want to call it. But the minute you bring politics into a committee such as the Public Accounts Committee, you bet there will be defensive posturing because of the ideology that is between two parties in the Assembly.

And when you made the statement that times have changed, government has moved from 100 per cent ownership, you bet they've moved from 100 per cent ownership. That again is an ideology. You, as member of the opposition in the province of Saskatchewan, had that ideology when you were in government — 100 per cent ownership, government ownership, government rule of thumb right across this . . . And people were fed up with that. They wanted change. They wanted a chance to invest in this province. They wanted to have an opportunity of being free and move around this province freely.

You talk about the trust factor. Well I've seen radical members such as the member from Rosemont, member from The Battlefords, at times just right out of control, right out of control because they wanted to have every little bit of piece of information that was humanly possible to get from a particular corporation. From the questions that were asked in this committee you could see the direction they were going.

And if that's the case, you look at SEDCO. SEDCO is in partnership. It's a government-owned entity. It's in partnership with a whole lot of corporations in this province. In a lot of cases, 75, 80 per cent ownership because of the types of loans that are put to a lot of the small businesses in the province of Saskatchewan.

And where do we stop? You want to haul every one of those corporations in here because SEDCO is a partner, because the government is involved as a partner through SEDCO with all these small businesses? I say not. Because I'll tell you something. You, you, as members of the opposition, would be in a terrific amount of trouble having to deal with the public, with the small business, with the ruination of small businesses by bringing them into a Public Accounts Committee where they do not have that jurisdiction at this time and should not have that jurisdiction.

Those people would be . . . those small businesses out there would be totally upset if we allowed something like that to carry on in this province, where they would not have the freedoms of independent ownership and running of those particular little corporations that they have out there. And I don't . . . Those freedoms are enjoyed by the people of the province and they're allowed to move freely within a province and to work and to do business in this province. I would suggest that is what the people of this province want.

More open, more accountability is what you're saying that this government should give to the people of Saskatchewan. I said this last day: that this government has opened this committee up, as well as the Crown Corporations Committee, up to the public. It used to be, under your administration, the NDP government of the

day, that even the media were not allowed in the rooms. Not even the media.

And the media are allowed to walk into this room freely. Walk in and out freely. They're allowed to ask questions freely. Any of the public are allowed to walk in and out of these meetings freely and obtain the information.

And I say to you that you look at the floor of the Assembly, where you have cameras, where you have the scrutiny of the public as the questioning and answering is going on in the Assembly. You feel that there is no accountability towards that? There is public scrutinizing on screen in people's homes. Never done under an NDP administration. Never thought of.

And I want to say that there has been a lot of information flow to the general public, and I say that this government has been one of the most open governments in the history of the province of Saskatchewan.

There are many things that I could say, and it's because of the fact that . . . points that you and other and Mr. Lyons had brought out, Mr. Chairman, is that I know now that it is not accountability that you're looking for. You're looking for a fight and an ideology that we will take and I will stand for in any election opposing those kinds of party stands. And I am proud to be a Tory and I'm proud to be under the Grant Devine administration government here in the province of Saskatchewan. And I'm glad to stand for the freedoms that people enjoy in business today.

I don't believe for one moment that people have elected anyone of us, including yourself, Mr. Chairman, including yourself, to be only harassed and brought before some Public Accounts Committee to be asked a lot of internal questions of the operations of their particular little companies. And be it any size company, whether it's a smaller to a little larger company, I don't believe that's what you and I were elected for, and I don't believe the public out there expect us to have been elected for, for that particular reason.

So I myself, although I was . . . I agree with some of the comments of the motion, where the government promote accountability. I call on every government across this country and in the world to be accountable. That's what we run for. That's what we believe in. There's none of us, I would hope, would ever believe in something different. I can't disagree with that. I believe though that people should have the freedoms, have the freedoms to be able to operate without having to worry about . . .

A Member: — Political interference.

Mr. Hopfner: — Exactly. The political interference that is being asked upon by this particular motion and by some particular members of this committee. I too will be voting against this motion.

Mr. Chairman: — Can I just ask a question and . . .

Mr. Hopfner: — No, I've made my statement; you read it

Mr. Chairman: — No, I just want to ask a question and that is the . . . some of the members said . . . I'm looking at the *Rules and Procedures of the Legislative Assembly* in the appendices. And it says "television guide-lines" and these are a set of guide-lines for use of television in the House. And these were adopted on April 28, 1981.

Mr. Swan: — There was no television in the House until October, I believe, or November '82.

Mr. Chairman: — Right. Well you don't put in television without having guide-lines and I just draw that to the member's attention. Anyway, is the committee ready for the question? Is it the pleasure of the committee to adopt the motion?

Negatived

Mr. Chairman: — Let's take our break.

The committee recessed for a short period of time.

Mr. Chairman: — Members have any further comments to make at this point about chapter 2?

A Member: — It's a very enlightening little discussion, Mr. Chairman.

Mr. Chairman: — Do members have a sense of where they would like to move to next?

Mr. Anguish: — Yes, I do, Mr. Chairman. We want to call WESTBRIDGE as witnesses before the committee.

Mr. Chairman: — Well, I'd have to rule that one out of order.

Mr. Anguish: — I didn't make a motion. How can you rule it out of order? You just asked where we'd like to go, and I expressed an opinion as to where we'd like to go to.

Mr. Chairman: — Well, if you were to make that a motion, then I would certainly rule it out of order.

Mr. Anguish: — Is there any motion you can think of, Mr. Chairman, that has not already been moved to call WESTBRIDGE before the committee?

Mr. Chairman: — No, I couldn't.

Mr. Anguish: — Well, thank you for your co-operation.

Mr. Hopfner: — Well, Mr. Chairman, did you want to move on then and get back on this agenda that was presented?

Mr. Chairman: — Should we leave chapter 2 and deal with chapters 1, 3 and 4?

Mr. Lyons: — So moved.

Mr. Anguish: — What?

Mr. Lyons: — Well, since he's not going to call WESTBRIDGE, why don't we?

Mr. Chairman: — Is that agreed then? We will deal with chapter 1 at this point?

Mr. Anguish: — Yes, under protest.

Mr. Chairman: — Under protest. Any discussion on chapter 1?

Mr. Lyons: — Yes, I'd like the Provincial Auditor to explain the comment under point number 11, under audit scope.

Mr. Chairman: — We'll deal with chapter 1.

Mr. Lyons: — I want to deal with the very first one.

Mr. Chairman: — Okay, the introduction, that's okay.

Mr. Lyons: — I wonder if you would explain sir, the questions of what you mean by: "The Provincial Auditor previously reported that The Provincial Auditor Act does not explicitly require the Provincial Auditor to examine, ascertain and report to the Assembly on matters related to economy, efficiency and effectiveness."

By that statement do you mean that there is an implicit requirement to report on matters related to the economy, efficiency and effectiveness? And I wonder also, would you take this opportunity to explain precisely what you mean by not reporting on the economy, efficiency and effectiveness?

Mr. Wendel: — Mr. Chairman, Mr. Lyons, the Provincial Auditor reports in the past that The Provincial Auditor Act has implicit authority to inquire into matters related to economy and efficiency and effectiveness. The position he took at that time was that he was not going to get into that field of auditing until such time as the Standing Committee on Public Accounts addressed the matter and made a recommendation as to whether or not he should proceed to audit for economy, for efficiency, and effectiveness.

In paragraph 10 I attempt to explain what is meant by paragraph 11, which is what is meant by auditing for economy, efficiency, and effectiveness. And there are a number of ways that that auditing could be done. You could follow the approach that's followed in the federal government where the auditor makes a judgement as to whether or not economy and efficiency have been attained in the acquisition of goods and services. Or you could follow the model that's followed in Alberta and Manitoba where the auditor comments on whether or not management has put systems into place to ensure that there's economy and efficiency in the conduct of government business. In any event, what I'm reporting here is this office has done neither of those.

Mr. Lyons: — Okay could you explain the . . . The economy I think is fairly clear. Efficiency is less clear in the sense that to me that that in some ways involves a subjective judgement as to the social ends of a program or public policy objectives. And effectiveness of the . . . and the question of effectiveness would appear to me to be a question of political judgement as opposed to a question

of accounting procedure. I wonder perhaps if you may want to elaborate a little bit by what you mean by both efficiency and effectiveness.

Mr. Wendel: — Mr. Chairman, Mr. Lyons, I was just searching for a definition from the Institute of Chartered Accountants on the efficiency thing. I was going to use that one.

But in the matter of effectiveness, I don't believe any of the Legislative auditors are commenting on whether or not a program has been effective. I think that is, as you say, a matter for the politicians to debate as to whether or not a program has been effective. I think what the auditors are restricting their auditing to is determining whether or not the executive or the officials responsible for programs have procedures in place to determine whether or not they are being effective. Does that . . .

Mr. Lyons: — No. I found that a real circular argument, quite frankly.

Mr. Wendel: — I think what auditors are trying to do is to stay out of the policy end. In other words, they are not going to say whether or not a program has been effective, or whether or not that was a . . . you know it was a good policy, a good objective. All they're restricting their auditing to is determining whether or not the management has clearly stated their objective and whether or not they've got procedures in place to measure whether or not they're achieving that objective or policy.

Mr. Lyons: — That appears to me . . . that implies a much larger scope. And again I would submit that it enters into the political level. Let's, for example, say in procurement practices of a government, it may be a public policy objective to encourage and promote businesses or a business in a particular area of the province and to encourage the agencies of the government to procure materials, whatever they may be — desks or . . . Let's take desks.

There's a desk manufacturer in Buffalo Narrows, for example, and because of the transportation costs and other things that the costs of procurement may be higher procuring those desks from a manufacturer in Buffalo Narrows as it would be from a manufacturer in Alberta or a manufacturer in Regina, and that the public policy . . . but the public policy objective would be to promote that kind of economic activity in a depressed region of the province.

Are you saying that the scope of the audit would then comment on the efficiency, because in straight cost accounting terms it would be less efficient in the sense that the costs of the desks would be higher in Buffalo Narrows — if they get it from the firm in Buffalo Narrows — as it would be from Regina? Do you see your scope extending to that extent? Is that what you mean by effectiveness?

Mr. Wendel: — I'll try and answer it this way, Mr. Lyons. If the public policy objective was to acquire furniture from, say Buffalo Narrows, then what the audit would be looking to is, did they achieve economy and efficiency

acquiring those goods out of Buffalo Narrows? Whether it was a good policy or a bad policy to buy it out of Buffalo Narrows rather than Alberta, I think that would be a matter for the elected members to debate, whether or not that was a good public policy to buy it from there.

Mr. Chairman: — Herb, did you have a question on this?

Mr. Swan: — Yes, on this point. I'm just wondering if what you're referring to is that you don't do comprehensive audit. Is that basically what you're saying in point 11?

Mr. Wendel: — Yes, Mr. Swan. That's essentially what we're saying.

Mr. Swan: — And that's a question that has been debated in this committee a number of times, whether or not we should do comprehensive audit. At least it was a question that came up a number of times when I chaired the committee, and I think it has come up every year since. So basically what you're saying, you're not doing comprehensive audit because it hasn't been approved.

Mr. Wendel: — Essentially that's what I'm reporting here is that I haven't done this . . . (inaudible) . . . auditor.

Mr. Lyons: — But I take it from the comments that it's the position of the Provincial Auditor that comprehensive auditing, that that is the preference, the preferred mode of operation, the mode of operation that would be preferred by the Provincial Auditor's office. Would I be correct in saying that?

Mr. Wendel: — Mr. Lyons, I recently attended an international symposium in Ottawa. It was about two weeks ago; I was absent from the committee. And I was talking to a number of the Legislative auditors across Canada and the United States. There were some representatives, some state auditors from the U.S., United Kingdom, Australia and many, many of those auditors arguing, if you like, as to value-for-money auditing.

Mr. Lyons: — And what's the position of the Provincial Auditor's audit on value-for-money auditing in Saskatchewan?

Mr. Wendel: — I think the position that's been expressed publicly is this committee has a responsibility to inquire into value-for-money issues, and the role of the Provincial Auditor's office is to assist the Legislative Assembly on all matters, including this committee. And if the Provincial Auditor's office were to carry these out, it could again assist the committee in fulfilling its total mandate.

Mr. Lyons: — In your opinion, would comprehensive auditing enhance public accountability?

Mr. Wendel: — I believe it would, yes.

Mr. Lyons: — Would you happen to have any documentation from that symposium that would assist the committee that you could provide not today but . . .

Mr. Wendel: — When I was at the symposium, I collected some of the annual reports and special reports that were

prepared by these Legislative auditors. I could make copies of their reports available to the committee.

Mr. Lyons: — I'll leave it in your good judgement to provide us with whatever you have to argue your case on the issue, because I know that it's more and more becoming an issue in terms of the accountability and the questions of the wise use of ever-increasing limited resources. And perhaps you will be able to provide us with some information to help us form an opinion, because I think that it's going to be an issue that we're going to have to deal with very shortly. And I'd certainly appreciate having any information that you can to help me make a judgement as to the political implications of that and in terms of accountability and also in terms of public policy objectives.

I'll leave it at that, Mr. Chairman.

Mr. Chairman: — Anyone else on the introductory and overview chapter comments? Can we move on to chapter 1 then. Are there any comments? Mr. Hopfner, you had some earlier on chapter 1?

Mr. Hopfner: — Mr. Chairman, it's been sometime, and I didn't believe that we were going to be moving off. I'll let my name pass for now because I wouldn't want to bore the committee by repetitive questioning and I'll pick up, I'll read back in verbatim and see where I left off.

Mr. Chairman: — I might point out that on this particular question which deals with the . . . The bottom line is the funding of the auditor's office that we dealt with very extensively towards the tail-end of consideration of the auditor's report from the previous year. So it wasn't that long ago that we were discussing these points here. Anyone else on this chapter?

Chapter 3, The Tabling of Documents Act.

Mr. Hopfner: — Mr. Chairman, we had seen a lot of improvement in regards to the tabling of documents in that the auditor's concerns have been fairly well met. I guess probably you could ask the auditor if he's still having that same kind of co-operation. Are the reports coming in?

Mr. Wendel: — Mr. Hopfner, the matter being reported here is the tabling of the annual reports, the various Crown agencies of the government and whether or not they've been tabled within the requirements of The Tabling of Documents Act. And I would say, for 1989, that there are less agencies listed as being late in their tabling. However, this continues to be a concern as the quality of information decreases as the time elapses.

Mr. Hopfner: — Right. But there has been a great deal of improvement and I guess probably as time is going on, we hope that departments and you will have full co-operation passing information back and forth. I guess again, as it was stated by yourself earlier, that sometimes it is necessary for you to go back and get more information, and so therefore there is a delay process that's involved in that as well.

Mr. Wendel: — I would say, comparing 1989 to 1988

there are less agencies listed in 1989 as '88. Now there is another issue in this tabling of documents chapter and it hinges on the interpretation of what is compliance with the law. And the way The Tabling of Documents Act reads, it reads 15 days. Now that could be interpreted as 15 calendar days or 15 sitting days. Now the convention that's been established in the Legislative Assembly is 15 sitting days. However a strict reading of the law is 15 calendar days.

Mr. Swan: — It doesn't say that.

Mr. Wendel: — Well, that's the legal interpretation I've received. However, I have not reported the ones that are within 15 sitting days because that is established convention. And I'm just looking for a clarification of the law. That's the other point here.

Mr. Hopfner: — Okay. So then all it would take is a word change one way or the other?

Mr. Wendel: — To make it 15 sitting days, to make it clear.

Mr. Hopfner: — So we could make it a recommendation to the Assembly regarding that on your behalf and that would clear it up then would it?

Mr. Wendel: — As far as I'm concerned it would, yes.

Mr. Swan: — Ever since I've been a member, early in the session, the Clerk's department puts out a document that indicates the tabling of documents and when the budget debate will end and when the throne speech debate will end, and that sort of things in it. And that document has always indicated sitting days — the tabling of documents at the end of 15 sitting days. So if that's been wrong, then it's been wrong for a long time.

And I think if you look in the handbook of the rules of the Assembly, you'll likely even see in that particular book that it will indicate sitting days. But that doesn't mean that we don't have to change legislation. So we'll look at it, but it's a question that we should put in our report and it could be looked at by the Justice department and propose an amendment if needed.

Mr. Chairman: — Is there some agreement then, that we should be including in our report to the Legislative Assembly the point that the auditor makes here, that there does seem to be a discrepancy, and encouraging the Legislative Assembly to find ways to clear this matter up? Agreed.

Mr. Lyons: — You make reference to Appendix IV. The list of organizations not complying with the Act are listed in Appendix IV. And I've got some questions regarding the ones that are marked with the asterisk.

Mr. Swan: — What chapter are you on?

Mr. Lyons: — Well in 3.05, "The list of organizations not complying with the Act are listed in Appendix IV." At the very back, on page 1 Append IV — it's the very last page where there's printing on it, right at the very back, right to the end there.

And I'm wondering, Mr. Wendel, you've got two agencies listed with an asterisk — "These financial statements have not been subsequently tabled in the Legislative Assembly." I wonder, have they been tabled now, to your knowledge? Public Employees (Government Contributory) Annuity Fund.

Mr. Wendel: — I'm just looking to see if I have that information with me.

Mr. Lyons, I don't have that information with me, but I can bring it back for next meeting if you like.

Mr. Lyons: — Okay, could you also bring back the question: if they have been tabled, which ones have been tabled? I take it that they have been — that the audit for those two agencies have been completed. Is that correct?

Mr. Wendel: — Again, I'm going from memory. I'd have to check this when I get back to the office.

But in some cases . . . this report is as at March 9, 1990. In some cases I believe the audits would have been completed for these two agencies by that date, but the statements would not yet be tabled. And in other cases, I don't think the audit was complete yet.

Mr. Lyons: — I wonder if you could bring us back too the list of those that the audit hasn't been completed yet, and also maybe with an explanatory note as to why the audits haven't been completed, as well as which ones have been tabled or not tabled.

Mr. Chairman: — I wonder if, Mr. Knecht, also for the next meeting you might have any information to impart to the committee in these matters, as to why these documents haven't been completed. I understand the history of these things is that because of the large number of early retirements and so on, that it's created a huge backlog of work for the fund. But it seems to me that if that's the problem, then additional resources need to be dedicated towards these funds so they can meet their statutory obligations. But you may have some comments either now or maybe at the next meeting.

Mr. Knecht: — We could offer something on Thursday's meeting.

Mr. Chairman: — Okay. Any further comments on chapter 3? Chapter 4, The Government Organization Act.

Mr. Lyons: — The point raised that you raised under 4.03:

During the audits of departments of government it was observed that departments were not obtaining the approval of the Lieutenant Governor in Council for agreements with the Saskatchewan Property Management Corporation (SPMC) that required expenditures in excess of \$10,000 in any fiscal year.

Then you go on in .04 to talk about the discussion with the Department of Finance:

The department also advised that their legal

counsel was of the opinion that Orders-in-Council are not necessary for agreements with SPMC.

And at .05:

It is the view of my legal counsel (of the auditor) that an Order-in-Council under Section 17(2) . . . is required even if the agreement is with SPMC.

I wonder if we could hear from the Department of Finance first of all, why they don't think that an order in council is not necessary, and then from your department as to why it is necessary.

Mr. Bayda: — I think that the problem arose when the responsibilities of the department of supply and services were transferred to SPMC (Saskatchewan Property Management Corporation). And I think that it's really an administrative issue here that we can resolve through some Legislative amendments. And I think the Provincial Auditor has acknowledged that we should have some amendments made to resolve the issue. So I think it was a problem that came up within the wording of the legislation.

Mr. Lyons: — Is that the position of the Provincial Auditor? I see that you say that: "I suggest that Section 17(2) be amended to clarify the law."

What amendments would be proposed? What's the nature of the amendments?

Mr. Wendel: — Mr. Chairman, Mr. Lyons, if it is the intent of the executive not to get these orders in council, then I suggest that the law be amended to make it clear that they don't have to get these orders in council for these agreements.

Mr. Britton: — Thank you. Just a couple of questions, Mr. Auditor. The \$10,000 figure, how long has that been in effect, do you know?

Mr. Wendel: — Mr. Chairman, Mr. Britton, the \$10,000 limit item there we're talking about is under The Government Organization Act. And I'd have to go back into the records to find out when that Act was . . .

Mr. Britton: — The thought I had was, if they're not abiding by that regulation, I wonder if it could be because that the \$10,000 figure in today's world is not as significant as it was when the Act was proclaimed. I wonder if maybe that figure should be raised. What I'm trying to say is, maybe that figure is not . . . doesn't hold the same value as it did at the time it was enacted. Would a change in legislation help us, where they could, say, put that to \$20,000?

Mr. Wendel: — I'm not sure if I can speak as well to the Department of Finance as they can, but I think what they're saying is that they have a legal opinion that says they don't need any order in council when dealing with Saskatchewan Property Management Corporation regardless of the value of the contract. That's the position that they had taken and that's why they were not obtaining these legal opinions or sorry, these orders in council. You know, that's all I'm describing in 4.04, that

they had a position. That was their position.

We had gone to our lawyer and our lawyer advised us that, no, they do have to have these orders in council even if it's with the Saskatchewan Property Management Corporation. And whether the \$10,000 limit should be raised, I think that would be a matter of policy that the government may want to look at.

Mr. Britton: — Well it just struck me that if they weren't abiding by the rules, it may be because there were so many small bills coming through. It was just a thought. That's all, Mr. Chairman.

Mr. Anguish: — I'd like the auditor to tell us how many times the property management corporation exceeded the \$10,000 expenditures?

Mr. Wendel: — Mr. Anguish, we wouldn't have a complete list of these. And I think what we're reporting is a philosophical point of view. Like we looked at the various departments. We noted in a number of them that they hadn't obtained an order in council when they had a contract with Saskatchewan Property Management Corporation. And items that I can think of would be the rental that's paid to the Saskatchewan Property Management Corporation for the premises they're in.

And rather than list each one of them and go in and find them all, I just report here that there's a problem with the interpretation of the Act, that they never went out to get these order in councils, and as a result they don't have them.

Mr. Hopfner: — So it was recommendation and an agreement between you and the . . . (inaudible) . . . Finance that there should be some amendments brought forward. Is that what it was?

Mr. Wendel: — At the present time we're currently working with the comptroller's office to determine what it is that should be amended to clear this up.

Mr. Hopfner: — Okay. You say you're working together?

Mr. Wendel: — Yes.

Mr. Knecht: — I suppose I could offer that . . . we acknowledge that. There is something that could be cleared up in respect to that provision in The Government Organization Act, and I think we are undertaking to either pursue Legislative change or some other administrative thing which the auditor might see as acceptable to clear this point.

So while we have argued that the law is not being overridden, we can see that there is an issue here and that we would like to clear it.

Mr. Anguish: — I guess as far as this side of the committee's concerned, go ahead and make the changes. We agree with that. We conclude chapter 4.

Mr. Baker: — Just on the point that we were on. I think we dealt with it briefly last year and recognized that we'd have to have a full-time committee of cabinet sitting to do

the orders in council for that and Crown management.

The committee adjourned at 10:30 a.m.

And I believe the other day in our regulations review committee it was raised by our legal counsel and trying to make some recommendations as to make the regulations fit with what the Act says, and we wrote a letter to the minister and brought to the attention there as well.

So I think we all agree that the administration has to be streamlined or it can't . . . you know, we couldn't function. There's not enough hours in a day.

Mr. Chairman: — Our report can show that the Department of Finance is indicating that there may be a problem which needs to be resolved and that it's taking steps to do so. We can report that to the Legislative Assembly at the appropriate time.

You want to call the Agricultural Credit Corporation of Saskatchewan the next time around?

Mr. Lyons: — I do.

Mr. Chairman: — In the absence . . . if ag credit can't make it in from Swift Current, Crown investments corporation is the alternative?

Mr. Lyons: — Well the next one is . . .

Mr. Hopfner: — . . . (inaudible) . . . Board of Internal Economy . . .

Mr. Chairman: — I hadn't suggested . . . Again I didn't put it down because . . .

Mr. Hopfner: — . . . (inaudible) . . . I'm on the list. You can bring it back any time anyway.

Mr. Chairman: — I didn't include it in the list because it says here that the auditor has been advised by the Clerk that new legislation is being considered. Obviously there's some resolution there.

Mr. Baker: — What are we coming with for the first one?

Mr. Hopfner: — Ag credit corporation will be the first, I think.

Mr. Chairman: — Mr. Lyons, is that . . . Is that agreed then?

Mr. Lyons: — Yes, I'd like to see the . . . And if they're not available, I guess we go to the next one, Crown investments, or we can make arrangements. One of the two.

Mr. Baker: — Any idea how long we might be on ag credit?

Mr. Lyons: — Not all that long, I don't think. Maybe you can have CIC on stand-by.

Mr. Chairman: — Is that agreed? Okay. Well it's 10:30. We have no further business today. The meeting stands adjourned until . . .