

STANDING COMMITTEE ON PUBLIC ACCOUNTS
November 26, 1990

Mr. Chairman: — I'd like to call the meeting to order. I would like to begin by — I think everyone has met everyone — I'd like to begin by introducing the Provincial Auditor. I think all of you have had a chance to meet Mr. Strelieff. He became the Provincial Auditor effective November 1, 1990.

He was born and raised in Saskatoon. He holds three degrees from the University of Saskatchewan, and articulated with Peat Marwick Mitchell & Co. In 1979, Mr. Strelieff moved to Victoria, where he was manager of professional practice with the Office of Auditor General of B.C. and worked as an analyst for the treasury board. In 1983 he moved to the Canadian Institute of Chartered Accountants in Toronto, developing accounting and auditing standards for the public sector. He was promoted to assistant director in 1987. His duties included strategic planning, promotion, co-ordinating projects, and consulting with senior government officials and auditors across Canada on how public sector practices can best be improved.

Mr. Strelieff has written several articles and has had numerous speaking engagements at regional, national, and international conferences and meetings of public sector officials.

He is married to Colleen Warren, who is also from Saskatoon, and in Toronto was chief librarian at the Bank of Nova Scotia.

I think that all members join me in welcoming Mr. Strelieff as the new Provincial Auditor. I have met with Mr. Strelieff. I have assured him on my part that I want to work with him, and I think this goes for all members of the committee, that we want to work with him to make his job as effective as possible for the taxpayers of Saskatchewan. I don't know if you want to add anything at this point, Mr. Strelieff, but . . .

Mr. Strelieff: — Well, just briefly. Thank you very much for the introduction. And I'm certainly pleased to be back home. I know the position is a tough one, but it's also an important one. And I look forward to today's discussions and future ones. Thank you.

Mr. Anguish: — I'd just like to welcome Mr. Strelieff, and of course I hope he understands that our job on the committee here is just to make his work all the more easier, that we can assist him in his role in the accountability process, and we look forward to working with you.

Mr. Strelieff: — Thank you.

Mr. Chairman: — I want to let the committee members know that draft verbatims will be available the morning following the meeting. I know that when the session is on, that verbatims are usually provided the next day. I'm not sure what the problem is, but draft verbatims will be available the following morning. This shouldn't present any grave difficulties inasmuch as it does not appear that we'll be considering a department over a period of two days, but I would advise you of that at this point.

Thirdly, you've all been provided with a copy of a report by the Provincial Auditor. It's essentially a list of matters that were reported in his 1989 annual report, and matters that he feels have, in the large, been resolved or dealt with as indicated in his list.

Members will all have received a copy of the agenda for the week. I have arbitrarily, on your behalf, set out the departments to be called before the committee and at the times indicated. I discussed this with Mr. Hopfner, the vice-chair — through the Clerks' office — and Mr. Hopfner seemed supportive of the agenda.

But it might help us if there is some agreement that this is the agenda for the week, that it's the committee's agenda as opposed to the chairman's agenda. I don't know if a motion would be in order, or . . .

If there is a motion or if there's . . . I think Mr. Vaive has a . . . someone would move that the Standing Committee on Public Accounts meet according to the following schedule, and the schedule being the one that was circulated.

Mr. Baker: — I'll move that motion.

Mr. Anguish: — I was happy to second the motion that we adopt the agenda. I wholly understood that as the week proceeds that we would have the flexibility to call back any particular department that we may want to call back during the week.

Mr. Chairman: — We've always had that flexibility: all departments we conclude hearing, subject to any recall for further questions. I've also indicated on the agenda an opportunity for any outstanding matters, so that if there's some department that the committee decides it wants to call for that time slot, which is not on the agenda, there's an opportunity to do so, or also to call back any other departments.

Mr. Anguish: — Is that understood by the members on the government's side as well . . . (inaudible) . . . Well I can recall vaguely in my memory times when we wanted to call someone who we ended up not calling because your members had the majority on the committee, but I'm glad that we do have a new understanding that we can call whoever we want.

Mr. Muller: — Nothing new.

Mr. Chairman: — So it's agreed that . . . Mr. Rolfes?

Mr. Rolfes: — Mr. Chairman, I just want . . . this time frame that we have listed on the agenda, that's certainly flexible. I assume that if unforeseen circumstances arise that we certainly have the flexibility to go beyond the time frames. Is that correct?

Mr. Chairman: — Yes. That was my understanding. All agreed with the motion?

Agreed

Mr. Chairman: — At this point, I guess we can call in the

Department of Finance officials.

Mr. Anguish: — I have one other minor item before we proceed. And I'd like to put forward a motion in light of how we're concerned about the environment these days, and even the environment of this room where we have a no smoking resolution before this committee. I'd like to move, seconded by the member from Regina Rosemont, that this committee no longer use styrofoam cups.

Mr. Chairman: — It's been moved by Mr. Anguish, seconded by Mr. Lyons, that this committee no longer use styrofoam cups.

I think it's certainly within the power of the committee to pass such a motion. Whether or not the powers that be, including the cafeteria staff, want to accede to the motion is another question. But I think that we can give that to them with the very clear understanding that we prefer then, if the motion is passed, that we prefer something other than the styrofoam cups to be used.

Mr. Anguish: — I know the Department of the Environment currently in the province is putting out a lot of information to schools and the public about recycle, reuse, and I think it's inappropriate that we are still using styrofoam cups in the committee.

Mr. Chairman: — Well the motion is in order. Any further debate on the motion? All agreed?

Agreed

We'll give that motion to the cafeteria staff, and I think we'll also provide a copy of that motion to the Board of Internal Economy so that in their review of in-house activities and expenditures for government departments, they might be aware of the committee's wishes in this regard.

Is there any further business before we call in Department of Finance? No?

Mr. Anguish: — If I can be excused just prior to 2 o'clock, Mr. Chairman, I have my critic areas up in the Crown Corporations Committee, so I'll be departing shortly before 2.

Mr. Chairman: — Okay. If not, can we call in the Department of Finance officials?

Public Hearing: Department of Finance

Mr. Chairman: — Mr. Wright, I wonder if you just might introduce your officials to the committee.

Mr. Wright: — Absolutely. To my left is Bill Jones, associate deputy minister, treasury and debt management; Gerry Kraus, provincial comptroller; myself, I'm the deputy minister; Bill Van Sickle, executive director, administration.

In the back rows, we have Brian Smith, with PEBA (Public Employees Benefits Agency); we have Len Rog, assistant deputy minister of revenue and administration; and we have Doug Matthies from the Saskatchewan Pension

Plan; Terry Paton with the comptroller's office.

Mr. Chairman: — Thank you very much. On behalf of the Standing Committee on Public Accounts, I want to welcome you here this afternoon. I want to make you aware that when you are appearing as a witness before a legislative committee, your testimony is privileged in the sense that it cannot be the subject of a libel action or any criminal proceedings against you. However, what you do say is published in the minutes and verbatim report of this committee, and therefore is freely available as a public document, and you are required to answer questions put to you by the committee.

Where the committee requests written information of your department, I ask that 20 copies be submitted to the committee Clerk who will distribute the document and record it as a tabled document. And I would ask you to address all your comments to the chair.

I wonder if I might begin by asking some questions as it pertains to the auditor's report, and just review some of the comments that the auditor's had to make and see where we stand with respect to his comments.

First some comments concerning revenue. And the auditor expresses some concern about the monitoring of the continuing effectiveness of controls. It states that the comptroller has not documented rules and procedures established to monitor and evaluate all receipts under the direct supervision of the treasury board, indicates that there's a possibility that revenue-recording errors may occur without detection on a timely basis. He further states that this was reported in 1986 and '87. Any comments?

Mr. Kraus: — We are working with the auditor to resolve that particular issue. And the item that's mentioned in 13.05 specifically, we did resolve with the auditor for the year ended March 31, 1990. But in general, his comments, I guess, still stand and we're working with his people to try and resolve that issue.

I don't know if we'll be able to come to a totally satisfactory result or conclusion on that because it will depend on how we feel we can best deploy our resources to deal with the supervision of revenue. But again, we have resolved specifically the item mentioned in 13.05 where we adopted some specific cut-off procedures that have satisfied the Provincial Auditor. So I look forward to further discussions on the bigger issue.

The point is we are undertaking activities, and I wouldn't want the committee to believe that we aren't doing anything with respect to supervision of revenue, but the auditor feels that we could perhaps document better and justify better what we're doing, so we'll work with him on that.

Mr. Chairman: — Any comments Mr. Strelieff?

Mr. Strelieff: — Mr. Chairman, Mr. Kraus did mention that we are working together, and my staff advised that progress has been made in the last few weeks.

Mr. Chairman: — Any further questions on that section of

the auditor's report?

With respect to paragraphs 13.08 through 13.12, I would note that the auditor has indicated that he feels that this matter is resolved. With respect to paragraphs 13.13 through 13.16, there is a concern raised about the 1989-90 budget address, estimates, and related materials, were not purchased through the director of purchasing, therefore that this was a payment without adequate authority. Can I ask why that wasn't the case?

Mr. Wright: — In fact, the answer to that is: that's correct. Finance was in error. Finance did not go through the director of purchasing. As I recall, the production of the '89-90, as with all budget speeches, is done in a very expeditious manner. That year was particularly difficult for us given that we produced a number of additional documents. Because of the short time lines in which we were operating on and the need for finance officials to be comfortable with and to rely on expertise of others, we side-stepped the process and went directly to deal with Bridgens on this issue. We have taken steps to correct that, commencing with the production of the 1990-91 budget. But we were, in fact, in error in the production of the '89-90.

Mr. Chairman: — Who did the work? How do you determine then who does the printing?

Mr. Wright: — This situation was based on past experience dealing with Bridgens, I believe was the printer of record that we were dealing with. We have dealt with that specific printer on a number of occasions in the past. And it was felt that for the '89-90 budget given time lines and other constraints placed upon departmental officials and the need to produce a quality document — as is the case with all budget speeches and accompanying documents, we moved quickly to not contact and deal with the director of purchasing but straightforward.

Mr. Chairman: — Any further questions on this, Mr. Rolfes?

Mr. Rolfes: — Yes, Mr. Chairman. I'd like to ask the deputy the question: what had changed the time lines, that suddenly your time lines were such that you had to bypass the purchasing agency? I mean, every year we know we have to present a budget. We know pretty well when we have to present it. What changed that you had to take this action?

Mr. Wright: — You may recall, Mr. Rolfes, Mr. Chairman, that during that year for the '89-90 budget we produced a number of supplementary documents called *Challenges and Opportunities*. These were a rather lengthy process, not only from preparation, but also from the printing side of the world. To achieve budgetary deadlines and targets, it was necessary in the view of departmental officials to proceed in the manner that we did. And these were quite a stack, Mr. Chairman, of supplementary materials that were provided in addition to the regular budget speech and budget estimates.

Mr. Rolfes: — Just to follow up, Mr. Chairman, could you tell me what were the additional costs involved in

producing those documents?

Mr. Wright: — \$112,991.

Mr. Rolfes: — Would you repeat that again?

Mr. Wright: — \$112,991.

Mr. Rolfes: — Who were those documents sent out to?

Mr. Wright: — Those documents were distributed to the public at large.

Mr. Rolfes: — Anybody?

Mr. Wright: — Anybody who requested them were entitled to receive them. As well, I believe, there was some advertising that was undertaken to make the public aware of the availability of these documents. And I believe that if you filled in a coupon, we would send all or any of the various documents that you may so request at the time.

Mr. Rolfes: — I'm not sure, Mr. Chairman, and rule me out of order if the question isn't legit — I'm not sure whether it is or not . . . (inaudible interjection) . . . Well, he will anyway. Mr. Chairman, I'd like to ask the deputy whether or not he feels that it was a worthwhile endeavour and will the department repeat the procedure.

Mr. Wright: — From time to time the department, at the direction of cabinet and the Minister of Finance, produces a variety of supplementary documents over the years. Whether it was worthwhile, I'm not in a position to pass judgement on that.

Mr. Rolfes: — Are you anticipating doing the same thing again, and will there be delays? I mean my question, I guess, is: if we are going to do it, are we going to be in the same difficulties again?

Mr. Wright: — No, we have resolved the situation with the director of purchasing, commencing with the 1990-91 budget speech and estimates.

Mr. Rolfes: — Okay, good enough.

Mr. Chairman: — Any further questions on this section? Public accounts, reservation of opinion. The auditor indicates a concern about that funds to the . . . I guess \$385 million which you list as an asset, I believe, should be included as an expense. This is not being done? Do you have any comments on this?

Mr. Kraus: — Well our position is the same as it has been since the inception of this new policy where it was decided that SPMC (Saskatchewan Property Management Corporation) would be created in part to manage capital assets for the government, in that advances would be made to SPMC as in the same fashion as advances are made from time to time to a treasury board Crown like the Sask Housing Corporation, and that these advances should be treated as non-budgetary expenditures as opposed to budgetary expenditures. I think the policy pertaining to this issue has been fairly well-known for some time. It was understood from the

beginning that the intention was in fact to be able to spread the cost of capital over a number of years.

Mr. Chairman: — Mr. Strelieff, do you have any comments on this?

Mr. Strelieff: — Yes, Mr. Chairman. The reason for the reservation of an opinion is that when you ... the amount recorded as an asset is not really an asset because it requires a future appropriation from the government to repay. And so our office examined the nature of the transaction and said that it just should be written off as an expense. And that's the substance of the reservation.

Mr. Chairman: — I note, Mr. Kraus, that the public sector accounting and auditing committee of the Canadian Institute of Chartered Accountants, provides guidance on loans that are recoverable only from future appropriations. And they indicate that these transactions should be included in expense for the period. I'm somewhat concerned here that notwithstanding your rationalizations, that we may be running contrary to the best practices of the Canadian Institute of Chartered Accountants with a significant amount of money, I might add.

Mr. Kraus: — Well, Mr. Chairman, the accounting policies of each government are established in fact by the governments of the day for each of the provinces and for the federal government. And the accounting practices, I'm sure you're aware, vary across Canada. Now there are some, obviously, or some policies that are the same, but different governments have adopted different policies with respect to different issues. And although the public sector accounting auditing committee may have recommended that this type of expenditure be expensed in the year of acquisition, or the year that it occurred, it wouldn't follow that every jurisdiction follows that practice. And we are one of them that have chosen to take a different approach.

Mr. Lyons: — Mr. Chairman, the effect ... I'm interested in the effect of this in terms of the overall financial position of the province. What I heard the Provincial Auditor say was that because these are expenses dispersed out of the Consolidated Fund to the Crown corporations and that those expenses or loans would be repaid out of the Consolidated Fund in the future, that in fact that in essence there is no asset, as anybody understands asset. That this is a future indebtedness or indebtedness the province has undertaken. Whether it's repaid in the future or not I guess is a matter of fiscal ability to pay.

I'm wondering what the financial position of the province would be if this was included as is suggested by the Provincial Auditor. How would that have affected the Consolidated Fund in the year under review? Would it have increased the debt load to the Consolidated Fund and decreased the debts contained in the Crown sector? Or would it have just increased the overall debt load of the province both through the Consolidated Fund and also in the Crown sector itself? Is there a balance there? I mean, are we talking about ... we're showing one set of figures, 385 million, as a disbursement but as an asset in another financial statement somewhere else. I'm asking

Mr. Strelieff.

Mr. Strelieff: — What the net effect would be is that the net debt of the province increases by 385 million. The absolute debt level stays the same but the assets are reduced by 385 million; so the net debt is the difference between your total debt and financial assets. As a result the net debt increases.

Mr. Rolfes: — Mr. Chairman, I have just one further question. Is this an accumulated effect or is each transaction separate? For example, do we add each year the disbursements to SPMC? Does that add to the total debt or is each one taken care of in the fiscal year?

Mr. Strelieff: — Mr. Chairman, my understanding of the transaction is that it all occurred at one time, the initial loan to Saskatchewan Property Management Corporation for 385 million. And now what's happening ... (inaudible) ... oh, so it is growing.

The total 385 represents an increase in real net debt. Each year there's a payment made back to the Crown that really shouldn't be recorded. If you didn't have the assets, you wouldn't have to repay the loan, so you're increasing your expenditures by, what's it say here, the ... (inaudible) ... I think I'll have to defer to my counterpart here.

So the net effect is that the net debt should be higher by 385; the excess of expenditure over revenue should have been increased by 44 million; and that's just the net effect of all the ins and outs.

Mr. Rolfes: — I want to follow up on this. The point that I want to make is that if this continues, then each year the total debt or the net debt will increase, isn't that correct?

Mr. Strelieff: — That's correct.

Mr. Rolfes: — So that we don't have a clear picture of what the total debt of the province really is. I mean there is an accumulative effect. So that if we continue with this, we are simply indebting the province in the future by the amount that is indicated each year here. Is that correct?

Mr. Strelieff: — The net debt is increasing, yes.

Mr. Rolfes: — That's correct. But if this procedure were not done in this fashion, then the debt would not necessarily increase. Is that correct? Because it shouldn't be recorded as an asset.

Mr. Strelieff: — Well the debt of the province would change depending on what you did each year.

Mr. Rolfes: — Yes, that's right.

Mr. Strelieff: — But the total assets of the province should not include the \$385 million that's not recorded.

Mr. Lyons: — Would those assets be included though, under the financial statement of Saskatchewan Property Management Corporation? Is that what's happening? There's 385 million taken out of the Consolidated Fund blocked into the property management corporation. Is it

being reflected there through an increase in assets?

Mr. Kraus: — Mr. Chairman, could I just say something? We should distinguish between net debt and debt, and I think the auditor did mention it initially. But there is a big difference. The net debt is the accumulated deficit, if you will, not the debt. The total debt is something else altogether, and of course the total debt of the province is recorded under this situation.

Mr. Chairman: — Reflects that, yes.

Mr. Kraus: — Because the moneys that have to be advanced to SPMC, if we have to borrow, that's still a debt of the province. So the total debt of the province is recorded regardless of how these moneys are accounted for. What is happening here is that the accumulated . . . What this note is saying is that the accumulated deficit is understated by \$385 million, not the total debt.

Mr. Chairman: — But that's no minor understatement.

Mr. Lyons: — No, in fact it equals the amount of the stated deficit for the last fiscal year. It's an equivalent amount.

Mr. Kraus: — But it has been accumulated, I guess, through what? — '86, '87, and '88.

Mr. Lyons: — Mr. Chairman, I think that's the point that members are making. If, I guess . . . I'll throw this question out to whoever wants to answer it; I won't direct it to either the auditor or the comptroller. If this was included and taken into the account of the 1989 fiscal year or if it's included folded into the 1990 fiscal year as a debt of the province, the accumulated deficit of the province would roughly double, given the projection of the deficit — is that correct? — for the year under review?

Mr. Wright: — For the year under review, '88-89, we recorded a \$324 million deficit. If in this case it was brought in fully into the government fold, is what I believe you're suggesting, the deficit will go up by \$44.3 million, for a total of 368-point-blank million.

Mr. Lyons: — Okay, now — excuse me, Mr. Chairman — I wonder if Mr. Wright would tell me where then the other 385 minus 44.3 would turn up in the books, or the 341?

Mr. Wright: — In my understanding, Mr. Chairman, is that the 385, 386 figure is cumulative over time. As a result, the net deficit over time, accumulated deficit, would increase by 385 — the accumulated.

Mr. Lyons: — So if that were to be taken . . . If we were to say, look, this is the accumulated net deficit on this particular item and we were to say we're going to change the accounting method, we are going to record it as has been suggested by the auditor, would the accumulated net deficit at that point in time, when it was taken in, accumulate by 385 million, or would it be just as you suggested earlier, the 44 million?

Mr. Wright: — No. The accumulated deficit would increase by the 385 at that moment. The deficit for that particular year in question, '88-89, would go up by 44 million.

Mr. Lyons: — Right. Mr. Chairman, what the auditor is getting at is that the true financial position of the province is in fact as he says, understated. That we are in fact \$385 million in terms of accumulated deficit, our debt is \$385 million greater than has been shown on the books of the province.

Mr. Wright: — That is the position of the Provincial Auditor. There is a difference of opinion here from Finance's perspective vis-a-vis that of the Provincial Auditor.

Mr. Lyons: — I'm wondering if you would care to outline on what basis that difference exists.

Mr. Kraus: — As I said earlier, the government decided in spring of '86 or thereabouts, that they wanted to change the way they were accounting for some of the capital acquisitions. They wanted to spread it out over a period of time, I suppose based on the fact that the capital assets are consumed over time. So that in part is what SPMC facilitates besides the management. You can advance the moneys to them, they acquire the capital, and then through a number of mechanisms the cost of those assets are recognized by the Consolidated Fund or government's fund, not all in the one year but over a number of years. That was why it was done, in part anyway.

Mr. Lyons: — Would it be fair to say that the debt load of the province — or let's put it this way — that the debt load of the province is in fact hidden by assets which are contained not as part of the Consolidated Fund, but as assets within the purview of Saskatchewan Property Management Corporation?

Mr. Wright: — In the opinion of Finance, no.

Mr. Lyons: — Can you tell us where . . . I mean if you have a liability, you're going to have an asset. Where are the assets that form the equivalency of \$385 million?

Mr. Kraus: — The assets themselves would be represented by various capital projects — buildings. In this case I believe it's not only some government buildings that would have been acquired or constructed in that time period, but also capital in the health field. That would be in probably some hospitals and I believe some universities as well . . . or some post-secondary, anyway, facilities.

Mr. Lyons: — I take it that basically what you're saying is that there will be no return on those assets. That given just what you've described, I mean, you know, you're not going to get a return on a hospital. Right? There's not going to be a repayment to the Consolidated Fund by Sask Property Management for the construction of a hospital.

Mr. Kraus: — Well the way it works it that over a period of years these organizations are funded either through the Health budget or the Education budget depending on the facility. So the facility receives a capital grant of some sort which in turn is paid back to SPMC and we would receive that ultimately from SPMC then.

Mr. Lyons: — You'd receive it from SPMC, but would you continue on where the money comes from, from SPMC . . . to SPMC back to the Consolidated Fund?

Mr. Kraus: — The method of expensing this then is that we provide a capital grant to, let's say, a hospital. So that is then in effect an expenditure or expense by the Department of Health, okay, for capital that perhaps was acquired the year before. And let's say just for the sake of argument it's one-tenth of the capital cost. They provide the grant to that agency, so we are in fact expensing one-tenth of the capital project. The agency that received the money pays SPMC. There are loan agreements when these capital projects are undertaken. Then SPMC in turn can remit that money to us to pay down the original loan that we made to them.

Mr. Lyons: — So basically you're saying it comes from the Consolidated Fund to the agency, to SPMC, back to the Consolidated Fund. But there's the cost of capital construction, right? The hospital, the University Hospital in Saskatoon, is not going to turn around and pay back to the Consolidated Fund its capital cost of construction. You're not trying to imply that.

Mr. Wright: — That's correct. It's essentially expensed over time.

Mr. Lyons: — So basically what it is, is that the money, since it originates in the Consolidated Fund, is in the final analysis, a liability of the Consolidated Fund which is a liability of the province.

Mr. Kraus: — And I just want to make sure, I don't want to confuse the committee, but the total debt of the province is recorded. This note that the auditor is concerned here doesn't say that the total debt of the province is not properly reflected. What he is saying is that the way we are accounting for our annual deficit and our accumulated deficit is the concern in his mind, in his position . . . or opinion, I'm sorry.

The term net debt is a very confusing term and I wish it's something that we could eliminate from government accounting jargon, and maybe that's something we should be looking at, because net debt and total debt are totally two different things as far as I'm concerned. And I think the auditor probably would agree with me there. That really would read better if it said accumulated deficit. The total debt is properly recorded.

Mr. Lyons: — But not the accumulated deficit.

Mr. Kraus: — But not the accumulated deficit, right.

Mr. Lyons: — That's the point. That accumulated deficit is 385 million, whatever, and there's no disputation by the department of the figure of \$385.136 million.

Mr. Wright: — Not at all, Mr. Chairman.

Mr. Strelloff: — Mr. Chairman, just one point. Our general concern is that there is a statement of assets and liabilities presented by the government. The liabilities which include all the debt of the province is okay but the assets we're questioning — questioning to the tune of

about \$385 million. So that means your accumulated deficit, which in accounting jargon sometimes is called net debt, the accumulated deficit is understated by a significant amount which we think is important.

Mr. Baker: — Mr. Lyons asked the question that I was going to ask. I was trying to get a handle on whether in fact these moneys that were accounts receivable were assets or whether there was some repayment, and that's basically where I was going to come from. So I think I have a better handle on it now.

Mr. Rolfes: — Mr. Chairman, I'd like to ask the department if they could list for me the facilities that we have recorded here as the assets. We're saying that 385 million and that those are actual facilities that were constructed or whatever and we made this loan to SPMC.

So if you made the loan I assume you have a recorded statement: this was the loan that was made for this building, this was made for that. Could I have the . . . I'd like to have a list, the amount of the loan, and the value of the property, and then we can just simply do a balance.

Mr. Wright: — Mr. Chairman, we don't have that information available here through the Department of Finance. The logical course of action would be to pursue that sort of information through SPMC. Finance simply doesn't have that.

Mr. Rolfes: — You know SPMC. I'd like to just follow up, Mr. Chairman, if I could. Does not the Department of Finance make the loans to SPMC?

Mr. Wright: — Yes.

Mr. Rolfes: — Does not SPMC specifically request a loan for a specific project from Department of Finance?

Mr. Wright: — Mr. Chairman, the answer is no, it's not tagged specific projects. They borrow money from us from time to time; they establish a capital budget. We loan them money over the course of the year. And what we have is a situation whereby pursuant to the Provincial Auditor's audit of this situation, he would argue or suggest adjustments to the accumulated deficit of 385 should be made. Do we have a specific matching at any point in time? The answer is no.

Mr. Rolfes: — Mr. Chairman, I'd just like to ask: you mean SPMC can just come in and say we want \$385 million and you, the Department of Finance does not go over with SPMC exactly what this money is for?

Mr. Wright: — Mr. Chairman, the answer to the question is, SPMC establishes a budget pursuant to the budgetary process. That budget is predicated upon certain activities being undertaken. The previous question was posed in the way, is there a specific loan that could be matched at any specific point in time against a specific project, and the answer is no. Over a course of a year what will happen instead of handing out . . . for example, in the extreme, and I only mean this in the extreme, if there was a project for \$10,000, we would not go out as a Department of Finance and advance them \$10,000, but rather we would advance them how much do you need,

25 million, to initiate these projects in a plural sense.

Mr. Rolfes: — I fully understand the process. I want in the budgetary process, let's say of 1989, did SPMC not come before Finance and say, here are the list of projects that we want to proceed with this year. These are the specific amounts of money that are required for each project. This is the total amount that is required.

Mr. Wright: — Yes.

Mr. Rolfes: — That is what I'm after. That is what I'd like to have, if we can have that information. Not what they requested, what you approved. I mean if there's something confidential about what they requested and was not approved, that's fair enough.

Mr. Wright: — Okay, Mr. Chairman, what they requested I would consider confidential. So I understand that you're asking for what is approved.

Mr. Rolfes: — What is approved.

Mr. Wright: — Finance doesn't specifically have that information. The logical recourse is SPMC to obtain that information.

Mr. Rolfes: — I don't want to, Mr. Chairman, I don't want to appear like I'm badgering the witness and I don't want to do that, but I find it hard to believe.

Mr. Wright: — Mr. Chairman, we will undertake more than best efforts to obtain that information for the committee and report back.

Mr. Rolfes: — Okay, that's fair enough. That's fair enough.

Mr. Lyons: — I was going to, I guess, ask a similar question which is: Mr. Chairman, can Finance provide us with the full list of projects which . . .

Mr. Chairman: — Maybe wait and speak into a mike here.

Mr. Lyons: — I wonder if Finance — I guess it's the same question that Mr. Rolfes asked — is that when you talk about providing the list of projects, will you . . . I take it you are going to provide us with a list of projects approved by the Department of Finance for SPMC in the year under review.

Mr. Wright: — No, Mr. Chairman, to be clear, the Department of Finance doesn't approve these projects *per se*. These are not an approval process whereby, in the simplest terms, the deputy minister of Finance says approved. We provide an advance loan to SPMC on the basis of its budget that's been submitted to us. What I indicated to Mr. Rolfes, Mr. Chairman, is that we will provide more than best efforts to provide a list that we will have to derive from SPMC pertaining to projects undertaken by SPMC.

Mr. Rolfes: — With the price tag.

Mr. Wright: — Absolutely, Mr. Chairman.

Mr. Rolfes: — Okay.

Mr. Chairman: — Any further questions on this reservation of opinion? And before we leave it, I'm just wondering, is there, before the committee deals with this, but is there any chance that there might be further discussion by yourselves and the auditors on this matter? I say this because it's not just the reservation of opinion by the auditor, but it also seems to reflect an orientation and a standard of the Canadian Institute of Chartered Accountants. I don't know the practice in other jurisdictions. That might be useful information for the committee to have at some point. But certainly you seem to be operating, shall we say, at some variance with what the CICA (Canadian Institute of Chartered Accountants) is recommending.

And therefore, I'm wondering: is this an irreconcilable difference of opinion that you have with the auditor? Is there an opportunity for further discussions among yourselves to see if this matter might be reconciled?

Mr. Wright: — Mr. Chairman, I think it would be fair to say it would be more than pleased to discuss this matter at greater detail and greater length — pursuant to ongoing discussions we have on a variety of issues with the Provincial Auditor — in a general effort to appreciate the circumstance from his side of the equation and our side of the equation.

Mr. Strelieff: — Certainly I agree.

Mr. Rolfes: — Mr. Chairman, I don't want to pursue this too much really, but I need some clarification on this. Am I correct in assuming that if you take your total assets minus your total liabilities, you will have the net debt of the province. I've over simplified, but that's basically it, right?

Now, if you have recorded these as 385 million as assets, if you took that out, would that not change your total debt of the province?

Mr. Kraus: — What the equation is, in this case: liabilities, total liabilities less assets equals something called net debt, and a better term is your accumulated deficit.

Mr. Rolfes: — No, no, no, no, I'm not referring to that. I understand that. I understand that part. But you know, when you want to find out what you finally owe or own in the province, don't you take what you have in the Consolidated Fund and what you have in the Crowns, all your assets, add them all together, minus all your liabilities?

Don't you then come out with what your debt of the province or your asset of the province is? In this particular case it happens to be a debt. Isn't that what you do? Very simple. I mean, I know that simplifies it, but isn't it basically what we do?

Mr. Kraus: — We take the assets that we have recorded on the Consolidated Fund, which in many cases may be represented by advances to SaskPower Corporation or, in

this case, advances to SPMC Those are considered to be assets, loans, other things. And then we subtract our total liabilities from them to determine what our total net debt is.

But I do want to stick with my equation because what I was going to say here, if I understand you correctly, is that where we're making this adjustment is to the . . . in this equation . . . there's total liabilities less total assets. Well, the adjustment would be to the asset number. We would reduce it, and that would increase the net debt or accumulated deficit. But we aren't adjusting the total liabilities because they're stated correctly.

Mr. Rolfes: — I know what you're saying. Okay, good enough. I don't agree with it but . . .

Mr. Lyons: — Mr. Chairman, are the total assets stated correctly? I guess that seems to be the nub of the question. Are they stated correctly in the sense that Mr. Rolfes says: you take the total assets minus the total liabilities, and you get the net financial position of the province.

The loans made to SPMC: are they recorded anywhere as . . . have they turned up as tangible assets? And by tangible assets I mean things like capital projects: a hospital, a building on the university, a building for government services, a highways building. Is that what they translate into in terms of assets?

Mr. Wright: — Mr. Chairman, I may stand corrected here, but I don't believe, for example, that we own the buildings at the universities, nor do we own a lot of the hospitals. So in response to your question, the answer is do we have an actual asset? No. In certain circumstances, yes.

Mr. Lyons: — Yes, you have a highways building or whatever.

Mr. Rolfes: — That's exactly the point. It's not the assets of the province. How can you record it then as an asset?

Mr. Kraus: — I was going to say, though, but remember we are making a loan and a loan is what we are saying is the asset that will be repaid by SPMC over time.

Mr. Lyons: — But out of SPMC, out of the Consolidated Fund to SPMC. Like the University of Saskatchewan is not going to pay the Consolidated Fund or SPMC for the construction of the agricultural building at the University of Saskatchewan. Is it?

Mr. Wright: — I'm sorry. The answer to that question may be yes. Could you ask it again please, sir.

Mr. Lyons: — What I'm asking is in terms of the loan repayment paid to the Consolidated Fund, as I understand from the auditor's comment, that it's paid to the Consolidated Fund from the Consolidated Fund. Will the University of Saskatchewan, using the example of the agricultural building or the other assets that we don't own but are capital projects that we fund, those loans aren't repaid in a real sense, are they?

Mr. Kraus: — The method of accounting or expensing

these capital projects is by providing a grant to the university from the Consolidated Fund. So that's, say, one-tenth of the project then is expensed, then they in turn take that money and because of a loan agreement when the project was originally constructed, they in turn pay SPMC and SPMC then pays the Consolidated Fund.

Mr. Lyons: — So the next question that folds from that is that has SPMC paid that indebtedness, those loans, or is that accumulated deficit, the net debt as it's called, reflected in SPMC

Mr. Wright: — To the best of my knowledge, Mr. Chairman, no they have not paid back directly to the Consolidated Fund any of the loans. I think an open view on this would be that each year loans are repaid by, for example, the university to SPMC. In the subsequent year SPMC goes out and engages in certain additional capital activities and so on. In a sense there's a circle here. And the circle is in fact complete, and to use a phrase, recycled dollars, in one sense, to put it very simply.

Mr. Lyons: — Almost recycled dollars, minus the actual cost of the capital project itself which will not necessarily return to the province except in some portion of it in tax revenue or what have you.

Mr. Wright: — That's a fair characterization, I suppose, if one would want to view it, and I certainly wouldn't want to view it as the circle not being complete. But if you were to . . . I think your characterization would be reasonable in the sense that the circle is the Consolidated Fund paying to the university an amount for its loan retirement each year. And that's where the circle would open up slightly, but ever so slightly, Mr. Chairman.

Mr. Lyons: — But \$44 million worth is the case in the year under review.

Mr. Chairman: — I wonder if we might move on and perhaps the record could show that the auditor did have a reservation of opinion as outlined in his report, that the committee ascertained that there was indeed a difference in opinion, but we know too that Mr. Wright has undertaken to continue discussions with the auditor and the auditor has undertaken to continue discussions with the Department of Finance in this matter. Whether there will be any resolution of this, we cannot say, but we're pleased to note that there will be further discussion between them on this matter.

Mr. Rolfes: — Mr. Wright, could we . . . I mean that circle, could we just eliminate the agencies entirely? I mean we know what the agency has to pay back. Why doesn't the Department of Finance simply pay SPMC?

Mr. Wright: — Mr. Chairman, with respect to the first question, I believe a theoretical answer to that would be yes. Would the circle be complete? No, because we would be paying out of the Consolidated Fund X dollars, as we did prior to the inception of SPMC.

Mr. Rolfes: — No, no, what I'm saying is right now you are saying to the . . . let's take the university on the agriculture building. You were saying to the university, in your budget there'll be so much money. The Department

of Finance, out of the Consolidated Fund, pays the university. The university takes and pays SPMC. Why don't you just simply take the money from Finance and turn it over to SPMC? Why even bother with all the other agencies? I mean there's book work involved; there's extra expense involved. Why bother with all of that? You'll know, you pretty well know what has to be paid back.

Mr. Wright: — Mr. Chairman, I'd like to think about what Mr. Rolfes is saying before I answer that, because I'm not quite sure I caught all the gist of it.

Mr. Rolfes: — I don't either, but it just seemed . . .

Mr. Wright: — Mr. Chairman, it sounded very good.

A Member: — It makes so much sense. I mean if you're going to do it the rest, you might as well take out the middle man.

Mr. Chairman: — Because then it would show as an expenditure of the Consolidated Fund.

Mr. Rolfes: — Yes, exactly, then it would show as an expenditure out of the Consolidated Fund. I wanted him to say . . . (inaudible) . . . an expenditure out of the Consolidated Fund.

I have no further questions on that one.

Mr. Chairman: — I'd like to turn to the matter of summary financial statements. The auditor explains that the province of Saskatchewan does not now provide what he calls summary financial statements. Again the Canadian Institute of Chartered Accountants has addressed this matter, has issued recommendations that jurisdictions in fact provide summary financial statements. It's my understanding that all jurisdictions with the exception of Saskatchewan, I believe, Alberta, and Prince Edward Island, do in fact issue summary financial statements. The question I have for you is: why not in Saskatchewan? What's stopping us? Might we expect any such statements in the future?

Mr. Wright: — Mr. Chairman, although the recommendations have been issued, it's our opinion that there are a number of issues still to be resolved, a number of issues for discussion. For example, my understanding of other jurisdictions that undertake this process in this form of reporting, there's a number of different ways in which they do it. There is not entire consistency.

I think it would be fair to say — and perhaps the Provincial Auditor can correct me — there have been some recent discussions with him, not specifically of this but to the extent that the Department of Finance has in fact been looking at it. It is something that we do want to look at with the Provincial Auditor into the future, and to make sure that we have a genuine platform upon which we can both agree that we can go forward to cabinet and seek their input and guidance on this issue.

Mr. Chairman: — Maybe before we get to Mr. Strelieff, I get a sense, like this recommendation has been with us for a number of years now — three or four years, if my

memory serves me correctly. Are we or are you taking a position that there needs to be a definitive standard with respect to summary financial statement before we can entertain any such statements for the province of Saskatchewan, as opposed to taking the position that standards will continue to evolve over time, and that there can never be an absolute standard for the summary financial statements, but that we should do the best we can. And if that means that we change those summary financial statements over the years, as CICA adopts new and more progressive standards, then so be it.

I guess I have a fear that we're taking a position that we're waiting for some definitive standard that will never change.

Mr. Wright: — Mr. Chairman, I don't think that that's the case, that we're waiting for a definitive standard that will never change, but certainly we're looking for a standard that will apply for a number of years, such that each and every year we will not find a situation whereby, oh, whoops, maybe we'll change it this way and then next year, it'll be oh, whoops, we didn't quite do it this way.

Because as I'm sure many members of the committee here would appreciate is that when one changes the form and format of accounting, first and foremost, let's do it right. Secondly, let's make sure it doesn't keep changing so that reasonable and meaningful comparisons over time can be made for the information not only of the members here, but the public at large.

And that's the sort of thing that we want to and we will be sitting down and discussing, certainly from Finance's perspective, with the Provincial Auditor.

Mr. Chairman: — Mr. Strelieff, any comments?

Mr. Strelieff: — Mr. Chairman, I certainly do think the province does need an overview of all the activities and resources for which the government is responsible. And that's the summary accounting that my office has been discussing and recommending to you.

When Mr. Rolfes mentioned before in his question about do you report all your assets and all your liabilities. Well that's the purpose of the summary accounting. And that certainly is the recommendation of the Canadian Institute of Chartered Accountants, which makes sense just in an everyday sense. You need to know what you owe; you need to know what you own in order to plan for the future. And I think this is a very important issue and should be acted on as soon as possible.

Mr. Chairman: — What about Mr. Wright's comment that the government has, in the main, not proceeded with issuing a summary financial statement because of a concern that the method of reporting might change year by year in response to, I guess, additional guide-lines from the CICA, and is reluctant to enter into publishing these statements if every year or every second year the manner in which the information is presented is changed and therefore does not, in the final analysis, end up providing a summary or an overview of government finances. And I'm paraphrasing Mr. Wright here. Any comments on that?

Mr. Strelieff: — Yes, Mr. Chairman. I think that concern would have been valid about two or three years ago. Now I think there's enough in place in terms of good accounting recommendations that you wouldn't get that year to year fluctuation. And I certainly would share Mr. Wright's concern if it changed from year to year because it would be very difficult to keep track of what's going on and to make those comparisons.

But I think it's time.

Mr. Chairman: — Mr. Wright, your minister has, in recent days, indicated that he's concerned about the question of public accountability and, I think, in part recommended that the Public Accounts Committee be asked to determine the kind of information and level of detail needed in the *Public Accounts*.

In light of what Mr. Strelieff has just said — and I heard you previously indicate that you would be undertaking further discussions with the auditor on this matter might we yet see summary financial statements in the not too distant future?

Mr. Wright: — Yes, we might, Mr. Chairman.

Mr. Lyons: — In the statement, Mr. Chairman, that you've just reviewed to by statement on *A New Agenda for Public Accountability*, November 13, 1990, in future directions, on page 4 of that document, there are other issues that require further research, not just by the government but professional accounting bodies as well. Two of those issues are the preparation of a comprehensive financial statement; I presume that that's what we're talking about in terms of the financial summary.

I guess my question is: if we have other jurisdictions in Canada which are undertaking that kind of process, has there been any analysis done by the experiences in Alberta and in Prince Edward Island as to the effect of it or the problems of that comprehensive financial statement? Have you, the Department of Finance, had any opportunity to deal with those two other jurisdictions?

Mr. Wright: — Mr. Chairman, we haven't undertaken a comprehensive review of the comprehensive financial statements in the provinces such as Alberta and P.E.I. I would note that there are differences, however, in the way in which those two are prepared. And where there are differences, one must sit back and look and say, okay, from our perspective in Saskatchewan, what is the appropriate course of action? How should one move on this? Perhaps there's a better way.

And that is what we would truly like to do in sitting down and discussing this with the Provincial Auditor, and ultimately pursuant to some of the comments made dealing with *A New Agenda for Public Accountability*, perhaps with the Public Accounts Committee itself.

Mr. Lyons: — Mr. Strelieff, do you have any comments on Mr. Wright's statement?

Mr. Strelieff: — Mr. Chair, I would also like to sit down

with the Department of Finance officials to discuss it. We have in my first three weeks done some preliminary discussions about these issues. I'm not sure why in your past questions you limited it to Alberta and Prince Edward Island as being the only jurisdictions that perhaps prepare a summary . . .

Mr. Chairman: — No. Those are the two that do not, I believe.

Mr. Strelieff: — There are quite a few provinces, and even the federal government now has a good comprehensive or summary set of financial statements, and so does B.C. and Alberta, and a number of other jurisdictions that are working towards that. Prince Edward Island is another example of it.

Mr. Lyons: — Now I notice, Mr. Chairman, in the — Mr. Wright may want to sit there for this one — that the minister has talked about moving the agenda forward on value-for-money auditing. I wonder if you would put forward the position of the department on that suggestion for value-for-money auditing.

I guess I would ask you whether in fact that has been part of the preliminary discussions with the Provincial Auditor as to the new day for public accountability in the province; and if you would indicate to the committee where, if any, problems you see would arise with the value-for-money mandate.

Mr. Wright: — Mr. Chairman, I'm pleased to answer the question. And please don't take this wrong, I think we're moving off of 1988-89 and we're moving in the current years, but I'd be pleased to answer the question nevertheless.

Both pre and post release of the November statement dealing with the new agenda for public accountability, we have discussed with the Provincial Auditor the concept of value-for-money auditing.

I am not an accountant by background. But what I see perhaps as an outsider looking in is that just about everybody has a different interpretation, perhaps sometimes only at the micro level, but what value-for-money auditing truly is. What we would like to see is a process and a structure put in place, worked out jointly between the Provincial Auditor and Saskatchewan finance that will serve the interests of all concerned, predominantly that of the public.

Mr. Chairman: — Any further discussion on the question of summary financial statements? Again, the record will show that there will be ongoing discussions between Department of Finance and the auditor on this matter and that we may yet see summary financial statements in Saskatchewan.

I want to turn to supplementary information. The committee in 1975 recommended to the Legislative Assembly and the Legislative Assembly agreed that the *Public Accounts* include a supplementary volume which analyses payees or payments — an analysis by payee of payments on a government-wide basis in addition to a departmental basis, where those payments exceeded a

certain threshold.

This information was provided subsequent to that adoption of a resolution or recommendation by the Legislative Assembly from 1976 through to 1984. But it has not been tabled since 1984 even though the recommendation hasn't been rescinded by the Legislative Assembly. My question is: where are these supplemental volumes and why aren't they being provided?

Mr. Kraus: — Mr. Chairman, treasury board approved a new three-volume format. I can't give you exactly the right date but it would have been in probably in 1986 or thereabouts, and the point is that 1983-84 then was the last year that a supplementary information volume was tabled. But it was done as a result of a decision taken by treasury board, and as you know they do have the right to legally, as per The Financial Administration Act, to establish the form and content of the *Public Accounts*.

However, as you know, the paper that was released several weeks ago did talk about bringing an issue before this committee or that the government would be asking the Public Accounts Committee in conjunction with the Provincial Auditor to determine the kind of information and the level of detail needed in the *Public Accounts*. And while specifically that issue is talking about things like there may be too much detail with regard to salaries, payments to suppliers, the level, the dollar level, whatever was established many years ago and perhaps should be amended, the intention here was as well that the committee might, if it so chose, might look at some other issues and make recommendations. And I suppose that this is one of those items that we're talking about in the supplementary information.

It's interesting when you look — I don't want to take up a lot of time of the committee — but when you look across the country, again just like the accounting, governments report this in a variety of ways, some not so easy to follow, quite frankly. I think our information would easily hold up against most other jurisdictions but you may wish to look at it and make recommendations for improvement.

Mr. Rolfes: — Mr. Chairman, I think what I'm going to be asking, it falls in the similar vein as the question asked by the chairman. That is I find it difficult when I go through the *Public Accounts* as to how you distinguish as to what you will report and what you won't. I looked, for example, at the payments on interest-free base pursuant to The Farm Purchase Program Act and they are recorded. The names are all listed as to people who received payments under that Act.

But when I looked for the individuals on their production loan program, I don't find any. I know the distinction probably that you will make is that in the one instance we pay out a rebate and therefore it has to be recorded as an expenditure, but in the other, we subsidized the loan and therefore it's not recorded.

But the effect is the same. The effect to the province is the same in that if the cost to the province, for example, 13 per cent for money, and they give it to a particular individual at 6 per cent or at 9 per cent, that is an

expenditure or a cost to the province. And that individual benefits as much on the production loan program — I'm using this only as a case — as that individual would under the farm purchase Act.

I guess my question is, how do we distinguish . . . and I do want to draw to your attention that a former minister of Finance, the Hon. Bob Andrew, in a debate in the legislature I believe last year, did indicate that in his opinion he felt that a subsidy loan where the interest was subsidized, really should be considered as a grant. Because, you know, they are subsidizing and therefore a person does receive a grant, although you don't pay it out directly. But if he or she were to pay the full interest rate that would be in effect, they would have to pay considerably more to the Consolidated Fund or whatever it may be.

I was wondering if I could get some explanation as to how we distinguish in making the names of people who qualify under the farm purchase Act, we make that public, but on the other we don't.

Mr. Wright: — Mr. Chairman, I'm going to ask Gerry to deal with the specifics of exactly what goes in there, but I'd just like to address it from the conceptual at this point, which is, the Department of Finance and the Minister of Finance pursuant to recent comments would agree with you. That there is from time to time too much information or too little information, or perhaps from time to time, small, or in the view of some, large inconsistencies in the way it's presented.

Quite frankly again, that's why, as Mr. Kraus pointed out, why Finance, the Provincial Auditor, and the Public Accounts Committee will be asked to take a look at this information to figure out what is required — what additional information on the one side, would be necessary for this committee and for the public to have a better comprehension of what is going on in government; and what less information is required, perhaps in certain circumstances, because it is not particularly relevant to anyone. That's the macro-answer, Mr. Chairman. With respect to the specifics, Gerry?

Mr. Kraus: — I'll just read you a paragraph under grants in the volume 3:

In addition, at the discretion of Treasury Board, universal grant programs paid to individuals that do not permit ministerial discretion and that result in a high volume of payments may not be reported by payee. Programs that fall into this group would include the Mortgage Interest Reduction Program and the Small Business Interest Reduction Program.

And you can appreciate what we're trying to do there is just to avoid increasing this book and simply providing payees that qualify under universal programs. And it may or may not be of any interest to the committee. However, I suppose that's the type of issue you may wish to address in time.

Mr. Rolfes: — Mr. Chairman, I want to be very specific here. Could one of the members explain to me why we

record for the public information The Farm Purchase Program Act, but not the production loan program.

A Member: — Universality.

Mr. Rolfes: — Well so is the production loan, so is the farm purchase Act. If you qualify, it's universal. The same thing applied to the production loan program.

I just wanted to know, if it's a subsidy, do we agree with the former minister of Finance that in effect it's a grant? And therefore if we record grants under the one, should we not record it then under the other?

Mr. Muller: — Well the production loan program is a direct payment from government. The loans are given out to farmers from ag credit corporation, which is a Crown corporation, and they may very well have those figures in Crown corp; I don't know. But there are two different agencies that actually are working on these. One is that it was a direct payment of interest from . . . or direct payment from the Consolidated Fund. The other one is from agricultural credit corporation. They operate it just like a bank.

Mr. Wright: — Mr. Chairman, we don't have specific right here, off top of mind appropriate answer for Mr. Rolfes. This is the sort of thing that we do want to get at though, through the Provincial Auditor, through the Public Accounts Committee. And what we would hope, pursuant to our discussions with committee members, is that we would produce reports for you that would try to explain the way in which these things are currently set up.

And I would beg leave of committee members that we wait until that point in time to address that specific. If that's not appropriate and you would like a little report on that specific circumstance, you know, we can produce it, Mr. Chairman.

Mr. Rolfes: — Mr. Chairman, I guess the point that I wanted to make was I think the public has as much right to know who got a grant under the farm purchase Act as they have a right to also know who got a production loan program if it is subsidized. I don't care whether the Department of Finance does it through a Crown corporation, because it still comes out of the Government of Saskatchewan. I mean we eventually subsidize it through the Consolidated Fund. And I think we have a right to know that. If we have a right to know the one, I think we have a right to know the other.

The other thing I would also like to know is, for example . . . I have to find the page again and I will refer to it later on. My understanding is for example in the agreement signed with Weyerhaeuser, that there is a subsidy on the interest rates on the agreement signed with Weyerhaeuser. But nowhere is that recorded, if I'm correct. I believe it's 8 per cent over a number of years. But nowhere is that recorded as an expense to the province.

And if we're paying 13 per cent on our money on \$240 million and we're subsidizing to the tune of 5 per cent, that to me is an expense. And if we borrow on the international markets then surely that \$10 million of subsidy or \$12 million is calculated into our expense.

And shouldn't the public have a right to know that that is being subsidized? I don't say I disagree or agree with it. All I'm saying is, do we not have a right to that information?

Mr. Wright: — Mr. Chairman, from my side, not to engage in debate here, okay, from my perspective, but rather to in part agree from the broader conceptual nature, the corollary to what Mr. Rolfes was saying, does the public have the right to know what each and every 43,000 or 60,000 home owners received under the mortgage protection plan? Well one may suggest that, absolutely. And if you start adding up all of that, the question then arises, at what points do you cut things off?

Now I'm not completely familiar with the specific circumstance of what you're raising, Mr. Rolfes, but I think, Mr. Chairman, the important point here is that the Department of Finance, again through this committee and in conjunction with the Provincial Auditor, wants to look at this issue and these generalized issues to try to come up to a satisfactory resolution as to what is required and what isn't.

Mr. Rolfes: — Mr. Chairman, I just want to say that I agree with Mr. Wright. I don't want every little item recorded. We as a committee of the legislature could certainly set a minimum level, and that anything above that will be recorded. I am simply using the production loan program because I know the figures are relatively high and I used Weyerhaeuser because the figure is relatively high. I'm not referring to the small items where there's a \$100 subsidy or a \$1,000 subsidy or a \$1,500 subsidy. I'm not talking about that. But it's the bigger items that I was referring to, and I'm just wondering whether or not there was a policy. I do see some very small items in The Farm Purchase Act. There are some very small items that are recorded. I mean here's one for \$2,354 and there's some smaller than that.

We have made that decision that we will record on any of these that are \$2,000, \$3,000. But we will not record others that are considerably higher or are considerably higher expense to the government. Why do we not divulge that information if we think it's important that the public has the information to this particular program? That's the point that I was trying to make.

Mr. Chairman: — Next thing will be sort of publishing how much everybody pays in taxes, including yours, Herman.

Mr. Rolfes: — I have no objection to that. I'd love to have them publish what I pay in taxes. Be a lot more than what that guy pays in taxes.

Mr. Wright: — Mr. Chairman, major legislation would have to be implemented and I would look forward to the debate on that to release everybody's taxes paid.

Mr. Chairman: — Just getting back to the question here. I appreciate what it is that treasury board agreed to do in 1984 but again I guess I must question the authority of treasury board to overrule what is in fact a recommendation of this committee that was agreed to or adopted by the Legislative Assembly. What gives treasury

board the right to in fact overrule the Legislative Assembly on a specific matter such as this, putting aside the question whether it's desirable or not desirable, and I happen to think that it is desirable information.

Mr. Wright: — Mr. Chairman, from a legal perspective my understanding is the treasury board has the right to prescribe the form and the content of the *Public Accounts*.

Mr. Chairman: — Right.

Mr. Wright: — And so from a legal perspective you pose and raise the question, what gives treasury board the right? And the correct answer, Mr. Chairman, is a legal right.

Mr. Chairman: — But if the Legislative Assembly specifically outlines certain requirements, what then gives treasury board the right to ignore that?

Mr. Kraus: — I don't know what takes precedent over what. Perhaps the Clerk could help there because when these recommendations are made and adopted by the legislature, say in '74-75, I wouldn't be able to tell you whether that had more legal authority than the Act that governs treasury board and governs the preparation of the *Public Accounts*.

Mr. Chairman: — Again, it's a recommendation of the committee. Recommendation is approved by the Legislative Assembly. That sets the wheels in motion for certain information to be provided by the government, by the administration, and then without coming back to the legislative body the government, the administrative body, decides that it wants to change that. And I guess again recognizing the right of treasury board to do what it wants, it seems to me that there is a specific direction here and they don't have the right to ignore that.

Mr. Wright: — Mr. Chairman, as officials to the Department of Finance, we can't answer your question. I think you would probably have to take it up with the Clerk of the legislature. I really don't know, Mr. Chairman.

Mr. Chairman: — I guess we can get an opinion from the law clerk. The Clerk is reluctant to.

I guess the other, you know — and the committee may decide to do that, I don't know — but I guess the other comment I would have is that you had a recommendation of the committee. That recommendation was adopted by the Legislative Assembly. It was put into practice and it was . . . information was provided pursuant to that recommendation and it was done so for a number of years. Treasury board decided to change the type of information to be provided. I guess if you're . . . the minister is saying that the government will ask the Public Accounts Committee to determine the kind of information and level of detail needed in the *Public Accounts*.

You know, I appreciate the comments that you've made about what other information should be provided, but you still have this thing on the books, which was recommended at one point, and you may want to take

that back to the minister and point that out to him.

Is there any further discussion on the question of supplementary information? Or maybe I just have one small follow-up one. It seems to me that given the use of computers and so on, it's no logistical problem for you to provide the information as was provided in the past. Am I correct in that?

Mr. Wright: — Mr. Chairman, there is always a financial cost associated with the provision of additional information. Is it a problem? As long as the finances are there to provide that information, no, it's not a problem.

Mr. Chairman: — But it would be easier to do it today than it might have been 15 years ago when the state of art, in terms of retaining of data, was somewhat less sophisticated than it is today it seems to me.

Mr. Wright: — I would presume so; I was in high school. I only mean that jokingly, Mr. Chairman, okay. I presume it is a lot easier. There is a cost financially to producing that sort of information.

Mr. Chairman: — Sure there is. Go ahead. Sorry . . . (inaudible) . . .

Mr. Baker: — It was just a comment on the difference between the Weyerhaeuser situation. That was an agreement for sale, a sale of an asset, and it's not a subsidized interest factor because it wasn't a loan. It was a sale of an asset and there was an agreement for sale established as to how the repayment would come in.

It's not like loaning them money at a lower rate or whatever. You're not dealing with loaning the money. What you're doing is recovering your moneys from an asset.

So there was a . . . They didn't loan any money to Weyerhaeuser. It was an agreement for sale to disperse an asset and there was a formula figured out as to how it would be repaid, and there was an interest factor in it.

But it wasn't a loan basically. Because it's the same as if you're selling me your automobile and you and I strike a deal, and I agree to pay you \$300 a month until it's paid off. And there may be an interest factor in that same thing.

Mr. Lyons: — . . . (inaudible) . . . you pay me back over time — that's how it works — and only charge you 8 per cent interest.

Mr. Rolfes: — Mr. Chairman, I wanted to comment on this but . . . (inaudible interjection) . . . No, I wanted to comment on the 13.31, but I do want to say to Mr. Baker, any time he wants to make a deal with me, I'd gladly deal with him, and I'll set the interest rates.

Mr. Baker: — I don't want your car.

Mr. Rolfes: — I'll set the interest rates. I'll set the interest rates over 30 years. I'll gladly do it. If you have anything to sell, let me know. I'll buy it without any down payment and I'll set the interest rates. That'd be great.

Mr. Rolfes: — The fact that you have assets worth 240 million, I'll buy them.

Mr. Chairman: — I think we're getting into what the lawyers call *obiter dictum*.

Mr. Rolfes: — Oh, I agree.

Mr. Baker: — You already took my . . . (inaudible) . . .

Mr. Rolfes: — I know I did. But anyway I want to go to 13.31, and I wonder whether or not before we break for coffee, Mr. Chairman, whether the committee, after coffee break, should consider moving a motion that we reaffirm our position for 13.31, that this committee reaffirm its position for 13.31 asking the government to carry out the intent of the motion or if it doesn't intend to do that, then to bring in legislation to rescind that motion which was passed by the legislature.

It is my understanding that the legislature is supreme in a democracy, and when there is a motion or an Act passed in the legislature, that treasury board and Executive Council are bound by that. They are not outside the legislature. I believe that that is correct. And, you know, if they do not wish to carry out the wishes of this committee and the legislature, then I think it should be rescinded.

And I do agree with your statement. I think it's somewhat ironic that the minister has asked that he wants this committee to bring forward suggestions when we already have done that in the past, and they simply ignore it.

I don't want to be too critical, but I do think that we, maybe after coffee break, should have a look as to whether or not we want to reconfirm our position for 13.31. I have no further comments on that.

Mr. Chairman: — Timeliness of information.

Mr. Lyons: — I wonder, Mr. Chairman, if we were to break now and then start on the timeliness of information. I think that may take a little time.

Mr. Chairman: — Just point out that we start into a new section on Public Employees Benefits Agency whether maybe we just finish this timeliness of information. I don't see taking a great deal of time on that.

Mr. Rolfes: — Well I have one question on it.

Mr. Chairman: — The auditor is recommending that the members of the Assembly receive information as to how money has been spent on the task before being called upon to authorize expenditures for the future. A reasonable recommendation. Any comments on that from any quarters?

Mr. Wright: — Pursuant to the government's recent statements dealing with a new agenda for public accountability, the Minister of Finance has outlined that legislative amendments will require the *Public Accounts* to be completed by November and provided to the legislature as soon as the House is in session. I believe this would address the auditor's problem dealing with timeliness of information

Mr. Chairman: — Maybe just on that . . . it's not under the year under review, but why does the House need to be in session for members to be provided with information? It's my understanding that in other jurisdictions there is some time-to-time provision for members to be provided with this information even though the legislature is not in session.

Mr. Wright: — Mr. Chairman, I believe the answer to that would be one of tradition, tradition to provide the elected members of the Legislative Assembly with the information first and foremost.

However, Mr. Chairman, in Finance, through the Minister of Finance contemplating timeliness of information, indicated that what we would like to do is provide the main financial statement on an audited basis as soon as it is produced then the actual tabling of the supplementary volumes would occur when the House is in session to respect the tradition, the democratic traditions and the rights of elected members. And that is why Finance has taken this approach.

Mr. Chairman: — I just might say from my perspective I wouldn't feel that my sense of rights or responsibilities as a member of the Assembly would in any way be abrogated if these statements were to be provided pursuant to some process when the Legislative Assembly is not sitting. I mean you could even sort of courier them to the members the day before they were released public or whatever. Anyway that's neither here nor there.

Mr. Rolfes: — Mr. Chairman, I was just going to say the same thing. As long as the members have access to them before the public has, I don't think that . . . so there's no reason why that couldn't be done even though the House is not sitting. I do believe that the members could have access to the information.

I'm concerned about . . . I'm pleased that he has said November. I did not read the statement, you know, that there is a mechanism. Why they haven't been prepared in the past, you know, in that time frame is beyond me but I think it shows that it can be done. But if it's not going to be made available until the House sits, all the government has to do is simply delay the session and the timeliness again is gone.

I think within six months of the end of the fiscal year should be sufficient time, I think, for a government generally to prepare the annual reports and make them available to the members of the legislature.

Mr. Wright: — Mr. Chairman, I would emphasize that the Department of Finance and the Provincial Auditor, and we've had some discussions on this from Finance's perspective, want to table . . . sorry not table but release the main financial statement, which I believe is referred to as volume 1, as soon as humanly possible. And by humanly possible, I mean with a lot of blood, sweat, and tears particularly on the part of the Provincial Auditor and his staff to audit the statements and to get them out.

It is the supplementary volumes, which are volume 2 and 3 at this point in time, that would be tabled through the

House. With respect to, Mr. Chairman, one of Mr. Rolfes' earlier comments that, and I believe yours as well, that you wouldn't have no problems. I think that that is not an issue for Finance officials to engage in consultation or debate with you, but rather for you and your colleagues on all sides of the House to determine.

Mr. Rolfes: — I just have one further . . . Who is responsible for the issuing, or making public, annual reports? Is it the Minister of Finance?

A Member: — Minister of annual reports?

Mr. Rolfes: — There isn't such a thing. Is it the Minister of Finance?

Mr. Chairman: — In the absence of any other minister, yes.

Mr. Kraus: — When you said annual reports, did you mean . . .

Mr. Rolfes: — Well student aid fund for example.

Mr. Kraus: — It would be the Minister of Finance . . . or Minister of Education. Yes, so it depends. Obviously the things we've been talking about today are the Minister of Finance's responsibility, but something like what you mentioned would be Education minister would be responsible for tabling the annual report for that.

Mr. Rolfes: — Okay. Well the reason I'm asking is that in another day or two we are to consider the 1988-89 estimates of Education and I'm told the student aid fund for that year is not completed yet. You know, I wanted some information on that. I thought the Minister of Finance was ultimately responsible, but okay he's not.

Mr. Wright: — Not to belabour this, Mr. Chairman, as you know I have a point in time when I have to get out of here to catch a flight. But the issue is I think that that's fair enough to ask Education about that. The Minister of Finance is not responsible for that, but the Minister of Finance did indicate in that recent *A New Agenda For Public Accountability* that we would be moving forward to ensure the timeliness of information and ensure that those reports are prepared on a timely basis, recognizing, Mr. Chairman, Mr. Rolfes' concerns in this regard and the public's as well.

Mr. Chairman: — Any further question on the matter of timeliness?

Mr. Lyons: — One slight question. When we're talking about the tabling of documents, financial documents to the province, and you refer to volume 1, are you anticipating that there will be a more rapid tabling of other documents that fall under the jurisdiction of the Department of Finance, for example, PEBA, the annual report and all the other little annual reports that come rolling out of your department?

I know, we've raised this question in the past about the . . . of the time on this in regards to its tabling. The question I ask is real technical. It has a technical answer to it, technical in the sense of . . . My understanding is that

everything's on-line, that you've got information that the data base — the information there is on the data base, that it's a question of having it spewed out and then audited by the Provincial Auditor, and that the lag is in the Provincial Auditor's.

I remember from our conversation last year that the . . . on some of the reports that the lag was in fact the time it took for the Provincial Auditor's office to do the audit of the financial statement. And the question I have is: this information is readily available, is it not, for computers, on a computer for somebody?

Mr. Wright: — Mr. Chairman, for clarification, is Mr. Lyons' question with reference to PEBA?

Mr. Lyons: — Yes, I'll take PEBA as an example because there has been some . . . put Mr. Smith in the hot seat there for a few seconds.

Mr. Smith: — We're guilty in terms of the timeliness of producing the financial statements as stated in these reports. A lot of the information for accounting purposes is not on-line in computers; we create it manually from other reports. The group life insurance plan, the disability plan for '88 and '89 — for '88, we were recovering from the early retirement plan of '87. We re-allocated all of our resources primarily to the early retirement program. We were late for '87 and it followed over into '88. All the events that are here for ending '88, I think we've cleared up to date. We're current now and hope to maintain and stay current for ever.

Mr. Wright: — To come back to, Mr. Chairman, if I might, to come back to the earlier part of the question, it certainly is the desire and the will of the Department of Finance within financial constraints to table information produced by the Department of Finance in a more timely basis in co-operation with the Provincial Auditor.

Mr. Lyons: — I can understand the will and the intent. My question is: are the technical means available to do that? For example, I'll use this example, the state of Maryland, if you walk into the Capitol in Annapolis, there's a row of computer banks there. The daily financial position of the state is available to anyone in the public. The accumulated net deficit, the spending of what's going on in highways, who's got this contract, how much money's been spent in education, which school district has received this grant — is all available on a day-to-day basis.

Is that kind of information, would that kind of information be available from the Department of Finance to the people of Saskatchewan technically through . . .

Mr. Chairman: — Through the automated teller machines or . . .

Mr. Lyons: — No, not necessarily; no, through a computer bank. Appreciate your humour, Mr. Van Mulligen, but you missed the analogy.

Mr. Wright: — Mr. Chairman, technically, I believe the technical answer to the technical question is yes, technically it's feasible. But I think there's a lot of other

technical issues and perhaps policy issues that I couldn't address, associated with that.

Mr. Lyons: — Okay, given that it's technically feasible and given that there's obviously those . . . which information remains confidential and which information would be . . . what are the parameters of that? Has the department begun to examine that kind of . . . In light of some of the comments in the year under review of timeliness, has the department begun to explore that method of providing information to the people of Saskatchewan?

Mr. Wright: — No, Mr. Chairman.

Mr. Chairman: — I wonder if at this point we might take a break and come back at 3:05, 3:10? Okay.

The committee recessed for a short period of time.

Mr. Chairman: — . . . with respect to proceeding without the presence of the Clerk but . . .

Mr. Anguish: — We're going through a difficult situation and I suggest, Mr. Chairman, we won't find at that point in time that if we don't run into any difficulties then we proceed without the Clerk.

Mr. Chairman: — Is that agreed? Mr. Anguish, you wanted to return to something.

Mr. Anguish: — Thank you, Mr. Chairman. I have a couple of questions I'd like to direct to Mr. Wright concerning page 45 of the auditor's report. There was some discussion of that before I had departed to go to the Crown Corporations Committee. I'd like to ask you, Mr. Wright, in terms of the year under review: how many payments were made by the property management corporation to the Consolidated Fund both on their long-term debt and on their short-term debt?

Mr. Wright: — Mr. Chairman, to the best of our knowledge at this point in time, none.

Mr. Anguish: — None on either?

Mr. Wright: — That is correct, Mr. Chairman.

Mr. Anguish: — Well there seems to be a bit of a discrepancy, Mr. Wright. Just a few moments ago in the Crown Corporations Committee, Mr. Wolfe the minister in charge, stated to the committee that in the fiscal year ending March 31, 1989 they paid to the Consolidated Fund \$8.6 million for proceeds repayment of promissory notes which I would have to assume would be short-term debt, Mr. Wright. And now you tell us that that's not the case, there was not \$8.6 million repaid. In fact, there was nothing repaid on the short-term debt.

Mr. Jones: — Mr. Chairman, I think just to clarify what Mr. Wright said. In terms of long-term financing that the Department of Finance arranged for SPMC, to my knowledge there was no debt repayments for long-term debenture financing. From time to time the Department of Finance provides an operating line of credit, if you like, a cash management facility which SPMC, as do other

Crown corporations, borrow from time to time from the Department of Finance for short-term periods of time and they will be repaid from time to time during the year.

Mr. Anguish: — How many payments . . . First off, do you have promissory notes with the Saskatchewan Property Management Corporation?

Mr. Jones: — Mr. Chairman, the way that this credit facility works is that the corporation will issue a promissory note which the Minister of Finance will purchase and that's the way it works. So from time to time they will issue the notes for a period of time, whether it's 30 days, 60 days, 90 days, and they will repay them when they come due. They may repay them by rolling them over.

Mr. Anguish: — What do you mean they repay them by rolling them over?

Mr. Jones: — By reborrowing the money from . . .

Mr. Anguish: — So the debt continues to grow and there's not actually any payment made to the Consolidated Fund?

Mr. Jones: — In terms of the short-term facility, that's correct.

Mr. Anguish: — So the debt just grows into perpetuity? I mean the debt will grow for ever as long as they want to draw money from the public purse. As long as they can convince you that they should have a promissory note, they can get more money to pump in the property management corporation?

Mr. Jones: — They have a line of credit. I don't have the amount here that they can go up to, but there's a certain specified line of credit that they have approved with us. So as long as they don't exceed that then we have the authority to lend them up to a certain limit under this, what I'll call a line of credit.

Mr. Anguish: — Is it through a financial institution or directly from the Consolidated Fund?

Mr. Jones: — It's directly from the Minister of Finance, Consolidated Fund.

Mr. Anguish: — Is there someone here amongst your officials that could tell us what that line of credit is? Is it 1 million, is it 10 million, is it 20 million? Can you give us a ballpark figure?

Mr. Jones: — I can go out and phone for it if you'd like.

Mr. Anguish: — I'd appreciate knowing what the line of credit is.

Mr. Jones: — Okay.

Mr. Anguish: — What the maximum amount. And I want to also know how many payments were made by the property management corporation back to the Consolidated Fund for short-term debt. How much money actually came back to the Consolidated Fund on

short-term debt held with the property management corporation?

Mr. Jones: — I believe the gross amount of that is contained in the *Public Accounts* on page 6.

Mr. Anguish: — Which volume?

Mr. Jones: — Volume one.

Mr. Anguish: — What is that . . . (inaudible) . . . I'm sorry I don't have that book with me.

Mr. Jones: — The total disbursements including . . . if I can back up, there were two components . . .

Mr. Anguish: — Whose disbursements? I'm sorry.

Mr. Jones: — The total disbursements from the Minister of Finance for the Consolidated Fund in the year under review was 1,130.702 million.

Mr. Anguish: — One billion, one hundred thirty million.

Mr. Jones: — Seven hundred and two thousand

Mr. Anguish: — That would be for long term and short term?

Mr. Jones: — Of that I believe 100 million was in debenture financing.

Mr. Anguish: — And the balance would be . . .

Mr. Jones: — So then the balance was in short term under their credit facility with the province.

Mr. Anguish: — So, if I am correct, in terms of short-term debt that the property management corporation accumulated with the Department of Finance, that short-term debt would amount to \$1,030.702 million?

Mr. Jones: — No, Mr. Chairman, Mr. Anguish. That's the total amount that was disbursed during the year. Some of that could have been as short as one day, and much of it was rolled over.

Perhaps just to clarify — during the year under review, the property management corporation paid back if you like, from themselves to the Consolidated Fund, 1,086.402 million.

Mr. Anguish: — One billion . . .

Mr. Jones: — Eighty-six million, four hundred and two thousand.

Mr. Anguish: — I don't know who checks on the property management corporation, but there's no figure anywhere like that that they'd borrow and pay back to anyone. In fact, that's referring to pay-back of short-term debt from the property management corporation back to the Department of Finance, the Consolidated Fund.

The only amount they have recorded under the year

under review that there was proceeds for repayment of promissory notes is 8.6 million, and I'm trying to determine where this would show up in the property management corporation's financial statements. I mean we're dealing with an excess of a billion dollars, and they show 8.6 million being repaid.

Mr. Jones: — Mr. Chairman, again if I can just try and clarify. That's the total amount that was advanced and repaid during the year. That's not necessarily the amount that was outstanding at a particular point in time.

Mr. Anguish: — Well, this gets to be a very complicated accounting procedure which I am sure the public has a great deal of difficulty in understanding. I'm here to check off what the minister just told us upstairs in the Crown Corporations Committee, and I don't know whether it's you don't follow the same accounting practices or what it is, but the answers you give are certainly a lot different than the answers he gives. I'm not being critical of you for that, I'm trying to point out to you it's very, very hard to understand the financing of the Saskatchewan Property Management Corporation, sir.

So what would the \$8.6 million, if reflected in their annual report, where it says "Proceeds (Repayment) of Promissory Notes". The minister told us that this was money that was paid in total — not to anyone else, not to SEDCO, not to Crown Management Board, that amount represents money they paid to the Department of Finance's Consolidated Fund in the year '88-89.

Mr. Jones: — Mr. Chairman, I don't have that document here in front of me, and I'd certainly be prepared to try and reconcile these numbers, but I don't have that in front of me and I'm not entirely sure of what the member is reading from, so that . . .

Mr. Anguish: — Well, what I'm reading from, sir, is the 1988-89 Annual Report, Saskatchewan Property Management Corporation. I'm sorry, I don't have another copy here. There might be one in the bookcases here somewhere. On page 16, it says "Proceeds (Repayment) of Promissory Notes": \$8.6 million. Property management corporation just told us that was money paid on short-term debt to the Consolidated Fund. Where is this \$8.6 million show up in your accounting system that they say they've paid off outside of the 1.86 billion that went back and forth on a daily basis?

Mr. Jones: — Mr. Chairman, Mr. Anguish, what there could be as a difference . . . I've given you the gross numbers that we've provided to them. They may have presented things on a net basis. And I guess, what I'm saying is I don't have that in front of me right now; I can't reconcile the two for you, but I'd be certainly pleased to look at it and come back to you with something on this.

Mr. Anguish: — Well do you think you could get back to us before Wednesday morning, when the Public Accounts Committee has before it the Saskatchewan Property Management Corporation?

Mr. Wright: — We can do best efforts.

Mr. Anguish: — What is the total long-term debt the

Saskatchewan Property Management Corporation owed to the Consolidated Fund at the date of March 31, 1989?

Mr. Wright: — Pursuant to, I believe and I stand corrected here, pursuant to the auditor's report on page 45, it would be 385,136,000.

Mr. Anguish: — As per page 45 of the auditor's report, is that what you're reading from?

Mr. Wright: — That's correct.

Mr. Kraus: — And that number ties, I believe.

Mr. Wright: — Page 16 of volume 1 of the financial statements for the *Public Accounts*.

Mr. Anguish: — Do you expect to get this money back from the Saskatchewan Property Management Corporation? Do you expect to get cash back in your hand, at some point, in the Consolidated Fund of the \$385.136 million? Do you expect to get that money back?

Mr. Jones: — Mr. Chairman, it's recorded on the books of the province as an asset, so the answer is yes.

Mr. Anguish: — Does this amount include short-term debt, or is that 385.136 million, is that just long-term debt that's tied to debentures?

Mr. Wright: — I believe it's short- and long-term debt. It's total disbursements in both forms: short term, medium term, and long term.

Mr. Jones: — Mr. Chairman, just a point of clarification on page 15, as well of volume 1 of the *Public Accounts*. The short-term debt position of SPMC at March 31, 1989, was 47.1 million.

Mr. Rolfes: — What page are you on, sir?

Mr. Jones: — Page 15, volume 1. It breaks out what the short-term loan position of the Consolidated Fund to SPMC is at that date. So of the 385, approximately 47.1 was in short-term debt.

Mr. Anguish: — Do you keep on top of who else owes your clients money, or who your clients owe money to other than you? Do you make a judgement? Like a commercial lending institution would want to know who else their client owes money to. Do you do the same thing for the property management corporation? Like do you keep on top of how much they're getting from Crown Management Board and then do you check and see how much they've got owing at SEDCO or do you just. . . . How do you make this deal with them to have them with revolving amounts of a billion dollars?

Mr. Wright: — To the extent, Mr. Chairman, that at the beginning of the year a capital budget is struck for SPMC — we finance that through loan activity over the course of the year — that is the involvement of the Department of Finance with SPMC. So to the extent do we sit there and monitor other transactions vis-a-vis whatever banking institution they may deal with on a daily basis? No.

Mr. Anguish: — So if you didn't in your budget preparations determine the right amount of money and SPMC needs more money they just run over to SEDCO and borrow it over there because their appropriation wasn't right from Consolidated Fund. Is that what happens?

Mr. Wright: — I don't believe so, Mr. Chairman.

Mr. Anguish: — Did you review the amount that was given to property management corporation by Crown investments board — Crown Management Board, pardon me?

Mr. Wright: — To the best of my knowledge, no.

Mr. Anguish: — The long-term debt that the property management corporation shows in their annual statement on page 14 is \$202,278,000.

Mr. Wright: — Mr. Chairman, I'd be pleased to get a copy of that report so that we can comment fairly and accurately on these things. In the absence of a copy of it, it makes it exceedingly difficult for us to be able to provide any insight into the data or the information.

Mr. Anguish: — I guess, Mr. Wright, what I'm basically asking is I want to know how much the Saskatchewan Property Management Corporation owes to the Consolidated Fund within the Department of Finance. I want to know that in terms of what the long-term debt is and when it's repayable to you. I want to know what the short-term debt is and how that's repayable to you. I want to also know the limit of their line of credit, and I would like to also know the pay-back schedules on the short-term and long-term debt.

Mr. Wright: — Mr. Chairman, pursuant to pages 15 and 16 of volume 1 of the *Public Accounts* — page 15 as we indicated earlier — Saskatchewan Property Management Corporation has short-term loans to Crown entities of \$47.1 million. With respect to total principal amount outstanding pursuant to page 16, volume 1 of the *Public Accounts* — \$385,136 million is outstanding. I would presume at this point, Mr. Chairman, but I will check that if you deduct the \$47.1 million in question from the \$385.1 million in question you will come up with a long-term debt.

With respect to the line of credit, we have indicated to the committee that, and to you, Mr. Chairman, that we will endeavour to find that and report back to the committee. And pursuant to Mr. Anguish's other questions we will provide a written report to you on those.

Mr. Anguish: — I would appreciate it if you could provide it even if it's . . . I would prefer it written but we'd prefer it by Wednesday morning if that's at all possible if you could give us your undertaking for that.

Mr. Wright: — Absolutely, Mr. Chairman. As I indicated earlier best efforts in that regard, and we will expedite the process to the extent possible by having Mr. Jones phone Mr. Anguish directly if that's appropriate, Mr. Chairman.

Mr. Anguish: — One other question I have right now if

you could possibly answer . . .

Mr. Wright: — Mr. Chairman, the report itself that should come back . . . everything that was discussed with Mr. Chairman will come back through the Clerk of the Public Accounts Committee.

Mr. Anguish: — I'm also wanting to know, Mr. Wright, the . . . I think it's on page 16, I'm not sure but there's an \$8.6 million paid by the property management corporation. Was that \$8.6 million paid to the Consolidated Fund, and if so, what was it paid to the Consolidated Fund for?

Mr. Wright: — Mr. Chairman, I'd ask the indulgence of the committee for the Department of Finance to review this rather than perhaps just glancing through this at this point in time. We would like to make sure that we're providing you with the best answer humanly possible, and if we can endeavour to provide that to you by Wednesday, best efforts in that regard as well, if that's acceptable, Mr. Chairman, to Mr. Anguish.

Mr. Anguish: — I can understand you'd want to review it to provide correct and accurate information to the committee and we do appreciate that from you.

I'm just wondering now if your colleagues with you here today can tell me a little bit about the \$8.6 million that was paid on promissory notes. We've been told it was paid to the Consolidated Fund. If it was paid to the Consolidated Fund, on what basis was it paid? Why did they pay that amount? Because the answer that I heard of this revolving amount, these disbursements of one billion, 30 million plus, that that it isn't really on a pay-back schedule.

There's money that exchanges in the accounts on a daily basis. I'm trying to identify that particular \$8.6 million that was paid by property management corporation to supposedly, the Consolidated Fund. If you received that money, what did you receive it for?

Mr. Wright: — Mr. Chairman, I think it would be reasonable to state from our side that we're not responsible for the preparation of SPMC's accounts. And as a consequence, I don't think it would be appropriate nor wise on the part of the Department of Finance to give what may be considered a knee-jerk response to this. I would ask the indulgence of the committee to enable us to take a look at this carefully, to review what is in fact in the annual report of SPMC — we did not prepare that and then to report back to the committee.

Mr. Anguish: — I can appreciate that, Mr. Wright, and I hope you appreciate our side of it. We feel that we have a role to be accountable to the public, and we're trying as best we can to enlighten taxpayers as to where their dollars are going to and the relationship of the property management corporation to the rest of the government.

And now for us the relationship of the Department of Finance is confusing to say the least, and I don't think many members, including the minister in charge of property management corporation, has a good understanding of the financing and the accountability

process between the Consolidated Fund and themselves and between the property management corporation and the public. So I can appreciate you not being able to provide those answers readily, but I think it's incumbent upon us to try and have as good accounting of our taxpayers' dollars as possible.

Mr. Chairman: — Mr. Wright has to leave shortly, and I wonder if there's any questions on areas of revenue that we may want to turn to before we go back to the auditor's report.

Mr. Lyons: — Thank you. I don't know whether this falls strictly under revenue, how much money we got from Heritage Fund and stuff, but it follows on the line of questioning that we've been pursuing and that is on page six. Mr. Wright, I wonder if you'd look at page six, volume one, where we see disbursements and receipts.

In light of the auditor's comments regarding apportionment of assets or the designation of assets, I notice that in total loan disbursements and receipts there is a shortfall of receipts over disbursements by somewhere in the vicinity of \$125 million. Now that's at the . . . under loans, total loan disbursements and receipts, \$3.2 billion in loan disbursements, 3 billion and 85 million in receipts.

Is that money, that \$125 million, or thereabouts, is that treated in the same manner — I know it includes the Saskatchewan property corporation — but is that, from the Department of Finance, designated as an asset of the province? Are those disbursements designated as an asset of the province? If you look under Saskatchewan Property Management, the difference between 1.130 billion and 1.086 billion leaves us with the 44 billion and a net debt of the province. That's where the 44 billion referred to in the auditor's report comes from. Can we apply that example to this whole . . . at least to this first part of the statement of loan investment deposit activity and say that there's actually \$125 billion that has been deemed assets, which would have to be added onto the accumulated deficit, the net debt of the province? Would that be a fair comment to make?

Mr. Kraus: — I don't believe you could draw that conclusion. For example, if you look at Sask Power Corporation, we disbursed 69 million; but on the other hand, received 128 million from them. So the difference, whatever that is, roughly \$58 million, would go towards reducing the loan that we have with SPMC . . . I'm sorry, with Sask Power Corporation. I believe that would be a fair statement of the fact that we in fact reduced the loan to SaskPower by that amount of money. And it would be no question of whether or not we're fairly valuing the loan from SPMC because in this year we reduced it, or in another year where we may have increased it. In fact you can see in '88 that we disbursed 67 million, only receiving about 30 back. So in that case the loan would have gone up, but the next year it went down.

But I don't believe you can apply the comments of SPMC to all of these entities. And I suppose I would ask for some support from the auditor, or perhaps he doesn't agree with me, but . . .

Mr. Strelloff: — Mr. Lyons, I do agree with Mr. Kraus that the concern that we had in our reservation relates strictly to Sask Property Management Corporation, because for Sask Property Management Corporation to repay that loan, the Consolidated Revenue Fund has to give them the money. So that's the difference. Whereas in SaskTel, they have access to their own revenue streams, so there is something real there.

Mr. Lyons: — Okay, are there any other, other than the Saskatchewan Property Management Corporation, which you would identify as falling under the same kind of comments? In the list there, I know ACS (Agricultural Credit Corporation of Saskatchewan), for example, it's repayments on the production loan program. The Crown Investments Corporation of Saskatchewan and the disbursements and receipts from Crown investments, would that fall in the same statement regarding a source of revenue.

Mr. Wright: — Mr. Chairman, in principle, no, is the answer to Mr. Lyons's question.

Mr. Strelloff: — I think I'd have to agree with Mr. Wright on that. Otherwise we would have identified those types of loans.

Mr. Lyons: — Okay. That's the only question I've got on that.

Mr. Rolfes: — I have no specific questions to Mr. Wright — I know he wants to leave. But I have other questions I want to ask but I think his other officials could answer those for me.

Mr. Wright: — Mr. Chairman, with that in mind, I'd like to thank committee members. I do apologize, but I do have to go. I'm on my way to Saskatoon for a meeting tonight, but I leave you in capable, competent hands, and Mr. Jones would be more than pleased to answer any questions that any committee member may have. Thank you.

Mr. Rolfes: — Yes, I have a number of questions, unless you have some questions, Mr. Chairman; you're the boss.

Mr. Chairman: — I'd like to return at some point to the auditor's report, to the Public Employees Benefits Agency, I think we are next. Maybe we can turn to page 48 in the auditor's report. The auditor raises some concerns here about supervisory controls, indicates that this was reported in his '88 annual report. Is it a problem that this could result in accounting errors? Any comment on that?

Mr. Smith: — Mr. Chairman, I think for '87 and '88 we agreed that we did not perform the functions on a timely basis. We agree with the auditor's report.

Mr. Chairman: — Is there anything being done to rectify this?

Mr. Smith: — Yes, we're current to date.

Mr. Chairman: — You're current to date? Any comment from the auditor?

Mr. Strelloff: — On the current-to-date remark, we are presently examining and will report in our next report.

Mr. Chairman: — Investment income. It was observed that investment income, including dividend earnings for equity investments, were not being checked in a timely manner.

Mr. Smith: — The same thing. We did not do them in a timely manner.

Mr. Chairman: — You're doing that now?

Mr. Lyons: — Mr. Chairman, I noticed this investment income is managed by an insurance company. I'm wondering if, during the year under review, the department began to be in an arrangement or be in discussions with the Investment Corporation of Saskatchewan as to the handling of the Public Employees Benefit Agency funds.

Mr. Smith: — No, the group life insurance plan assets are a liability of the plan for insurance proceeds. Mutual Life of Canada in Kitchener-Waterloo is the insurance company and they manage the assets as well. We have not looked at, in the year under review, moving those assets from the insurance company. The insurance company likes to hold the assets as well as having the liability because they go hand in hand. And if we did separate the assets they would want to increase the cost that they had charged to us.

Mr. Chairman: — There's another concern here. That is the Disability Income Fund and the Group Life Insurance Fund did not submit semi-annual investment reports to the Investment Board. Has that now taken place?

Mr. Smith: — Yes.

Mr. Chairman: — Public Employees Dental Fund, there's a question here of timely financial statements. Has that been rectified?

Mr. Smith: — We agree. The comments apply to group life, disability income, and the dental plan.

Mr. Chairman: — Okay. And the question of bank transfers not being checked and bank reconciliations not being completed on a timely basis?

Mr. Smith: — We agree.

Mr. Chairman: — Dental claims stated that payments were not supported by properly approved claim forms.

Mr. Smith: — Mr. Chairman, could I have the section reference on . . .

Mr. Chairman: — Yes, it's paragraph 13.63 under dental claims.

Mr. Smith: — Okay, that's a daily, or a monthly check that we do quite often in terms of . . . We receive the claim forms from the dental plan, send them to the insurance carrier, and they are returned to us. We were not

checking those against the actual payments made on a random sample basis. We did not do them. We are doing them currently.

Mr. Chairman: — You are doing that now?

Contribution revenue states that in 13.67 that there is

" . . . no independent check to ensure that all monies received and recorded in the cash mail record were deposited to the bank."

Mr. Smith: — Yes, that was a function of the number of staff. We do have an independent check now within the agency.

Mr. Chairman: — Okay. I have a note from the auditor that with respect to 13.7 through 13.73 that this matter has been resolved, that approval is now being granted.

Mr. Smith: — I believe it has been received.

Mr. Chairman: — Any question that anyone has on other questions on Public Employees Benefit Agency?

Can we turn to the question of special warrants? The auditor raises a concern about \$1.2 billion being spent by special warrant during that year. And I'm wondering if somebody can explain to me how that could be the case and how that's . . .

Mr. Kraus: — Well I think what I would like to know specifically about the 1.2 billion — and we did have a discussion prior to the meeting — It would help me if I knew whether this 1.2 billion was referring back to a year prior almost and perhaps the fact that the House didn't open until June '87 and that these were . . . it was a special warrant to cover the spending that occurred between April 1, '87 and June '87.

Is that what the auditor is identifying? Is that where that 1.2 came from? Because there was a need for a special warrant to spend before the House sat in that particular year, and it's possible that's the warrant you're talking about.

Otherwise special warrants, as you know, are provided for again in The Financial Administration Act in circumstances that are unforeseen and so on, and it isn't uncommon to have special warrants issued about this time of the year or perhaps a little later. After Christmas people are . . . I'm sorry, departments find they're a little bit short and the special warrants are raised, and then they have to be brought forward, obviously, as part of the estimates for authorization.

Mr. Chairman: — Then again, I can't recall, sort of, \$1.2 billion dollars in expenditures by special warrants.

Mr. Kraus: — I believe it has to be pertaining to that period of time when the House wasn't sitting in the one spring.

Mr. Chairman: — Previous year.

Mr. Strelieff: — Back to the \$1.2 billion dollars on

special warrants. As far as my staff have advised me that it pertains to primarily non-budgetary transactions that occurred throughout the year, not during the year where the House was not sitting for the first few months. And our general concern is that it seems to bypass the usual appropriation approval process of the Legislative Assembly. \$1.2 billion is a significant amount.

Mr. Chairman: — Of non-budgetary?

Mr. Strelieff: — That means loans rather than specific expenditures.

Mr. Chairman: — Do you have an example of . . . can I have a list of these? Itemized account?

Draw the committee's attention that Mr. Hopfner is now here. I'd like to welcome him here today.

Mr. Strelieff: — Mr. Chairman, the reason we reported this amount is because we're required by law to report all amounts approved by special warrant. That's the starting point.

We haven't with us got a detailed list of all transactions that were made. In a general sense, I suppose, it relates to similar loans like the one made to Sask Property Management Corporation, would be a non-budgetary type of loan.

Mr. Lyons: — Mr. Strelieff, I wonder, I mean, this is kind of interesting. We know how much was made to SPMC, but what similar type of loans? And I look at, for example, on page 6 of the *Public Accounts* No. 1, we see loans totalling 3.2 billions in terms of loans. Were you referring to any of the loans within that category? — for example, the Crown investments corporation? I mean \$1.2 billion is a lot of money to loan out in terms of non budgetary. Where would one find that in the *Public Accounts*?

Mr. Jones: — I believe that during the year in question the government decided to transfer the equity that it held in the Saskatchewan Mining Development Corporation and PCS (Potash Corporation of Saskatchewan). Now I may be wrong about this but I believe that's the case. And that's shown on page 6 of volume 1 of the *Public Accounts*.

In order to do this, it moved the money from being an investment in those two corporations to being an investment in CIC (Crown Investments Corporation of Saskatchewan). In order to facilitate that I believe that moneys had to be advanced to CIC so that the two companies, SMDC (Saskatchewan Mining Development Corporation) and PCS, could repay the government, so to speak.

Those transactions were not budgeted and therefore had to be provided for by special warrant because the legislature was not in session at the time that was done. I believe that that was a large part of the 1.2. In addition, I believe the loans of the Saskatchewan Mining Development Corporation were similarly moved to the Crown investments corporation during that year. That was not budgeted and therefore had to be provided authority by special warrant.

What we can do, and I believe that was the large chunk of it, but none the less we can provide fairly quickly a list of the items that make up the special warrant. And I think that those non-budgetary items were the large items. So I just offer that to try and help the committee.

Mr. Chairman: — Appreciate that.

Mr. Lyons: — So my understanding, this is money, Mr. Chairman, that was taken from the Consolidated Fund. Could you perhaps explain precisely how this operation worked? I mean, I look at page 6 and I say okay, we've got receipts out of PCS and SMDC totalling \$636 million, and a disbursement to the Crown Investments Corporation of Saskatchewan of 719 million.

Perhaps you'd like to explain this, like where did the money come from and where did it end up?

Mr. Jones: — Mr. Chairman, Mr. Lyons, basically what we did is move the asset, if you like, on our books from the two corporations to that of CIC and provided funds to CIC. So in a very real sense we moved some cheques around. The effect was to move the asset from the two corporations to CIC.

Mr. Lyons: — Okay, you say you move the . . . Did money come from the Consolidated Fund to the Crown investments corporation and a cheque issued from the Crown investments corporation to purchase the assets of PCS and SMDC in the amount of those 418 million in the case of PCS and 218 million in the case of SMDC?

Mr. Jones: — Mr. Chairman, Mr. Lyons. If I recall correctly, this transaction had nothing to do with the sale of PCS. What it had to do with was changing the equity ownership or the investment from the combined funds or, if you like, the Heritage Fund to be specific, to that of CIC. So that the combined funds would show an asset or an investment in CIC as opposed to an asset or an investment in the two respective corporations.

Mr. Lyons: — Okay. Now I'm not talking about the public share offering or the sale of privatization of those corporations, I'm talking about the method by which . . . for example, the combined funds received, according to this, \$418 million from PCS and 218 million from SMDC. Were those figures included in the transfer of assets from the combined fund to CIC?

Mr. Jones: — Mr. Chairman, Mr. Lyons, again, what we did is prior to this point in time the combined funds, or specifically the Heritage Fund, had an investment of 418.5 million in PCS, 218.7 million in SMDC. The government chose to move that investment to the Crown investments corporation. The Crown investments corporation then would have a matching investment in those two corporations. So it's simply moving the investment of the combined funds from being directly in the two corporations to being in CIC, which in turn would have a similar investment in the two corporations.

Mr. Lyons: — You previously said that real cheques were issued.

Mr. Jones: — Mr. Chairman, Mr. Lyons, in order to facilitate the transaction, the two corporations, PCS, SMDC, would have to pay the Consolidated Fund . . . excuse me, the combined funds, and again specifically the Heritage Fund, the specified amounts, 418.5 approximately and 218.7 million. So they would have to issue a cheque to the Heritage Fund. The Heritage Fund in turn would loan . . . or invest that money in CIC so that the, if you like, the money would flow that way. In effect we've just moved the asset in the Heritage Fund from being in the name of the two corporations to being in the name of CIC.

Mr. Lyons: — Okay, and the cheque for 218 million in the case of SMDC was written by SMDC?

Mr. Jones: — Mr. Chairman, that's correct.

Mr. Lyons: — On its account, on its own account.

Mr. Jones: — That's correct.

Mr. Lyons: — I understand that the combined funds now have an investment of 719, or at the time of the year under review, \$719 million — \$719,485 million. It's listed as an investment. What is the method by which the Crown Investments Corporation of Saskatchewan . . . what's the nature of the deal between Crown Investments Corporation of Saskatchewan and the combined funds, Department of Finance?

Mr. Jones: — Mr. Chairman, Mr. Lyons, I'm not exactly sure of what you mean by the deal. But the form of the investment is that it is an interest free loan if you like, with no fixed date of repayment, I suppose is the technical way to put it, or it's an equity investment in CIC.

Mr. Lyons: — Is there any lien on that investment in order to ensure the return of the money to the combined fund?

Mr. Jones: — Mr. Chairman, Mr. Lyons, I do not believe that that investment is secured in any way. At the same time, CIC is a wholly owned Crown corporation so that I'm not sure that that would be appropriate in this case.

Mr. Lyons: — Well given that both Saskatchewan Mining Development Corporation and the Potash Corporation of Saskatchewan have had their assets diluted, or the share or the CIC share of that investment has been diluted, how is the province of Saskatchewan going to recover this? I find this very interesting that it was interest free, in the one sense.

I understand the position that we're taking here, but what I want the Department of Finance to be cognizant of is, my concern would be how is the combined fund going to recover that \$719 million? How have you ensured that . . .

Mr. Jones: — Mr. Chairman, Mr. Lyons, the investment in CIC now, we will recover it from the assets that CIC holds. In particular, CIC holds through, I believe, one of its subsidiaries, SMDC, an interest in Cameco, and also in the case of the potash corporation, CIC holds an interest in PCS, Inc., which is the new privatized company, through its subsidiaries, CIC Mineral Interests, Inc.

Perhaps, Mr. Chairman, I should also point out that I understand that there was some return to CIC from the sale of shares in PCS, Inc. in 1989. There was some return in the form of retained earnings being taken out of the corporation, as well as shares in PCS, Inc.

Mr. Lyons: — But those aren't reflected in this balance sheet or in this statement of loan investment and deposit activity.

Mr. Jones: — Mr. Chairman, Mr. Lyons, no, that was done after the year end here. That was, I believe, the latter part of calendar '89, is when the privatization of PCS took place.

Mr. Rolfes: — Mr. Chairman, I just want to ask, related to what Mr. Lyons has asked. My understanding is a warrant, a special warrant can only be used if something transpires which the government has to act upon before it can call the legislature. That is my understanding anyways.

Can you tell me what happened at that particular time that forced the government's hand that it had to have these special warrants and couldn't wait for the transaction to take place until the legislature sat?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, again we don't have the specific transactions here but I think if my memory serves me correctly, some of the larger ones were associated with these non-budgetary transactions.

Mr. Rolfes: — I'm referring to the transaction of the 719 million. What happened at that time that the government seemed . . . that the government thought or the department thought that this action had to take place through a special warrant without regards to waiting for the legislature to sit?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, I can't speak for the government on that matter. They saw fit to do that so you know, with respect, I suppose that's something cabinet ministers, ministers responsible would have to respond to it.

Mr. Rolfes: — Okay. I didn't mean it in a critical sense. I meant it, from the department's point of view, was there something that you people thought it was necessary and advised the government that, well you can't wait, and therefore you must proceed with the special warrants to make this transaction?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, again we in the Department of Finance don't initiate these transactions and so forth, and facilitate them. I could speculate here, but again I think the policy decisions as to timing, you're better to ask those of ministers responsible.

Mr. Rolfes: — I don't want to get into that because then I'll be out of order. That's not what I want. I'm not into policy. I want to know from the officials, was there anything that from your standpoint, from the administrative standpoint, where you advised the government that no, you must proceed with this; you can't wait until the legislature sits? I'm not asking for a policy statement.

Mr. Jones: — Mr. Chairman, Mr. Rolfes, we were directed to do this. And as to why the government wanted to do it at that point in time — and I believe with respect to these transactions there are orders in council that authorize them — as to why they picked this point in time, I'm not qualified to answer. I could speculate perhaps that it had to do with year ends associated with Crown corporations and so forth, but . . .

Mr. Rolfes: — No, that's fine. I'm not asking for you to justify what the government has done. I'm only asking, was there something from the department of Finance? And obviously you're saying no, there wasn't.

Mr. Jones: — No.

Mr. Rolfes: — As far as you can recall, there wasn't. That's the question I wanted to ask you. Because special warrants, I think you're all aware that special warrants can only be carried out if something has to take place without the legislature being able to sit. And I wanted to know specifically with this transaction, what was the urgency? Why couldn't that have waited until the legislature sat and then the transaction to take place.

All right, gentlemen, no further questions on this item.

Mr. Chairman: — Any further questions at this point on the auditor's report?

If not, maybe we can turn to the *Public Accounts*. I have a few questions here that I would like to . . . Page 128 of the *Public Accounts*, there's a number of expenditures under other expenses that I'd like to ask about. Decima Research, \$77,000. Is that for polling?

Mr. Van Sickle: — Yes, Mr. Chairman, that is for budget-related polling and our province-wide surveys leading up to the budget, yes.

Mr. Chairman: — Leading up to the . . .

Mr. Van Sickle: — Leading up to the budget address.

Mr. Chairman: — So you're polling the people of Saskatchewan during this fiscal year to help you prepare for the next budget.

Mr. Van Sickle: — That's correct.

Mr. Chairman: — Now this budget, if I remember correctly, this budget contained the hospitals lottery tax. I'm wondering what the public might have told you about the lottery tax in your polling.

Mr. Jones: — Mr. Chairman, I'm certainly not aware of the precedent here with respect to releasing the results of polls and so forth, and again, with respect, I would have to refer you to the minister on that. I don't have the results of the polls here. I don't think we have them personally here and I certainly personally wasn't involved in it. I'm afraid we can't help you much on that one here today.

Mr. Chairman: — I can't recall either what we might have done in the case of other departments. It seems to me that

in some cases departments have made a copy of the survey instrument available but not necessarily the results of any survey. Recognizing that the results of the survey is information or advice that goes to the minister but that the questions themselves and the information about the type of survey, how many were sampled and so on, is public information. I'm not pressing the point.

You know, whatever you can provide the committee on that, you know, we would be interested and grateful to receive that. But I just might offer an editorial comment, that if they said the people wanted a hospital tax, Decima that is, found that out, then obviously there's some misjudgement taking place there.

The payment to CMQ Communications Incorporated, what was that for?

Mr. Jones: — Mr. Chairman, that CMQ Communications is in respect to a financial wire service that the treasury and debt management division receives. It provides daily market quotations on bond prices, interest rates, and that type of information. So it's a financial news service.

Mr. Chairman: — Okay. And James P. Marshall Incorporated, it seems to me that's also a financial newsletter of sorts.

Mr. Jones: — Mr. Chairman, James P. Marshall is a financial advisory company specializing in pension fund advice and so forth. They were engaged to advise on creation and implementation of the investment corporation of Saskatchewan.

Mr. Chairman: — Okay. What about the Strategy West Public Relations limited? What kind of advice did they supply the government?

Mr. Van Sickle: — Strategy West Public Relations provided pre-budget tour arrangements and tour arrangements for the Saskatchewan Pension Plan for the board members I believe . . . for the Saskatchewan Pension Plan board members. The bulk of those costs relate to the SPP (Saskatchewan Pension Plan) provincial board tour.

Mr. Chairman: — Relate to?

Mr. Van Sickle: — The Saskatchewan Pension Plan board tour of the province.

Mr. Chairman: — Oh I see. Can you provide some particulars on who the principals are of Strategy West Public Relations limited?

Mr. Van Sickle: — We can undertake to do that, Mr. Chairman, we do not have that information with us here.

Mr. Chairman: — Something back here tells me that that's Cy MacDonald but I'm not sure on that and I wonder maybe if you can provide that information.

What about the Sage Consulting Group, what sage advice did they offer the government?

Mr. Van Sickle: — In that year it was management

consulting to the Saskatchewan Pension Plan.

Mr. Chairman: — Speaking of the pension plan, there's an expenditure under other expenses for Theresa Holizki who is the . . . she was the head or is the head . . . was the head, I guess, at that point of the Saskatchewan Pension Plan. Why would she be paid as another . . . why would it be stated as another expense as opposed to showing her salary as any another employee?

Mr. Van Sickle: — That individual was under contract for the plan and those funds actually represent her payments for both chairperson of the plan and general manager of the Saskatchewan Pension Plan.

Mr. Chairman: — Okay, under contract. Do you know, recognizing that it was a contract, like would she have worked for a full 12 months or how is the contract arranged?

Mr. Van Sickle: — Yes that was for a full 12 months.

Mr. Chairman: — Was she on educational leave or anything like that during this period of time as part of the contract?

Mr. Matthies: — Mr. Chairman, regarding Theresa Holizki's contract, she was paid on a daily basis, based on only the days where she was in attendance working for the plan. Part of the payment actually was by way of contract and part was actually there was an order in council for part of her compensation. And that was just a time when the contract expired at one time and then there was an order in council to continue.

Mr. Chairman: — I see. Does that continue to be the case now with the director of the Saskatchewan Pension Plan, or is it . . .

Mr. Matthies: — Specifically, Theresa Holizki is no longer with the plan and right now our general manager is on staff as an employee.

Mr. Chairman: — I gather that this method of payment was at the request of Holizki as opposed to the department.

Mr. Matthies: — Miss Holizki was on contract, I believe, with Justice and the contract was assumed by Sask Pension Plan.

Mr. Chairman: — I have a question here with respect to Dome Advertising, \$705,000 and then Dome Media Buying Services Ltd. of \$613,000. And I know that the government has made a real effort to restrict advertising to things like Lights On For life and do up your seat-belts and sort of public information things that helps the safety and security of Saskatchewan people. And I'm wondering if you might explain to me just how this expenditure by Dome fits into that.

Mr. Van Sickle: — A large portion of that expenditure, Mr. Chairman, is for the actual printing of the budget speech. While Brigdens was the printer, Dome Advertising was also involved in the development of the budget documents and payments for all of the budget

expenditures went through Dome. They actually then made payment to Brigdens for the printing costs.

Mr. Chairman: — Plus a surcharge.

Mr. Van Sickle: — There are other items in there as well including advertising for fuel tax, Saskatchewan Pension Plan advertising. So it's not all budget related.

Mr. Matthies: — Just over half was related with Sask Pension Plan.

Mr. Chairman: — Just one more question. Myles Morin, travel expenditures of \$2,285.

Mr. Van Sickle: — That was travel related to his position with the Saskatchewan Pension Plan board, as a member of the Saskatchewan Pension Plan board.

Mr. Chairman: — And was this travel expenditure extended to others on the board as well?

Mr. Matthies: — Yes it was, Mr. Chairman, yes it does.

Mr. Chairman: — Who was on the board that year?

Mr. Matthies: — Mr. Chairman, the members of our board are Patricia Weir, Jake Braun, Marlene Dow, Margaret Harris, Claire Heron, Brenda Lowey, Cheryl Moroz, Joan Sulewski, Linda Taillon, Bud Walker, and Myrna Bentley. Mr. Morin is no longer on the board.

Mr. Chairman: — But none of these other people show up as under the travel expenditure category. Is that . . .

Mr. Matthies: — I believe that the limit there is \$2,000 for travel. The other members' travel was approximately but just under 2,000.

Mr. Chairman: — Oh, okay. Myles having to come from out of town, it would have been a little bit more, I guess.

Mr. Matthies: — I presume so.

Mr. Chairman: — Well I have no further questions at this point. Anyone else? Mr. Rolfes?

Mr. Rolfes: — Mr. Chairman, I want to just go back to the question on the \$385 million and relate that to the volume 1. Just for my own edification here, am I correct in saying that if we accept the interpretation of the Provincial Auditor, then on page 2, am I correct here that on page 2 the net debt there for '89 should increase by how much?

Mr. Kraus: — The auditor's position is that that number should go up by 385 . . .

Mr. Rolfes: — A hundred and fifty-eight million? Or is it 385 million?

Mr. Kraus: — Yes, it should go up by 385. So you take the 2.885 and add 385 to it.

Mr. Rolfes: — Three eighty-five . . .

Mr. Kraus: — Yes.

Mr. Rolfes: — Okay. One hundred and thirty-six, right?

Mr. Kraus: — Yes. If you were to take the auditor's position.

Mr. Jones: — Mr. Chairman, Mr. Rolfes, if you go up the page — and I believe the Provincial Auditor can correct me if I'm wrong — but he would say that the assets would be reduced by that amount, so that when you got down to the bottom line that would be netted-out that way.

Mr. Strelloff: — Mr. Chairman, there is another amount in there. Notice that we said that the accumulated deficit or net debt is understated by 432 million, whereas Mr. Kraus just referred to the 385 million loaned to SPMC through the Consolidated Fund. There is also another loan outstanding that also should not be recorded.

Mr. Rolfes: — And where would that be in volume 3? Is there anywhere where a guy can . . .

Mr. Strelloff: — Well page 1 discusses it.

Mr. Rolfes: — Page 1?

Mr. Strelloff: — In my report.

Mr. Rolfes: — Oh, yes, the second paragraph.

Mr. Strelloff: — The second paragraph, it's the total.

Mr. Rolfes: — Okay.

Mr. Strelloff: — Now remember the combined funds includes the accounts of the Consolidated Fund and the Heritage Fund, those two portions. Three hundred and eighty-five million relates to the Consolidated Fund and the difference, I think, is 47 million which relates to loans made out of the Heritage Fund.

Mr. Rolfes: — Okay, that's Consolidated and Heritage, okay. And on page 5, am I correct then that the total . . . oh, that's not the one I wanted; I'm sorry. The accumulated debt, the accumulated debt then is . . . the accumulated deficit, I'm sorry — I should use the correct terms here — the accumulated deficit is 4, what billion dollars now, if we go by the auditor's report?

Mr. Kraus: — No, the accumulated deficit, according to the financial statements was the number you were using on page 2, of \$2.885 billion.

Mr. Rolfes: — Oh, no, no, no, no. No, no. let me make it . . . on page 2, am I not correct on page 2 that if you take all your assets and all your liabilities, what is still owing by the province is \$2.885 billion. Isn't that correct?

Mr. Strelloff: — As reported in these financial statements?

Mr. Rolfes: — Yes, as reported in these statements.

Mr. Strelloff: — Yes.

Mr. Rolfes: — So, in other words, if we sold everything that we had, we would still owe \$2.8 billion.

Mr. Kraus: — That is the theory behind this type of accounting.

Mr. Rolfes: — That is correct. Okay.

Now the point that I wanted to make was that on your accumulated deficit of four point some billion dollars on page 29 of your report, you have \$4.4 billion. Is that affected at all by the transactions that you reported in your report or will that remain at \$4.4 billion?

Mr. Kraus: — Mr. Chairman, Mr. Rolfes, I think the problem here is that we have three sets of financial statements and you have referred to the Consolidated Fund only on page 29. There is also the Heritage Fund itself.

Mr. Rolfes: — Yes. No, I recognize that. I fully recognize that. What I want to know is, is the accumulated deficit in the Consolidated Fund affected by the transaction that the Provincial Auditor is alluding to? Will that remain at 4.409 or do we have to add onto that accumulated deficit?

Mr. Strelloff: — Mr. Chairman, on the 4.4 billion that we discussed earlier you would have to add on the 385 million to get what my office believes is a better reflection of the accumulated deficit of that fund.

Mr. Rolfes: — Okay, that's what I wanted to know. That's what I thought, but I didn't want to write that in there until I was certain.

I want to turn to page 5 of volume 1. The differences from '88 to '89 in some of these categories is very significant, some it's very slight. I want to know, was this because this was a realigning of the departments and expenditures were simply moved around? Let me give you an example. In the Executive Council, the budget from '88 to '89 went up by 13.5 per cent. The Provincial Secretary, I believe it's, no, isn't it, yes I believe it's Provincial Secretary. I hope I have my numbers correct here. I'm going to have to put a line here. Yes, the Provincial Secretary went from 2.728 to 4.765, I believe around a 40 per cent increase, and the public participation went from 729,000 to 3,365,000. Was this realignment of . . . and if so could you tell me what the realignments were, what was the reorganization or were these just huge increases?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, I apologize. We don't have the appropriate official here to deal with that. That would have been Mr. Wright. But we can attempt to provide some explanations as best we can if that would be satisfactory, and I apologize for that.

Mr. Rolfes: — Well I guess there's nothing that I can really do. The reason I didn't ask him before, I thought that you would be able to provide me with those answers on that. But I'll have to . . . yes, if you can provide us with it then as soon as possible I would certainly appreciate that.

You know it should be noted that those huge increases, some of over 40 per cent, but the mainline departments of

Education, Health, and Social Services — Education went up 3.9 per cent, Social Services 2.4 per cent, and Health at 5.5 per cent. I was just wondering why the huge discrepancies in some of the departments where it's just gone up very, very dramatically. Well if you can provide that to the committee, I would sure appreciate that.

Mr. Jones: — Mr. Chairman and Mr. Rolfes, just a point of clarification. We can provide as much detail as we can in the Department of Finance. We don't have all of the detail that would be available at the departmental level and so forth. In terms of realignments or major programs or those types of things, we can provide that.

Mr. Rolfes: — If that's what I want. I mean obviously there has to . . . some major decisions were made to give a, what, 400 per cent increase to public participation. You know, that's what I want to know.

On page 17 if I could, can you tell me what the University Hospital under Health — University Hospital board — in '88 they received a \$634,000 grant I believe it was or disbursement, whatever it may have been, and in 1989 a \$557,000. Can you tell me what that was for?

Mr. Jones: — Mr. Chairman and Mr. Rolfes, I believe that statement you were referring to page 17?

Mr. Rolfes: — Yes.

Mr. Jones: — I believe that that is the loan amount at that particular point in time. So that the interpretation perhaps should be that as at March 31, 1989 the University Hospital board had an outstanding loan with the government of that amount. The year previous it had an outstanding loan of \$634 million.

In other words it's just comparing two different points in time and I'm not sure whether they had repaid the amount or we had given them additional loans and they'd repaid part of it to come up to these numbers. But we can again, we can give you an idea of what that loan was for. But it may be an old loan I guess is what I'm saying, that they had four, five, ten years ago or it could be a combination of new ones this year and they paid back old ones.

Mr. Rolfes: — Okay. I want to return to page 24. Maybe it's quick explanation here. I believe it's on Government Organizations Act, I think that's the line. In 1988 was \$204,000 and in 1989, \$718,000. Why the significant increase? — and I mean The Government Organizations Act. Is that Bill 5? Is that the one? And why the expenditures? Why a \$500,000 increase? If I remember correctly in the legislature this was done for efficiency. That was one of the reasons that was given, I believe.

Mr. Jones: — Mr. Chairman, Mr. Rolfes, I believe what these items are, are loan guarantees provided under that specific Act. I don't have the detail here what the purpose of that was but certainly I'll undertake to provide that to you.

Mr. Rolfes: — Okay.

Mr. Jones: — This is a loan guarantee that was authorized under that particular legislation.

Mr. Rolfes: — Now would you provide that for the committee please. Now on the same page way at the bottom The Pulp and Paper Mills Act Weyerhaeuser Canada Ltd. First of all can you tell me what the \$70.697 million . . . well that's '88, let's leave that, let's go to '89 to \$83.4 million under Weyerhaeuser. Was that what Weyerhaeuser paid to the government?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, again this is a loan guarantee provided by the government. This was as I understand part of the terms and conditions of the transaction with Weyerhaeuser. So this would be one component of that transaction. And I understand, although the Department of Finance was not directly involved in negotiating this transaction, I believe it was handled through CIC, but there was the sale of the assets and so forth. This would just represent one component of that transaction.

Mr. Rolfes: — But there was no . . . If I understand correctly, there was no transfer of any money at all, was there? Am I not correct in that? There was no transfer of money from Weyerhaeuser to the government.

Mr. Baker: — There was 65 million came in at one time.

Mr. Rolfes: — Yes, but that was on profits later on. I'd like to just know what this is. Is the government guaranteeing the loan of Weyerhaeuser?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, I believe what this refers to, again we can find the details, but this is the government provided a loan guarantee to Weyerhaeuser whereby the government would guarantee an income debenture that was issued by Weyerhaeuser. Also, and this is where I want to be careful, there may have been some bank lines that where the government guaranteed in favour of Weyerhaeuser again. So we've . . .

Mr. Rolfes: — You'll provide us with the detail?

Mr. Jones: — We can provide you the specifics of what that's for.

With respect to the terms of the overall package and transaction, again, in the Department of Finance we report these numbers; that's our function here.

Mr. Rolfes: — Yes, I understand.

Mr. Jones: — The entire transaction, we're not aware of that.

Mr. Rolfes: — No, I just want to know what the responsibility of the Department of Finance was in these, not in the total transaction that took place.

Mr. Chairman: — Can I just ask one on that page, with respect to NewGrade Energy, guaranteed debt in '88, of 233 million, and the following year of 325 million. Is that 325 a cumulative sum?

Mr. Jones: — Mr. Chairman, that's correct. That's the amount of loan guarantees outstanding under that legislation to that entity.

Mr. Chairman: — Okay.

Mr. Lyons: — Just on that particular question, my understanding is that the Co-operative upgrader has been built. Under what authority at the Department of Finance, in terms of the Act itself, advanced close to \$90 million to NewGrade Energy?

Mr. Jones: — Mr. Chairman, Mr. Lyons, perhaps I'm not sure which \$90 million.

Mr. Lyons: — Well the difference between 233 million and \$325 million is . . .

Mr. Jones: — Mr. Chairman, Mr. Lyons, these represent loan guarantees, so they're not moneys advanced directly by the government to NewGrade. Rather these are moneys that NewGrade has borrowed in the market, either through debenture issues or by way of bank loans which the government has guaranteed.

And just to continue though, the authority for that would come from the legislation which provided the authority for the government to guarantee these things.

Mr. Lyons: — Is there a maximum ceiling on loan guarantees for NewGrade, contained in the Act?

Mr. Jones: — Mr. Chairman, Mr. Lyons, yes, I believe there is. I don't have the exact amount, but I believe it was specified in the legislation.

Mr. Chairman: — 360 million, order in council.

Mr. Lyons: — Can you provide us with the information on the amount of the maximum ceiling on the loan guarantees?

Just while we're on NewGrade, I understand that there's some loan guarantee on the loan. Is there any money designated to the NewGrade out of the Consolidated Fund in the year under review?

Mr. Jones: — Mr. Chairman, Mr. Lyons, the quick answer is, I don't think so out of the Consolidated Fund. There may have been out of the Heritage Fund.

Mr. Chairman, Mr. Lyons, again just to follow up on that, again I'm just going by memory here. But I believe at that point the investments made by the government in NewGrade were made through CIC, but again I'm just speculating here, and I'll have to go back and check that, but I think part of the . . . on page 56 of volume I of the *Public Accounts*, I think part of the Heritage Fund disbursement to the Crown investments corporation may have included a sum for NewGrade. But I'd like to check that.

Mr. Lyons: — I've got another question I want to ask Mr. . . .

Mr. Jones: — Excuse me, Mr. Chairman, Mr. Lyons. On page 6 of the *Public Accounts* we've got an amount for NewGrade in the 1988 fiscal year under "Loans and Investments" so that that will indicate there was none

included in the CIC under the Heritage Fund; so I was wrong in that case.

Mr. Lyons: — Okay. I've got one just . . . page 31, there's a little note that a gain of 43.773 million resulting from the swap of Consolidated Fund foreign currency debt has been netted against the cost of interest on public debt. I wonder if you would mind explaining what the swap was?

Mr. Jones: — Mr. Chairman, Mr. Lyons, if my memory serves me right, during the '87-88 fiscal year, the province borrowed in the swiss franc market. I believe the amount was 450 million swiss francs by way of two separate transactions. The province was therefore exposed to foreign currency to adverse movements in the swiss franc vis-a-vis the Canadian dollar. The way the transaction was structured, the principal was exposed, in other words it was unhedged, but the swiss franc coupon payments were hedged into Canadian dollars so that the foreign exchange rate risk or exposure was only on the principal.

Subsequent to those transactions, the swiss franc depreciated vis-a-vis the Canadian dollar so that we could go into the foreign exchange market, or if you like to use the jargon here, the swap market, and hedge our position. What resulted was a gain of approximately \$44 million associated with those transactions. That currency gain if you like, the way we accounted for that, we netted that off interest on the public debt and that's how it shows up here.

Mr. Rolfes: — Mr. Chairman, just for clarification on page 73, there are "Promissory Notes Outstanding". Am I correct in assuming that one and a half billion dollars is still outstanding as of that day, on those promissory notes?

Maybe I don't understand the short-term promissory notes. I mean don't we take out short-term promissory notes because we feel that we can pay them back in that period of time? Because your interest rates are certainly . . . probably would be higher on the short-term promissory note than on a long term.

Mr. Jones: — Mr. Chairman, Mr. Rolfes, you're correct as shown on page 74 on volume 1 of the *Public Accounts*. We had about a billion and a half outstanding at that point in time in short-term promissory notes.

Mr. Rolfes: — Can you tell me why . . . I mean just for my own edification, I don't quite follow the logic of that, why we would do that. Why would we borrow that amount on short term? Why wouldn't we go long term, or at least on a longer term if we feel we couldn't pay it back?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, I think a number of factors come into play when looking at the term structure or maturity structure of the province's debt. Not only do you look at it at a particular point in time, but where it was say the previous year, and has it gone up or has it gone down?

In addition, why are you borrowing money in the first place? Well you're borrowing money for a variety of reasons: one, to finance the deficit; two, to fund your

working capital or temporary needs. And in that case, perhaps since you have a mismatch between revenues and expenditures, you don't want to borrow 20-year money for that.

Mr. Rolfes: — I don't mean 20 years. Well let's say a year or two years. Why wouldn't we go for January 3, '89 to April 3, '89?

Mr. Jones: — Well perhaps, Mr. Chairman, Mr. Rolfes, perhaps the requirements are not all for a year or two years. Some of them are only for overnight money is all we need. Some of it's for two weeks, three weeks. In addition, we provide a short-term credit facility to our Crown corporations which they use for cash management. So that in summary, there are different reasons you borrow for. Some of it is cash management where that would not be appropriate to borrow one-, two-, or three-year money for.

Mr. Rolfes: — I fully understand that. Every case here, not a single penny was paid back at the maturity date. That's the point I guess I was trying to make here and well, I don't see it. I mean everyone is exactly the same. Amount outstanding, amount of original issue, they're identical.

Mr. Jones: — Again, Mr. Chairman, Mr. Rolfes, these are the amounts outstanding at that particular day. The next day it could have been \$100 million or \$200 million, less or more, depending upon the cash flow of the province. So this is just a snapshot at that particular point in time.

Mr. Rolfes: — I understand the situation. I just wanted to get it clarified in my mind why we would go to short term and not longer term if you didn't pay anyone of those back. But fair enough. I just thought maybe you could give me an explanation as to why we wouldn't go long term for a year or say . . . You could probably get a better rate on a year than you could on three months or four months.

Mr. Lyons: — Just to follow up on that question, Mr. Chairman, were all the promissory notes paid back, or were there any roll-overs on those promissory notes?

Mr. Jones: — Mr. Chairman, Mr. Lyons, perhaps, I'm not sure if these are the numbers that you're looking for but during the year under review, April 1, '88 to March 31, '89, the province issued approximately \$8.2 billion in promissory notes. The province redeemed approximately 7.8 billion in promissory notes.

And just to give you a flavour for the magnitude here so that you can see that a lot were rolled over and so forth, some of them very short, treasury bills, we issued 2.6 billion and redeemed 2.6 billion. For debentures, which is the third major component of our debt, we issued approximately \$844 million in new debentures, and we redeemed approximately 578 million.

So I guess the short answer is there's a lot of debt churning over that really is not reflected in some of these numbers. The volume isn't, rather the net amounts are.

Mr. Kraus: — Actually the summary of public debt transactions on page 66 will show you those same

numbers.

Mr. Rolfes: — Sixty-six?

Mr. Kraus: — Yes. It's at the top of the page. It shows the . . .

A Member: — Exactly the same numbers.

Mr. Kraus: — Yes, it's the same numbers too.

Mr. Rolfes: — Okay. Was that a stroke of luck or . . .

A Member: — Just a joke, just a joke.

Mr. Rolfes: — I'd like to ask one further question on the last page of the . . . and that's on the province's and Crown entities' share of the public debt. The bottom right-hand corner says 1 billion 29 thousand. If I am correct in reading that, that's the total interest that we owed in March 31, 1989 on the public debt. Is that correct?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, that is the total interest bill on Government of Saskatchewan public debt for that fiscal year. In Saskatchewan we borrow not only to fund government purposes such as the deficit, working capital, and so forth, but we also issue debt to fund Crown corporations. Hence we have the two shares.

Mr. Rolfes: — Yes. But that is the total interest that we paid — \$1,029,000,078.

Mr. Jones: — That's the total which government purpose was approximately 320 million and the remainder was Crown.

Mr. Rolfes: — Crown, etc.

Mr. Jones: — That's correct.

Mr. Rolfes: — And what was the total debt at that time?

Mr. Jones: — The total or the gross debt of the province?

Mr. Rolfes: — Yes, that we paid the interest on — the 1.029 billion?

Mr. Jones: — At March 31, 1989 it was 10.8 billion . . .

Mr. Rolfes: — What page is that on?

Mr. Jones: — You can look on page, Mr. Chairman, Mr. Rolfes, page 25.

Mr. Rolfes: — Twenty-five, okay.

Mr. Jones: — Schedule 13. It shows the three components.

Mr. Rolfes: — Yes. So the interest on that was what we indicated on the last page there. Is that correct?

Mr. Jones: — That's correct, yes.

Mr. Rolfes: — Now my understanding is that . . .

Mr. Jones: — Mr. Chairman, there may have been some temporary debt and so forth that was redeemed during the year which wouldn't show up on that snapshot.

Mr. Rolfes: — No, no, I realize that . . .

Mr. Jones: — So that we have to be careful in computing the one billion and change from that number.

Mr. Rolfes: — Yes, I understand what you mean. I understand that. But at a snapshot, though, then what we can conclude, since I heard the minister just say the other day on radio that the total debt today is 13.2 billion, means our total debt today — from March 31, 1989 to today — has increased by \$2.5 billion in less than two years.

Now that point I want to make, there's some serious problems if the debt increases by that amount.

I have no further questions on this. I have one other question I want to ask, but not on this.

Mr. Chairman: — Go ahead.

Mr. Rolfes: — Mr. Chairman, I want to just ask one further question. In the year under review, was there any expenditures on — and I'm sure there was — and can you tell me what the amount was on the three hospitals in Saskatoon: Royal University Hospital, City Hospital, and St. Paul's?

Mr. Jones: — Mr. Chairman, Mr. Rolfes, I apologize. We don't have that here but we . . .

Mr. Rolfes: — How difficult is that for you to get that for me before I meet with Health tomorrow afternoon?

Mr. Jones: — We can try and get that to you tomorrow morning.

Mr. Rolfes: — And then provide it to the committee.

Mr. Jones: — If that's okay with the chairman.

Mr. Rolfes: — Yes. Otherwise I'd just have to call you people back. And for one lousy question I don't want to have to call you back. I think Health tomorrow afternoon.

Mr. Jones: — Mr. Chairman, perhaps Mr. Rolfes, you could just repeat the exact . . .

Mr. Rolfes: — Or if you can bring it . . . if Mr. Kraus can bring it to the committee tomorrow, that's fine, if he has the information.

Mr. Jones: — Would you please just repeat the . . .

Mr. Rolfes: — Oh. What expenditures were there in the year under review for the three hospitals in Saskatoon: St. Paul's, City, and Royal University?

Mr. Baker: — Is that construction expenditures?

Mr. Rolfes: — Yes. Construction expenditures, not operating. I'm not interested in operating. I want

construction.

Mr. Kraus: — It may be later in the morning rather than earlier.

Mr. Rolfes: — Oh as long as I get it before . . . I know you're going to be here for . . . I'll ask you for it then.

Mr. Chairman: — Any further questions? If not, I want to thank you, Mr. Jones, Mr. Kraus, and Mr. Van Sickle, and everyone concerned for being with us today.

I might be allowed an editorial comment. Certainly a discussion arising out of the auditor's reservation of opinion about the Consolidated Fund certainly leaves one sort of gasping for the necessity of some summary financial statements to make sense out of all this. Having said that, thank you very much, gentlemen, for being with us today.

Mr. Jones: — Thank you, Mr. Chairman, and committee members and Provincial Auditor.

Mr. Chairman: — I wonder if someone would care to move the motion. Anyone?

A Member: — John. You make the motion.

Mr. Britton: — To adjourn? No problem.

Mr. Chairman: — Moved by Mr. Britton that the hearings on the . . . how's that phrased, John?

Mr. Britton: — The hearing on the Department of Finance be concluded subject to recall if necessary for further questions.

Mr. Chairman: — It's moved by Mr. Britton. Just on that, Mr. Rolfes raised a question of the committee reaffirming the question of the need for supplementary information as outlined in the auditor's report. I'm wondering rather than discussing that now whether that's something that we might look at on Friday morning, and in the interim we'll see what we can do to get an opinion from the Law Clerk on this particular matter to help us.

Mr. Baker: — I couldn't quite get my head around that. Was it something in legislation back in 1975 or was it a tabling of documents for the auditors?

Mr. Chairman: — It was a recommendation of this committee which was accepted by the legislature.

Mr. Baker: — You were here, Herman, but some of us young fellows weren't around then.

Mr. Chairman: — In any event, we'll get back to that point on Friday morning. In the meantime we have the motion of Mr. Britton's. Is it the pleasure of the committee to adopt the motion?

That's it, and we stand adjourned then until tomorrow morning.

Mr. Rolfes: — 9 o'clock, is it?

Mr. Chairman: — At 9 o'clock tomorrow morning.

Mr. Rolfes: — What's on?

Mr. Chairman: — The Crown investments corporation.

The committee adjourned at 5 p.m.