

Mr. Chairman: — Call the meeting to order. Are there any matters that members want to raise before we bring in the department? Okay, then let's call in Mr. Strelieff.

Mr. Strelieff: — Mr. Chairman, noting the matter's resolved on 29 to 33, also just a general comment from my perspective as being new on the scene and looking at Sask Property Management Corporation and all the issues that we've surfaced in our annual report.

In general it doesn't surprise me too much that we do have these concerns with the appointed auditor's opinion. I think it must be very difficult for the appointed auditors to handle corporations that are so close to the government and that are so affected by all the legislation and internal controls and regulations that the central government puts out. It really surprises me that there's not even more issues to raise.

But as a result it makes our future reports and our current reports so late. As you can see we're dealing with the year ended March 31, 1988 in what is already 1991, or getting close to being 1991. And it is certainly a problem in terms of improving public accountability.

So I just thought I'd make that general comment that I'm not really sure how the arrangement of appointed auditors, what the background in terms of the history, and why auditors are appointed in these circumstances. But it certainly does raise all sorts of ongoing problems, as you can see.

Mr. Rolfes: — I'd really like to have the speakers' list on the history of the appointment of private auditors. I could lead off the discussion this morning. I'm sure it would be a rather lengthy one. Most of us have gone through it in the last year or two.

Mr. Swan: — I just thought maybe I'd draw the auditor's attention to the fact that this auditor's report was published last year, or this year or whatever you want to call it. We got it about March. And so we haven't had a chance to deal with this issue but that doesn't mean that the issue hasn't been available to us.

We took a long time finishing last year's report and so we got into this one and then the session closed. That's why it's so late. It's not that the accountability wasn't accessible to the committee. It's that the committee didn't have time to reach it. We had too many other things. I think it's not quite fair the comments were made.

Mr. Rolfes: — Well, Mr. Chairman, if I just may I have to take issue with what the member is saying. This is simply not true.

A Member: — It is true.

Mr. Rolfes: — It is simply not true. Until 1982 most annual reports were tabled within a period of six to nine months. After 1982 it became more than nine months. It became a year, it became two years. And some of the issues, some of the annual reports and some of the reports are still not submitted to the auditor for two years ago.

Mr. Swan: — This auditor's report has been available since March.

Mr. Rolfes: — Even right now, as we are speaking right now there are reports that have not been submitted to the Provincial Auditor for two years ago — Student Aid Fund for example is a good one. I don't know where it is. We're trying to get a hold of it and it's not completed.

So I mean what I'm saying is that we don't want to leave the impression that we haven't had problems in the last three or four years with having annual reports. And the hon. member can go to the legislature and on a number of occasions we have put questions before the ministers as to where are the annual reports. And so I just want to put that on the record.

Mr. Chairman: — I think the point to make too is that we will continue to have problems with corporations such as Saskatchewan Property Management Corporation as the auditor points out, given the long list, variety of controls that they are subject to.

Mr. Strelieff: — Yes, Mr. Chairman, my main point is that because this corporation is so intertwined with the central agencies of government it is really difficult for appointed auditors to sort all those issues out, and I have a lot of sympathy for them in trying to sort those issues out. It's a very tough task, and as a result coming in and reading the report we end up with a lot of just differences of opinion and disagreements on facts. It doesn't surprise me.

Mr. Chairman: — Should we call in SPMC (Saskatchewan Property Management Corporation)?

Mr. Hopfner: — I don't know if we want to leave things just that wide open, Mr. Chairman. I think that Mr. Swan has made a very valid point here, and I guess maybe the auditors are always going to have concerns. If he never did have concerns, he would be no longer required to be around in his position because there would be no concerns ever raised. I don't think you'll find concerns in anyone of the departments ever go away. You're always going to have something to report, hopefully.

I think probably then we must work and try and strive to better the relationships between private auditors and the auditor's department. Where I'm kind of reading in as maybe, does the auditor feel that we ought to be doing away with the appointed auditors. I don't know what your intentions were when you made that broad a statement. Maybe you'd like to clarify that for my reasoning in carrying on with the point that you brought up this morning.

Mr. Strelieff: — Mr. Chairman, I have no intention of, or even giving the impression of, doing away with private auditors. It just makes . . . Coming from a new position, walking into the new position, I can see where the complexity of dealing with the two groups will be difficult. And certainly over the next few months we'll be making a lot of effort to try to make sure that relationship is very strong and improved and it's very good. That's what I have been doing in the past few weeks, and that's what I intend to do.

Mr. Hopfner: — I appreciate that.

Mr. Britton: — Mr. Chairman, I would like to make a comment, too. Something that has been running through my mind as we go through these committee reports, and I find a lot of times the difference of opinion is the point that the auditor brings up. And I'm wondering if maybe the Provincial Auditor and the appointed auditors could somehow have some ongoing communications to see if they could arrive at a formula that's agreeable to both sides. Because what we seem to be running into in this committee is almost like a bunch of lawyers sitting around talking about a point of law. We get arguing and discussing points of auditing procedures, and it's a little difficult for me, for the lay person, to wonder why those differences of opinions should not be resolved between the parties involved, not so much in this committee. And I would recommend that you do that.

Mr. Strelieff: — Mr. Chairman, I fully agree with that. That's going to be one of my big goals over the next few months is to try to work out a better way of handling these issues with the private sector auditing firms. I fully appreciate your concerns.

Mr. Chairman: — Shall we bring in the property management people, or do you want to . . .

Mr. Anguish: — Could you please hold on for a minute, Mr. Chairman.

Mr. Chairman: — The Clerk has distributed some information with respect to SPMC which arises out of questions which were put to Department of Finance officials on Monday. And this information has just been tabled and there may be questions arising out of this for Department of Finance officials who are with us here today prior to seeing SPMC. So if the members want to take a minute to go through this then we'll determine whether or not they want to hear from Finance or in due course want to move on to property management corporation.

Mr. Rolfes: — Mr. Chairman, could you maybe clarify something for me? On the SPMC's report that is being considered right now, why is the deadline March 31, '88 and not March 31, '89?

Mr. Chairman: — Why is the deadline . . .

Mr. Rolfes: — Well I mean why is the date year ended March 31, '88 and not . . . it should read . . . We were considering yesterday or the day before, March 31, '89.

Mr. Chairman: — As the auditor explained in here and on other occasions, the auditor is in the position of having to rely on the work of appointed auditors, in this case for SPMC. He found that last year, for the year ended March 31, 1988 he was not able to rely, but he was not able in a context of that particular year to go back to look at the kinds of things that he felt needed to be looked at and was only able to do it in this last year and is only able to report on that now.

Mr. Strelieff: — That is correct.

Mr. Rolfes: — Okay, my further question then. Do you not have the information by now that we would be able to consider the year end March 31, '89? Has that information not been submitted to your department since this report has been issued?

Mr. Strelieff: — Mr. Chairman, we are still working on '89. It looks like all the information's in right now. We're still examining whether that information is reasonable. But we're still, in December almost, 1990, working on 1989 information, which relates to the fact of my opening comments.

Mr. Rolfes: — My apologies for not recognizing that it was '88. I just assumed we were looking at '89. And when I looked at this again I took a second look at it because I didn't think it was '88 and I wish my hon. member was here. I'd like to draw that to his attention that this is even a worse scenario than what I thought. We're looking now at the year '87-88 in SPMC in your report. Isn't that correct?

Mr. Strelieff: — That's right.

Mr. Rolfes: — All the others that we were looking at this past week was '88-89 and we were already complaining that that was too late, and now we're looking at '87-88.

Mr. Anguish: — Well if we wrap up real soon it won't be four years old.

Mr. Rolfes: — Well I recognize that. But now what is this that's just been submitted to us here in this copy? All the members have it. Someone explain to me what this is.

Mr. Jones: — Mr. Chairman, Mr. Rolfes, that report in front of you is prepared in response to a question by Mr. Anguish or a series of questions with respect to reconciliation of numbers presented in the '88-89 *Public Accounts* with respect to SPMC, and numbers recorded in the corporation's '88-89 annual report.

Mr. Rolfes: — Okay.

Mr. Jones: — And so what I attempted to do is try and reconcile the two documents for the committee.

Mr. Anguish: — What is SPMC's line of credit with the Consolidated Fund?

Mr. Jones: — Mr. Chairman, and Mr. Anguish, at the last page of the document, the corporation's line of credit effective August 25, 1987, was 400 million. Then on November 29, 1989, it was changed to 300 million. At the same time though, the corporation put in place an authorized line of credit with banks of 100 million.

Mr. Anguish: — Do you know what banks those are?

Mr. Jones: — That's done by order in council and I believe it's general in the sense that from time to time they can borrow from a bank or banks.

Mr. Anguish: — So there wouldn't necessarily be a line of credit as you or I or a business might have a line of credit at a bank. They have the authority to borrow up to that

much at a bank or series of banks. Is that correct?

Mr. Jones: — Mr. Chairman, Mr. Anguish, I believe the way the OC (order in council) is worded that SPMC is authorized to issue short-term notes to banks up to that from time to time.

Mr. Rolfes: — Mr. Chairman, I want to return to the '87-88 report . . . not the '87. Could the Provincial Auditor tell me: when was the information that you required for the '88-89 year submitted to your department from SPMC?

Mr. Strelieff: — Mr. Chairman, the question of when we received the information necessary to do our '88-89 audit — we did receive the reports this summer for '88-89.

Mr. Rolfes: — For '88-89 of SPMC, you received the reports this summer?

Mr. Strelieff: — And since then we've been examining those reports and asking for further information and going back and forth. And that back and forth process has not finished yet, but sometime in the summer we got the opinions that we asked and the back up documentation.

Mr. Rolfes: — Mr. Chairman, I'd like to draw that to the attention of yourself and to the member of Rosetown-Elrose, that the information for '88-89 — that was the point that I was attempting to make — the information for the report of '88-89 of SPMC was received by the Provincial Auditor this summer. So it was impossible for this committee to review that report last year. Simply the information wasn't there. That's the point I wanted to make before and I thank you for that information.

Mr. Anguish: — I was reading this document — maybe you've already asked the auditor this — but what was the problem with the delay? That SPMC did not have the documentation ready to provide to you? Or you didn't have the staff to go in and do it? What's the delay . . . the reason for the delay?

Mr. Strelieff: — Mr. Chairman, in carrying out our examinations and reporting to the Legislative Assembly we ask for specific reports from the appointed auditors and we never received those reports until this summer. So as a result, until we receive those reports that's the time when we examine, we begin our actual field work examinations.

Mr. Anguish: — Well wouldn't you want to put some pressure on a Crown or an agency that's that far behind in reporting their activities? It makes this kind of process almost more meaningless than what it appears to be from time to time because the information is so outdated.

Mr. Strelieff: — Mr. Chairman, this is one of the issues that we will be examining over the next few months, trying to get a better handle on, but as pointed out in the beginning of our report, and probably in past reports, this has been an ongoing problem.

Mr. Anguish: — Mr. Chairman, I want to thank Mr. Jones from Finance for putting this document together so

quickly. And I have no other questions if he wants to leave, unless members of the government side have questions of him.

Mr. Chairman: — Are there any questions of Mr. Jones in this matter. Mr. Britton has his hand up but I think it's on another matter.

Mr. Hopfner: — I just don't follow the questioning on . . . Was it the departments that did not give the information to the appointed auditors, or was it the appointed auditors that did not have the information to your office?

Mr. Strelieff: — Mr. Chairman, our relationship is with the appointed auditors, so we're not really sure what happens between the appointed auditors and the corporation. So when we ask for the reports we communicate with the appointed auditors, and so I'm not sure. I can't answer that question.

Mr. Hopfner: — So the appointed auditors did not indicate one way or another whether the Crown or department did not give them that information.

Mr. Chairman: — Can I just ask, are there any further questions of Mr. Jones from Finance? He's a busy man, probably make the taxpayers another \$100,000 before lunch. We'll let him go now? If not, thank you very much, Mr. Jones, for coming out today.

Mr. Jones: — Thank you very much, Mr. Chairman, and committee members.

Mr. Strelieff: — Mr. Chairman, the question on whether just who was delaying it all, I think it has some relationship to our office's ability to get the work done on 1988. And perhaps the department or the corporation was waiting for us to get done '88 before they could figure out what they should do on '89, and the auditors as well. There's so many players to the game and everyone is waiting on everyone else, that it just makes delays quite easy.

Mr. Hopfner: — So we can't just blame SPMC or anything else. I mean, there's a whole lot of involvement.

Mr. Strelieff: — I think that the key probably is trying to get a better handle on the relationship between the Provincial Auditor and the appointed auditor, who reports to the Legislative Assembly. And I suppose that also revolves around the resources of our office, and we need more resources to get that work done quickly.

Mr. Hopfner: — And by that . . . what do you mean by that? You say more resources, like, what are you saying?

Mr. Strelieff: — Well more auditors out there so that we can get our work done on a more timely basis. So there's two things in there. It's the relationship between the appointed auditor and the Provincial Auditor which certainly we'll be trying to get a better working relationship and make things happen faster. And then just the resources necessary to do your job, to do our job. Both those issues we'll be looking at, trying to bring good recommendations to the table.

Mr. Kraus: — I just wanted to point out just some facts here on the financial statement release, that we receive the draft financial statements on June 21, 1989 and we had approved them on June 26, 1989. I'm just talking about the financial statements, but that's within three months of year end. So as far as financial statements were concerned, they were done in a timely manner.

Mr. Strelieff: — Mr. Chairman, no doubt the delays were related to compliance with legislative authorities and internal controls, and that would be the area that would be no doubt very difficult for the appointed auditors to come to their opinions on. That's I think in general where most of the delays have occurred, are on those kinds of examinations.

Mr. Chairman: — I would certainly commend to members another review of the introduction and overview chapter, paragraphs 26 to 37.

Mr. Britton: — My question is largely answered. How long between the time you ask for the information from the appointed auditor and the time you got it back? What was the delay period there?

Mr. Strelieff: — Mr. Chairman, the policy of our office is to request these types of reports and opinions from the appointed auditors a few months before the end of the year and ask them to have it into my office by March 31, 1989. For example, I'm going through that right now; in fact I was adjusting a letter today.

A Member: — That wasn't the question. Excuse me, that wasn't the question.

Mr. Strelieff: — Sorry, Mr. Chairman, we asked for the opinions and reports a few months after the year end March 31, 1989, and we request that information a few months before the year end. So they get about three to six months to make sure that they get their reports in. So that would be . . . say that at the end of June you would expect that kind of . . . at the end of June 1989 you would expect that kind of information to my office . . . of '89.

Mr. Britton: — It's pretty vague. You're saying a few months and a few months. What I'm trying to find out is how long it took the appointed auditor to get the information back to you after you requested it. The point being this: if the appointed auditor does not consider the Province of Saskatchewan a preferred customer — in other words, maybe they should be told that look, we come first — and if you need some information, then I think we should be saying to them, get it to you folks.

So my question is: how long did it take? So you don't know, because you're saying three months here, three months there. That's not very good.

Mr. Wendel: — Excuse me, Mr. Chairman, Mr. Britton. I think your question, if I can maybe just paraphrase it, was when did we ask for the information and when did we get the information. I think that's what your question was, and I think what Mr. Strelieff was saying is the policy of the office is to ask for it by a certain date.

Now we don't have those documents with us today; we

can go back and get them. Our policy is to ask for these reports before a year end so the appointed auditor has a chance to know what we need from him so he can plan his audit properly, so we get that information to him before the year end. Now in this particular case what we're saying is we got that report a full year after we asked for it.

Mr. Britton: — Yes, okay.

Mr. Wendel: — Now we don't have the exact date with us but it would be at least a full year.

Mr. Britton: — But it was too long, really. That's the point I want to get out.

Mr. Wendel: — Yes.

Mr. Britton: — We may then have to go to those guys and say look, you got to do a better job. That's the point I'm trying to get out.

Mr. Wendel: — Okay, just to clarify that a little further, and I think what Mr. Strelieff was saying is that the appointed auditor, I think, was waiting for us to do our '88 special on it before he was prepared to release his '89 work. I think, as your opening comments, Mr. Strelieff's opening comments were, they have some difficulty dealing with all these because it's so closely interwoven with the government, especially this corporation, I guess, it's tied up very close to treasury board and other agencies. It's difficult for them to know all of the little rules that government has.

Mr. Hopfner: — So everybody played a part of a fault in the delay of a full year. Is that what you're saying?

Mr. Wendel: — Yes, and it goes back to the original problem, was when they're doing audits of these things that are closely related to the government like this it's very difficult for them.

Mr. Rolfes: — Mr. Chairman, I think the problem could somewhat be resolved in this particular case because it is a unique case involving many departments of government, if you didn't have the private auditors. I'm not saying this as a critical comment. I'm simply saying because this department or this corporation is involved in so many government departments, that you didn't have the private auditor to look in all the, you know, the interconnections of various departments. It would be much easier for the Provincial Auditor and his staff to do the work. That's no criticism of the private auditors; it's just the uniqueness of the corporation we're dealing with here.

Mr. Britton: — Mr. Chairman, just in case there was a misunderstanding of my line of questioning, I don't have any problem with some criticism of the private auditor. I believe that the private auditor, whether you agree with the concept or not doesn't really matter, but I believe that when someone accepts the position of auditing for the provincial government, that that should be a preferred customer.

In other words, I'm saying that if the concept is to

continue or not doesn't really matter, but if it does, then they must accept the concept that we are preferred customers. Our auditors should not have to wait undue lengths of time to get the information back. That's the point I'm making and whether it sounds critical or not, I don't think it matters. We're trying to resolve a problem as I pointed out a while ago, I think a lot of the problem is probably meshing of the two points of view as to how auditing is done, which would eliminate a lot, and the other is to indicate to those private auditors, you must consider us as a preferred customer and get the work out.

Mr. Chairman: — I might be allowed one final comment on this. There's no question here of criticizing private auditors. The thing that we need to look at is the process of reporting, and whether the process which was put into place a few years ago continues to serve us well, and whether the Legislative Assembly might encourage the government to look at a more improved process given our experience in the last few years. We may at some point want to entertain some discussion of the latter, especially given the experience of . . . in this type of accounting in jurisdictions we may yet want to look at that.

Are we ready to move onto the property management corporation?

Mr. Anguish: — There's one other question I have. The auditor provides us with a list of the outstanding issues that had been resolved at the beginning of *Public Accounts*?

Mr. Chairman: — Yes.

Mr. Anguish: — And I notice the section starting at 32.35 continuing on to 32.42; has that particular issue been resolved that wasn't on that paper you gave to us?

Mr. Kraus: — Is that issue number 32.35 you're talking . . . ministerial air travel?

Mr. Anguish: — Yes.

Mr. Kraus: — Ministerial air travel has been dealt with in a different fashion since, I believe, April 1, 1989. I'm just going to . . . Yes.

Mr. Anguish: — That's what it says in the auditor's . . . That's why I asked the question. Is that still an outstanding issue or has that been resolved?

Mr. Kraus: — Well, I believe it's been resolved because we have . . . SPMC has been billing the minister's departments directly since April 1, '89, but I don't know if that . . .

Mr. Anguish: — Does the auditor concur with that?

Mr. Strelloff: — Mr. Chairman, the purpose of 32.35 is to provide you an update on a previous concern of ours. We understand now for future types of ministerial travel it has been resolved.

Mr. Anguish: — For all intents and purposes it has been resolved as this is now . . . we're approaching March 31, 1991 very rapidly and I don't see any sense in going on

ministerial travel what happened three years ago.

Mr. Chairman: — Can we call in SPMC?

Public Hearing: Saskatchewan Property Management Corporation

Mr. Chairman: — Good morning, Mr. Dedman. Can you introduce the people that are here with you?

Mr. Dedman: — Yes, Mr. Chairman. On my left. I'd like to introduce Shirley Raab, the vice-president of finance; on my right, Norm Drummond, the comptroller; and on Norm's right, Rob Isbister, the director of financial planning.

Mr. Chairman: — Thank you. I want to welcome you all here this morning. I want to make you aware that when you're 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. And 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 please address all comments to the Chair.

Mr. Dedman: — Mr. Chairman, when we were here in the spring there was a request for some information by Mr. Anguish that didn't appear in the summary. And when we were reviewing in preparation for coming today, we realized we hadn't provided that. So we've provided 20 copies to the Clerk to circulate. And it was to do with a question on who are the non-government tenants of SPMC space?

Mr. Chairman: — For '87-88.

Mr. Dedman: — Yes.

Mr. Chairman: — Okay, thank you. I wonder if we can turn to the auditor's report and just try and get a sense of where we're at with some of the issues that the auditor raises. First of all, on page 100.

With respect to lack of accounting records to support transfers, is it fair to say that given the passage of time, that this will just remain as a criticism and it's not something that can be resolved?

Mr. Dedman: — I believe, Mr. Chairman, we have a process in place, in conjunction with the Provincial Auditor, that we are gradually clearing up the items that were a problem with respect to transcripts.

Mr. Chairman: — The auditor agrees with that, okay. So there is some progress being made there. With respect to the dental equipment, what seemed to be the problem there? How could you be selling this equipment without keeping records at the time?

Mr. Dedman: — I think the problem may have been in the process that we used to dispose of the dental equipment . . . well to collect it first and then to sell it afterwards. There was a large volume of different items that we received in and then it would be packaged in a different way when we sold the equipment out.

Mr. Chairman: — Did you learn anything from this experience that will help you at some future time? I'm not suggesting we'll be selling any more dental equipment but . . .

Mr. Dedman: — Yes, I think the process was quite compressed, and if we'd have had more time, it would have made our job easier.

Mr. Chairman: — Any comments?

Mr. Strelieff: — That makes sense.

Mr. Britton: — I was looking in 32.24. It would appear that you did have a process where you would tag pieces of equipment, and it says that it wasn't done. So the ability to take inventory was there and wasn't used. Am I correct in assuming that?

Mr. Dedman: — Yes, I think the problem that we have . . . or to use our normal procedure when we collect a bunch of material for a sales and salvage sale then we tag each item in the process of the sale. With the dental equipment we had things down to the size of, you know, dental mirrors and dental instruments, and when we sold them we sold them put together in a package of equipment. So we didn't have the tagging process for every item that was part of the dental equipment.

Mr. Britton: — Excuse me, Mr. Chairman, you say you didn't have the tagging process?

Mr. Dedman: — We didn't use the tagging process for each item.

Mr. Britton: — You didn't use it but it was there. So what we have here is just a question of not using the procedures that you had?

Mr. Dedman: — Yes.

Mr. Britton: — Okay. So now that is going to be done.

Mr. Dedman: — Yes, for every other process we use that tagging process.

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

Mr. Chairman: — Page 103, I have a question here of revenue improperly retained. The auditor is of the opinion that the revenue reported in the corporation's March 31, 1988 financial statement is overstated by a million dollars. I think he refers to this later on too, with respect to another item.

There any resolve on this? Does the appointed auditor share this opinion? Are there any notes subsequent to the financial statements for that year to reflect this?

Mr. Dedman: — This is an area where we've had ongoing discussions with Finance and I think it's fair to say that we've agreed that we will solve this issue in this fiscal year. The issue with Finance — I mean the current fiscal year — the issue with Finance, or between Finance and SPMC is an issue around getting a grant to cover the cost of the sales and salvage process. What had been earlier agreed was that we could just conduct the sales and keep the proceeds. It's been quite properly pointed out that we don't have the legislative authority to do that.

Mr. Chairman: — Also on that page there's a concern here about the minister prescribing the price of subscriptions to the *Saskatchewan Gazette*. Any comments on that?

Ms. Raab: — The legislation did require the minister to approve them. Our rates were approved by treasury board in cabinet; it was an oversight, particularly as this program was transferring out of SPMC. So the point raised is correct and we no longer have the program.

Mr. Chairman: — Good. The next page, loan agreements. You state in your report, Mr. Strelieff, or the auditor's office states that management say that they now agree with the practice that . . . the loan agreements have subsequently been amended. Any comment on this? Something that we need to concern ourselves with?

Ms. Raab: — Yes, it's correct. When we first became a corporation, we had not gone through the budgetary process so the agreements had a rate to be determined by the Minister of Finance. After the budget was approved the first year, we went and did a process where we amended all of the agreements and actually those amendments had been in place prior to the review by the auditor so we believed that we have done everything that is necessary in that regard.

Mr. Chairman: — Any comment? I agree with that. We still have this question of the airplanes. It looks like, under The Financial Administration Act, that . . . the auditor's concern is that 1.4 million collected for the use of these aircraft on behalf of the Minister of Finance should be paid into the Consolidated Fund as opposed to being retained by SPMC.

Mr. Dedman: — Would you like us to respond to that?

Ms. Raab: — The 1.4 million revenue on the aircraft in question was to recover the costs of the aircraft, the operating costs, not the capital cost. It recovered expenses such as the fuel, the pilots, the dispatching and maintenance and such. The expenses were not to cover the capital costs because we did not own them. So we don't believe and I believe we're coming closer to an agreement that the money is repayable.

What we have done to address this issue and satisfy the auditors is to do an agreement with the Department of Parks which clearly outlines what they are paying for and that will better document — so the issue of what we are charging for is better documented. But the moneys are not or will not be repayable.

Mr. Chairman: — As I understand it, the problem here is that you have use of these aircraft although their ownership is still with the Minister of Finance or the Government of Saskatchewan. You have no lease arrangement, no contractual arrangement with the government for the use of these aircraft? Would that not clear it up?

Ms. Raab: — That's what we've actually put in place. We pilot them and we do the maintenance on the aircraft because we have that expertise. This was one item we did not own.

Mr. Strelieff: — Mr. Chair, the move to establish a new contract was a good move and we'll be looking at the precise terms of the contracts in the next report.

Mr. Chairman: — There's a concern about an agreement with the Department of Parks and Renewable Resources about some payments not being properly vouchered and certified. Is this an ongoing problem or is that a one time problem?

Ms. Raab: — It's probably an ongoing issue for the Provincial Auditor and we are taking some steps. We contract with the Department of Parks to do some of the capital work on SPMC assets. And the process has been that we would review the payments that Parks had made to their suppliers. Their payments are in turn sent to the department of financing for auditing and payment.

So we reviewed and scrutinized that process but did not duplicate the paper and what we have done is enter into a management agreement which more fully outlines our reliance on the Departments of Parks and Finance. So we believe that we'll resolve some of the concerns.

Mr. Strelieff: — Mr. Chair, like the former issue, it does sound good to enter into a contract. It sounds like a good move and we'll be examining whether the contract does meet all the necessary requirements in the next report.

Mr. Chairman: — Next is the audit of financial statements, the depreciation of real estate properties. Any comments from either yourself Ms. Raab or Mr. Strelieff on this?

Ms. Raab: — There are, I believe, a number of issues that are still unresolved in terms of the policies. I believe some of the disclosure issues are resolved in future years to a better satisfaction between the various parties. We also believe that the communication processes between ourselves, our external auditors, and Provincial Auditor has improved and that we can work better together to agree to disagree or to resolve the concerns and that is what we plan on doing.

Mr. Strelieff: — Mr. Chairman, we've reported the items in the context of financial statement issues because we think they are important issues. The first one dealing with not recording depreciation costs means that the net income of the corporation during that period is overstated and the participation credit seems to be a strange type of way of accounting and certainly requires better disclosure. And not reflecting the cost of the furniture and equipment that was transferred to the corporation on

inception also I think needs to be brought to your attention.

We certainly look forward though to the corporation's offer of working towards resolving these issues and we hope that they will be resolved in a satisfactory manner.

Mr. Chairman: — It seems to me as I read, that there's a disagreement here on accounting policy or accounting principles. Your office quotes authorities in the field. How can it be that other accountants would take a different point of view on this? Is there no way to resolve these opinions or differences?

Mr. Strelieff: — Mr. Chairman, it does go back to the improving the relationships and working relationships between the appointed auditors and our office. In some cases it's a matter of clarifying them. In the first case — the depreciation one — when in a sort of a reasonable man's point of view if the purpose of the financial statements is to report the revenues and costs of incurring those revenues you'd think the financial statements should report the full cost of those revenues. But you're right, the key issue is resolving these kind of issues before they need to be reported publicly and we're certainly going to be working towards that.

Mr. Chairman: — Members of the committee I think would welcome a discussion on the accounting principles involved in depreciation of properties but we'd just rather have you be able to reconcile these things.

Mr. Strelieff: — I agree.

Mr. Chairman: — I have no further questions on the auditor's report itself except maybe . . . Any final comments from you, Ms. Raab on any of the items in the auditor's report?

Ms. Raab: — No, I would just like to say that this was for the '87-88 year and we've had two years since then. I believe that the spirit of co-operation extended by the Provincial Auditor's office to ourselves and our auditors will certainly help to ensure that we resolve issues and technical points prior to the tabling. I just wish to reiterate that we're certainly willing to co-operate to the fullest to get that resolved.

Mr. Chairman: — I certainly hope that that will be the case. Property management corporation has been before us on an extensive basis for the last number of years and I think people might be forgiving if at times they had a sense that this new entity was some sort of rogue elephant in the field of fiscal accountability. But I'm glad to hear that we're looking forward to better days ahead.

Mr. Anguish: — Thank you, Mr. Chairman. I'm wondering if your 1989-90 financial statement has been completed yet?

Mr. Dedman: — It's completed, Mr. Chairman, Mr. Anguish. It was not completed printing when the House rose at the end of . . . or in June and so it has not been tabled in the legislature as yet.

Mr. Anguish: — When was it completed? When was the

printing done on it?

Mr. Dedman: — Near the end of the June.

Mr. Anguish: — Towards the end of June sometime.

Mr. Dedman: — Yes.

Mr. Anguish: — What is the line of credit for Saskatchewan Property Management Corporation Consolidated Fund?

Ms. Raab: — During the year under review?

Mr. Anguish: — Yes. Well no, not exactly the year under review because something that, I guess, concerns me is that the year under review, if we were to stick to that, would mean we're still dealing with the fiscal year ending March 31, 1988. And I guess that's not what I'm asking you for, the year under review; I'm asking you for the fiscal year ending March 31, 1989.

Ms. Raab: — At that point in time, we had a line of credit with the Consolidated Fund of \$400 million, I believe a \$5 million line of credit with the bank, and we obtained an order in council to support long-term borrowings. Those limits were changed later on in the 1989 year.

Mr. Anguish: — The order in council — tell me something more about that. What does that give you? You said borrowing authority?

Ms. Raab: — If in fact the province floats a long-term debt issue — and I may be using some of the wrong terminology — a portion of which will go to the property management corporation, an order in council is prepared to authorized that specific borrowing.

Mr. Anguish: — How much?

Ms. Raab: — Depending on the borrowing during the year, in quick review of the '88-89 year, I believe we had three long-term issues.

Mr. Anguish: — Three long-term issues?

Ms. Raab: — Two long-term notes.

Mr. Anguish: — No, that's not what I'm asking you. You had . . . in '88-89 you had a line of credit of 400 million with the Consolidated Fund, you had a \$5 million line of credit with the bank, and the order in council authorized you for another limit on lines of credit at other financial institutions, as I understand it. What I'm asking you is what limit did that order in council give you?

Mr. Isbister: — I believe it was \$100 million from other sources like banks and such. Although our bank, we actually only have a \$5 million limit negotiated with them.

Mr. Anguish: — Well then, why do you need another \$100 million line of credit? Finance told us this morning . . . Mr. Jones from Finance was in here and I had asked him a couple of days ago when Finance appeared before the Public Accounts Committee to prepare a document so I

could better understand the fiscal arrangements of the property management corporation. And I guess he confirmed what you're saying is that up until November 29, 1989 you had a \$400 million line of credit with the Consolidated Fund. Then effective November 29, 1989 that was reduced to \$300 million with the Consolidated Fund. But it gave you, at the same time, \$100 million line of credit with other financial institutions plus, you're telling me now, you have a \$5 million line of credit with your bank. Why do you need that other \$100 million line of credit? What's the purpose of it?

Ms. Raab: — This is a blanket authority in terms of securing borrowings of the \$100 million line of credit because the rates procured by the province are more favourable. We have negotiated and contracted with our bank for significantly less than we would use on a day-to-day basis, but it does give us the authority to enter into loan agreements with the financial institutes to this amount should we determine that there is a need for it.

Mr. Anguish: — Well when you mention that you get a better interest rate from the Consolidated Fund, is that a set interest rate, or do they charge you interest at all from the Consolidated Fund? What's your arrangement with the Consolidated Fund?

Ms. Raab: — Yes, the province borrows money, and I believe, they take the borrowing requirements of the Consolidated Fund plus a number of Crown agencies and would go out to the market for the entire needs and are able to obtain the cheapest source of financing. So we are given the same rates as they would pay on their debt. So it's really a pass through.

Mr. Anguish: — It's really a what? Pardon me?

Ms. Raab: — A pass through. If they borrowed 400 million and we took 50 million of it, we would have the same rate on that debt instrument as the other holders of the remainder.

Mr. Anguish: — For these loan disbursements to SPMC during '88-89 the disbursements total 1 million . . . sorry, \$1.130,702 billion. Loan receipts from SPMC during that same fiscal period were \$1.086,402 billion leaving an increase in your loans to 44.3 million. What would the interest rate then be on that \$44.3 million? What are you paying on that?

Ms. Raab: — The interest rate that we pay on the debt is done on an individual debt instrument and . . .

Mr. Anguish: — Just a minute. I don't understand this very well then, obviously. If there is over a billion dollars that revolves, and you said it happens on a daily basis, are you telling me that the Consolidated Fund changes the interest rate with you on a daily basis?

Ms. Raab: — Every borrowing . . . on short-term borrowings — we have short-term and we have long-term. The long-term are a fixed sum of money with a fixed interest rate; the short-term or promissory notes are done on an as needed basis and each borrowing may change depending on how the rates fluctuate in the market-place. So it could be 12.2 a month ago and 12.4

this week and something different the following week.

Mr. Anguish: — Okay, let's attack this a bit different way. The disbursements of \$1,300,702 million — how many disbursements was that? How many disbursements were made from the Consolidated Fund to you during that fiscal period to make up over a billion dollars?

Ms. Raab: — I don't have the exact number with me. We could provide it. I would like to point out though that the billion dollars . . . at the end of each quarter, meaning September, December, March, and June, we roll over the total short-term promissory notes at the end of . . . And our financial statements and our promissory notes indicate that the 200-and-some-odd million dollars of short-term promissory notes roll over June 30. So at the end of June, we would have to pay all that money back and reborrow it.

Mr. Anguish: — Then what is the interest rate then, if you roll that money back? There must be a set interest rate now on the \$44 million that is what you received more than you gave back. And I guess what I'm asking you is: what's the interest rate on that? Or if you can't give me an interest rate, if there's multi-different interest rates, tell me what the average is that you're paying to the Consolidated Fund on the 44.300 million.

Ms. Raab: — At the end of March . . . On March 31 '89, it was 12.25 per cent.

Mr. Anguish: — 12.25 per cent?

Ms. Raab: — Right.

Mr. Anguish: — As of what date?

Ms. Raab: — March 31, '89.

Mr. Anguish: — What do you pay as an interest rate on your line of credit of \$5 million, on it? Which bank do you have that \$5 million line of credit?

Ms. Raab: — The Bank of Montreal is our banker. They won the tender for banking.

Mr. Isbister: — I'm not exactly sure of the rate but it's based on prime. It's based on the bank's prime and plus or minus a margin. And we could get back to you with exactly what the margin is.

Mr. Anguish: — Yes, I'd like to know what the interest rate is on your line of credit.

Mr. Isbister: — Okay.

Mr. Anguish: — When you received . . . I guess I don't understand why you . . . what I'm trying to get at is I don't understand why you would go from dealing with the Consolidated Fund where you get a preferential interest rate.

You reduced your line of credit with them and you increased your line of credit to \$100 million that you can go to banks for. Now why would you want to go to a lending institution where they charge you a higher rate of

interest? And I guess in addition to that, did property management corporation request from the Executive Council this change in your borrowing authority?

Ms. Raab: — To answer the first question, we reduced our line of credit with the Consolidated Fund — that's primarily the short-term notes — because we had undertaken some long-term debt issues, so our need for short-term borrowings will decline as we were able to secure more long-term debt.

The line of credit with the other financial institutions was, I suppose, done in anticipation that there may be instances where financing is no more expensive. To this point in time, we have only negotiated a \$5 million line of credit with the bank based on the rates we were able to obtain. So it's a blanket authority which is only used if, or would be used, if in fact a rate was desirable.

And certainly any arrangement that we would make on financing would require approval of the Minister of Finance and would be sanctioned by the Department of Finance prior to us actually going out and doing anything. So we would in fact get the Minister of Finance approval.

Mr. Anguish: — Your answer to the last part is not quite what I asked you. I asked you if this request to change your indebtedness structure, your ability to create indebtedness for the property management corporation, did that originate with the property management corporation, or did it originate with Executive Council? Did you request this change?

Ms. Raab: — We requested this change in . . . I guess it came through our office based on consultation with the Finance's treasury and debt management people, yes.

Mr. Anguish: — Well for a corporation that's going to operate like the private sector, as opposed to the old department of supply and service, why would you want to have the ability; what was in your planning that you'd want to go a hundred million dollars in debt with financial institutions in the province? What was your planning, when you were supposed to be breaking even or making a profit, business oriented, make the departments appreciate what they have to pay; what plan did you have that would want you to create a hundred million dollars in additional debt with private lending institutions at your request? You must have had some rationale for that.

Mr. Dedman: — I think the point that should be made is, because you have a line of credit or two lines of credit, it doesn't mean that you're going to borrow in both lines to the maximum. And I think the ability to borrow from the private sector was there, should that become a more advantageous place to obtain money than from the Department of Finance. That hasn't been the case from that time to this time. And as was mentioned, we only have a \$5 million line of credit negotiated with the bank at this point in time.

Mr. Anguish: — Well only the 5 million line of credit, you also use SEDCO money, don't you? You have debt with SEDCO?

Mr. Dedman: — Yes.

Mr. Anguish: — You owe Crown Management Board money, don't you?

Mr. Dedman: — No.

Mr. Anguish: — No?

Mr. Dedman: — Not any more.

Mr. Anguish: — Not any more. You paid that off?

Mr. Dedman: — Yes.

Mr. Anguish: — Do you expect in the future to have to use your lines of credit? Like I would think that if you wanted to operate the way that your mandate sort of reads, or from what I understand of your mandate, you should never need \$400 million line of credit anywhere.

Mr. Dedman: — Well, we have a mix; in 1989 we had a mix of debt of 430 million, part short term and part long term. And so we are borrowing that money.

Mr. Anguish: — Yes, I see that.

Mr. Dedman: — Look at page 14.

Mr. Anguish: — Well where do you get the authority to be \$32 million over your limit?

Mr. Dedman: — Well the line of credit represents the short-term borrowing that we deal with through promissory notes to the Department of Finance. The long-term debt is handled separately and we share in the issues that Department of Finance gets on the market.

Mr. Anguish: — Well what's the limit of your long-term debt then if your short-term debt limit is . . . Your short-term debt limit is \$400 million. Is that stated correctly?

Mr. Dedman: — Yes, that's right.

Mr. Anguish: — Well what is the limit on your long-term debt?

Mr. Dedman: — For long-term debt, when the Department of Finance goes forward we seek permission to borrow, our portion of the long-term debt is approved at the same time as the Department of Finance obtains their approval.

Mr. Anguish: — Well do you anticipate any more long-term debt?

Mr. Dedman: — Depending on what the Department of Finance can obtain, it would be to our advantage or it could be to our advantage to convert short-term debt into long-term debt. In general, in a general sense, short term costs more than long term.

Mr. Anguish: — Yes, but they seem to be going up. March 31, '88, 100 million long-term debt; March 31, '89, 200 million long-term debt. Your long-term debt doubled in

the period of a year. And I guess what I'm asking you is do you anticipate setting . . . you know, just leave the short-term debt aside, do you anticipate your long-term debt growing by these amounts in the future?

Mr. Dedman: — The reason that our borrowing would increase would be to finance either capital projects or to provide a third-party loan. So our increase in borrowing is affected by those two things quite dramatically.

Mr. Anguish: — So your long-term debt, if the province continues to build hospitals and schools and whatever they build, your long-term debt will continually grow.

Mr. Dedman: — Yes. Or our debt will continue to grow, some mix of short or long term.

Mr. Anguish: — How do you expect to pay that off?

Mr. Dedman: — Well, if we provide a loan to build a special care home, for example, and that loan has a repayment scheduled to us, and that's how we would pay that off.

Mr. Anguish: — At what point in the year 2525 or whenever do you expect that you won't have long-term debt; or do you always anticipate having long-term debt?

Mr. Dedman: — As long as we are . . . it depends on the mix of our projects. If there are, as you said, if there are more projects, obviously some will be paid off; if there are more added, they will be in that mix.

Mr. Anguish: — So basically it's going to come to a point where Saskatchewan Property Management Corporation will be carrying debt of the government, a substantial portion of the debt of the government.

Mr. Dedman: — Well we carry debt against the assets, like hospitals and special care homes and university buildings.

Mr. Anguish: — Could you tell us when you got authority from . . . could you tell us when you got the authority to use CPIC (Canadian Police Information Centre) with your security branch? What was the date that you got the authority to use CPIC?

Mr. Dedman: — Mr. Chairman, Mr. Anguish, we don't have that date with us.

Mr. Anguish: — You still have access to CPIC through your security service?

Mr. Dedman: — Yes, we do.

Mr. Anguish: — How many times did you use CPIC during the '87-88 and '88-89 years? How many times did you access CPIC to gather information on individuals?

Mr. Dedman: — We'll have to bring that information back to you.

Mr. Anguish: — When do you think you could bring that back?

Mr. Dedman: — It shouldn't take us very long.

Mr. Anguish: — What's the criteria that you've set up within the security branch as to when you use CPIC?

Mr. Dedman: — We have the same access to CPIC as other government security branches across Canada, so we don't have any kind of direct line with CPIC. So if a concern exists we go through the police force, raise our concern and they will or will not provide us with the information that we ask for.

Mr. Anguish: — So what you're telling me is that you don't have a computer terminal within one of your offices at the security branch where you can be on direct line of CPIC.

Mr. Dedman: — No, we have no direct line.

Mr. Anguish: — I assume also that you don't have anybody in the security branch that goes down to the terminal, either at the RCMP or at city police, and uses the CPIC files.

Mr. Dedman: — No we don't.

Mr. Anguish: — So if a telephone conversation or a letter or memo that's written from security branch to either RCMP or city police, I'd believe you'd use as your point of access for CPIC.

Mr. Dedman: — Yes.

Mr. Anguish: — So then they will get the information and give it back to you.

Mr. Dedman: — Yes.

Mr. Anguish: — What I was starting out to ask you was: what criteria do you use? Like if I offend you because of way I talk to your minister in Crown corporations, is that grounds for you to go and get information from CPIC on me, or do I have to threaten someone? There must be some kind of criteria. There must be some kind of criteria that you use.

Mr. Dedman: — I guess there's quite a mix of reasons why concerns may be raised with us, whether it's, as you mention, someone threatens someone, so there's a personal safety concern. Or if there were a concern about a company that might be doing business with the government. So what we have to do is to identify why we have the concern and take that to the police officials with our request for information.

Mr. Anguish: — So personal safety and concern about companies doing business with the government. What other reasons?

Mr. Dedman: — I guess there would be if there were issues raised by departmental officials if they had some concern about something that was happening in their department.

Mr. Anguish: — What? For internal control you're talking about or concern about an employee?

Mr. Dedman: — Or a program concern that they had.

Mr. Anguish: — Did you check out any of the GigaText companies through CPIC?

Mr. Dedman: — Mr. Chairman, Mr. Anguish, we believe we did do some checks on some of the individuals involved with GigaText.

Mr. Anguish: — Who?

Mr. Dedman: — We can perhaps make a phone call and try to find out the names of the individuals.

Mr. Anguish: — Actually in addition to that, I wouldn't mind if you could provide the committee — doesn't necessarily have to be a matter of the public record even — a list of the individuals and companies that have been checked by your access to the CPIC system for the years 1987-88 and 1988-89. Could you provide us with those lists?

Mr. Dedman: — Mr. Chairman, Mr. Anguish, we could do that on a confidential basis.

Mr. Anguish: — Okay, I'd appreciate that. Could you also tell us what it costs you to have access to CPIC? Is there an actual physical cost? Do you pay dollars and cents for access to CPIC?

Mr. Dedman: — I don't believe there is. We'll confirm that, but I don't think there's any cost to us.

Mr. Anguish: — Mr. Chairman, could I suggest we take our morning break at this time for five or 10 minutes and then we could come back on with . . . I have some other topics I want to cover.

A Member: — I want to just ask a couple of questions.

Mr. Chairman: — How long do you want to take?

Mr. Lyons: — I wonder if I can ask just a few questions on this subject, Mr. Chairman.

Mr. Chairman: — Before the break?

Mr. Lyons: — Yes, before the break.

Mr. Chairman: — Sure.

Mr. Lyons: — Mr. Chairman, I wonder if Mr. Dedman can supply the committee with the number of employees in the security division, their names, and their job descriptions.

Mr. Dedman: — Mr. Chairman, Mr. Lyons, we can do that. We have a couple of categories in there, paid for by the security division, are quite a number of commissionaire-type people paid on contract. They're not really employees of SPMC but they are part of the function carried on by the security division.

Mr. Lyons: — You mean the individuals are contracted out or the corps of commissionaires is contracted out?

Mr. Dedman: — Yes, they are mainly, I think, contracted from corps commissionaires or from security agencies. There may be some individual people contracted in that group as well, but we don't have the names. We can certainly provide whatever you would like.

Mr. Lyons: — I would like a list of all people and their job descriptions. Maybe for identification purposes you can list names by classification if they're employed by the corps commissionaires or commissionaire types as well as the corps staff. In addition to that, could you provide us the list of all individuals who were contracted by the security division on a casual or part-time basis and their job duties?

Mr. Anguish: — Mr. Dedman, there is one other thing as well. When Graham Taylor was still the minister, at one time we had talked about a list of capital expenditures, the equipment purchases by the security branch, and I never pursued that. And I wonder, if you are doing this at the same time, if we could have sort of an inventory of the capital purchases with the security branch.

Mr. Dedman: — Mr. Chairman, Mr. Anguish, I believe that we provided that after our last session earlier . . .

Mr. Anguish: — You did provide that?

Mr. Dedman: — . . . but we can certainly provide it. I think the request was for a list of the inventory that the security branch has, the equipment that the security branch has.

Mr. Anguish: — I'm sorry, I don't recall receiving that unless . . .

Mr. Dedman: — We can certainly provide it.

Mr. Chairman: — Let's take a break until 10:45.

The committee recessed for a short period of time.

Mr. Chairman: — Mr. Anguish.

Mr. Anguish: — Yes, Mr. Chairman?

Mr. Chairman: — You have the floor.

Mr. Anguish: — Thank you . . . (inaudible) . . . assets lists that you had provided before and I'd appreciate another copy of that. Were there other assets purchased by the security branch in '88-89? I see the list is for '87-88 and I'm wondering if you have with you any capital purchases that were made in the '88-89 fiscal year.

Mr. Dedman: — Mr. Chairman, Mr. Anguish, some information we provided in the House indicates that there were some additions made in '88-89.

Mr. Anguish: — Do you have those with you?

Mr. Dedman: — We could add those to this list of . . . (inaudible) . . . Mr. Chairman, I can answer a couple of questions that were asked before the break if that would . . .

Mr. Chairman: — Okay.

Mr. Dedman: — First of all access to CPIC existed through '87. We don't have the exact date but it's believed it started in 1986 and we will provide that.

Mr. Anguish: — It started some time in '86 and has carried through to the present time.

Mr. Dedman: — From the quick check, it was . . . existed in '87, so I believe that at a point in '86 that was acquired. There is no cost to the Government of Saskatchewan for its access to CPIC.

With respect to the individuals, companies around GigaText, what was done by the security division were financial checks through Dun & Bradstreet, Dun & Bradstreet-type firms. And the individuals that were checked — an individual by the name of Guy Montpetit and an individual by the name of Douglas Alexander Young; and companies that I believe are associated with Mr. Montpetit, a company called Silicart, incorporated in Japan; a company called LISP Canada, L-I-S-P Canada Inc.; a company called GigaMos Lab Inc. in Montreal; and another Canadian registered company called GigaMos Enterprise, Art-Intel Ventures. And then we believe there are also three GigaMos companies in the United States. And associated with Mr. Young was a company called Norlus Inc.

Mr. Anguish: — When you told us you'd provide us with a list — on a confidential basis — a list of the people and companies that have been checked through in the two years, '87-88, '88-89, when you do that is it possible to provide the dates of those checks?

Mr. Dedman: — I would think so.

Mr. Anguish: — You wouldn't think so?

Mr. Dedman: — I would think so.

Mr. Anguish: — You would think so? Okay, thank you.

Ms. Raab: — Through CPIC?

Mr. Anguish: — Yes. On the assets list of security branch there's an oscilloscope. What's an oscilloscope used for? What purpose would they have for an oscilloscope?

Mr. Dedman: — Anything electric or electronic, if you put the oscilloscope on it you can identify the wave form and if it's operating properly. The oscilloscope is, in effect, a test meter for anything electrical or electronic.

Mr. Anguish: — Is there by any chance to go with the oscilloscope in the purchases, your list for '88—89, a parabolic mike?

Ms. Raab: — No, there isn't.

Mr. Anguish: — In the Polaroid camera system, \$6,400, what kind of Polaroid camera system have you got for \$6,400?

Mr. Dedman: — It's a Polaroid camera that provides identification cards like this.

Mr. Anguish: — Who receives identification cards like that?

Mr. Dedman: — Any government department that wants its employees to have identification, we can provide that. So a government employee going to somewhere where he needs to identify himself, he can have an identification with his picture on it so that the place he's going notes that he does . . .

Mr. Anguish: — Do you charge . . . is it costed back to the department, to the customer, or do you provide that as a service?

Mr. Dedman: — We do provide that as a cost to the department. It's not very expensive.

Mr. Anguish: — Thirty-four hundred dollars here also for TV link FM transmitter, transmit receiver. Can you explain that?

Mr. Dedman: — No, I can't. I'd have to provide that.

Mr. Anguish: — Have the security branch done any wire-tapping? Do they have the right to do that?

Mr. Dedman: — No.

Mr. Anguish: — Have they requested any wire-taps of the RCMP and/or the city police?

Mr. Dedman: — I don't believe . . . no option to request police forces to do that. We can raise concerns with police forces, and what the police forces do about those concerns is a matter for the police force.

Mr. Anguish: — I suppose if an employer went to the RCMP or city police and wanted a phone in their company tapped, they would have every right to request that, and I'm sure that the RCMP or the city police would comply with that request.

Mr. Dedman: — I don't know for sure, but I don't think that's the case. I'm out of my league to try and answer that question, but I don't believe that an employer could ask that.

Mr. Anguish: — I think they can, but I'm not absolutely sure of it either so we're not going to debate the point.

Mr. Lyons: — Mr. Chairman, Mr. Dedman, during the year under review, did SPMC engage the services of any private investigation firms or through the security service of the SPMC?

Mr. Dedman: — I think we may have hired some people. Can we add that to your earlier request of who's been hired by SPMC? Can we check those names?

Mr. Lyons: — Yes, and the firms and the amount of the contracts.

Mr. Anguish: — I'd like to go to the CVA (central vehicle

agency) budget. Your central vehicle agency division, I believe, overspent their budget, certainly in the '89-90 fiscal year. We're aware of that. I'm wondering if the budget was overspent also in 1987-88 and in 1988-89, and if it was overspent, what do you have budgeted? How much?

Mr. Dedman: — Mr. Chairman, Mr. Anguish, '87-88 the budget was 9.231 million and the actual expenditure was 8.481 million. And in '88-89 the budget was 5.121 million and the actual was 8.821 million.

Mr. Anguish: — 8 million . . .

Mr. Dedman: — 821,000.

Mr. Anguish: — What's the reason for overspending by 3.7 million?

Mr. Dedman: — We have a difficulty in assessing the number of vehicles we would use. We can budget quite accurately in the budget process for the vehicles that government is going to use. But a big portion of our fleet is Crown corporations and agencies and whatever that are not directly part of the government budget cycle. We provide those vehicles and we get good return on those vehicles, so it's in our best interests as SPMC to satisfy those needs.

Mr. Anguish: — Those budgetary amounts that you gave me, is that for capital, is that for vehicle purchases only?

Mr. Dedman: — Yes.

Ms. Raab: — And any specialized equipment.

Mr. Dedman: — But capital purchases for the vehicles and anything that comes with the vehicle, so if you had a cube van back for a mail truck, that would be included in that as well.

Mr. Anguish: — How many vehicles does that represent, \$8.821 million?

Mr. Dedman: — For 1987-88 that's 726 vehicles, and for '88-89 it's 672 vehicles.

Mr. Anguish: — 672 in '88-89?

Mr. Dedman: — Yes.

Mr. Anguish: — I'm sorry, what's the number for '88-89?

Mr. Dedman: — 672 . . . and 726 in '87-88. Yes.

Mr. Anguish: — How many of those were for government departments and how many for Crowns?

Mr. Dedman: — I think we can give you the composition of the fleet. I don't think we have the mix on the purchase. But we can get that.

Mr. Anguish: — With the move to privatizing Crowns, why would you still be buying vehicles for the Crowns? I don't understand that.

Mr. Dedman: — At the moment our biggest Crown customer is SaskTel. We still have some vehicles with SaskPower; SaskPower buy their own or buy some of their own. SGI is still our customer.

Mr. Anguish: — What's the list that you have provided for us? It's . . .

Mr. Dedman: — We can provide what you request.

Mr. Anguish: — Can I break down between government and Crowns?

Ms. Raab: — As of now, we have the breakdown.

Mr. Dedman: — So I can give you in effect percentage of how the fleet breaks down, but not the . . .

Mr. Anguish: — Well if you provide us with that, we can work it out. I'm just asking what you're going to provide us with if we can . . . if it's identified in there clearly enough that we can determine how much is Crown and how much is government.

Mr. Dedman: — We can certainly provide you for both '87-88 and '88-89 the actual split of the vehicles. And to give you an idea, we can . . .

Mr. Anguish: — Also, Mr. Dedman, does it break down on their vehicles that went to ministers versus government employees?

Mr. Dedman: — We can . . . if you tell me what you'd like to have, I think we can probably provide it.

Mr. Anguish: — I'd like first off to know how many vehicles in each of those two years under review, how many were government, how many were Crown. Then of the government vehicles, who those vehicles went to — cabinet ministers, pool vehicles, senior public employees . . .

Mr. Dedman: — I can give you some information now that . . . we will certainly get that . . . I'll give you some idea. Of the 726 vehicles for '87-88, one breakdown that we do have is by type of vehicle. So standard size sedans out of that 726 were 95; other cars — subcompacts, compacts, and mid-size — were 249. Station wagons were 37. Vans were 136, and trucks were 209.

Mr. Anguish: — Do you buy these vehicles from one supplier, or do you tender to a number of auto dealers in the province? What's the process by which you purchase vehicles?

Mr. Dedman: — The process is that we involve both the dealers in the province and the manufacturers so that all the vehicles we receive come through dealers, but the tenders that are put in have manufacturer involvement.

Mr. Anguish: — That is to get special discounts on fleet rates.

Mr. Dedman: — Yes. Because of the fact that we normally order in the fall of the year and we accept the vehicles over two or three months, even sometimes

longer than that — in the spring of the year — that's a very handy thing for manufacturers to have. They can build to fill in their production schedules and whatever, so that's why they are prepared to provide dealer support.

Mr. Anguish: — How do you determine which dealer in Saskatchewan?

Mr. Dedman: — I think the way that it works is the dealers tender their best price and then the support from the manufacturer supports the best dealers, or the lowest cost dealers. We also break down the tender by areas of the province too.

Mr. Anguish: — How many areas do you have in the province?

Mr. Dedman: — What we could provide, Mr. Chairman, Mr. Anguish, is a list of who the successful dealers were, where the credit went for these vehicles . . .

Mr. Anguish: — Okay, if you want to provide that, sure, instead of taking up more time in the committee. I'm still wondering how many areas you have. You got quadrants. Is there four areas in the province, or six or . . .

Mr. Dedman: — I think part of what can happen is if the low bidder, say for the sake of argument, is a Ford dealer, part of it depends where Ford dealerships are, because they might be in a different place than let's say Chrysler dealerships or GM dealerships. So the low bidder would be credited, but it could be quite a variation just based on where that dealer . . .

Mr. Anguish: — You make a conscious effort to spread that business around the province?

Mr. Dedman: — That list of the dealers will bear that out, and to make sure that some Saskatchewan dealer gets credit for every car that we purchase so we don't bypass the dealer.

Mr. Anguish: — I don't know what the figures are actually for the end of the year, but I want to use an example going back to the security service. In the year that ended March 31, 1990, the security service had expenses of \$2,219,861. The largest single expenditure is an item called cost of sales, and that amounted to \$918,713. I understand what cost of sales is, what it means to a business. I don't understand what cost of sales would mean to the security branch.

Mr. Dedman: — I think we can explain that, Mr. Chairman.

Mr. Anguish: — Mr. Chairman, while we're waiting for that answer, maybe I could just ask the Provincial Auditor: are there other departments or Crowns where costs of sales is reflected in their financial statements?

Mr. Strelloff: — Other departments or agencies, did you say? Or just departments?

Mr. Anguish: — Well I asked the question of property management corporation, that the largest expenditure item under their security branch was something entitled,

cost of sales. And I didn't understand how that would apply to their particular Crown and I'm wondering what cost of sales means to you. Is that something that is reflected in other financial statements for government departments or other Crowns?

Mr. Kraus: — I think volume 2 requires some financial statements that reflect the cost of goods. So for example, parks, recreation, and culture have a commercial revolving fund, and in that revolving fund they have a dining restaurant, store operation, and there they show a cost of goods sold — it's a commercial operation. It isn't that common but there's the odd situation like that.

Mr. Anguish: — Well I understand that in commercial venture, but I don't think that SPMC has a commercial venture with the security branch, or at least I hope you don't view that as a commercial venture.

Mr. Dedman: — I think what you're referring to is, we have revenues from — and it's the year ended March 31, '89 — \$1.45 million worth of revenues out of what you referred to as cost of sales, the number one item in 1989 was 719,000 which is the cost of providing commissionaires. So that is a . . . with some other things like vehicle costs and so on, but that's the number one cost of providing that security service which is not a . . . well it's an outside product that we provide, I guess.

Mr. Anguish: — Instead of going through a number of financial questions, would it not be possible for property management corporation to provide the Public Accounts Committee, and therefore access to the members of the legislature, your budget breakdown? Is that an overwhelming task to do that? I don't know why we can't just receive a copy of your budget so we can better understand what's going on.

You see in the past it's almost been a cat and mouse game to find out what's going on in property management corporation. And it sometimes gets to be politicized, but I think that the public would be well served if now and into the future it could be provided that we can see what your budget is and broken down by area.

Ms. Raab: — The only portion of SPMC's budget that shows up in the *Estimates* is the grant portion, and presumably that has been the policy of disclosing budgets for Crowns. We do have a detailed internal budget by which we manage, and I guess if a decision is made to release that type of information, we would certainly be in a position to do so.

Mr. Anguish: — What harm is there — I'm searching for the terms here — commercial disadvantage that would be inflicted upon SPMC if members of the legislature were to see your budget?

Mr. Dedman: — Just right off the cuff, I don't know of a commercial disadvantage that would be there.

Mr. Anguish: — Well, Mr. Chairman, if members on the government side could agree to that, it would save several questions and I think would be more accountable into the future as well. And I'm wondering if the members opposite would agree to having the Saskatchewan

Property Management Corporation provide the members of the committee with their budget.

Mr. Baker: — What would you achieve by that? If you don't understand it any better than you do with the line of questioning, it wouldn't do much good.

Mr. Hopfner: — Be nice.

Mr. Baker: — Well I mean it's getting ridiculous.

Mr. Rolfes: — . . . (inaudible) . . . my information. Do you want me to read from the Premier's statement?

Mr. Chairman: — What are you asking for in particular?

Mr. Anguish: — Well, since Mr. Baker's trying to play comedian, I don't think that we would be able to achieve what we want to.

Mr. Baker: — I'm not playing comedian, I'm serious.

Mr. Anguish: — I'm asking if the members of the government side would agree with the property management corporation providing this committee with a copy of their budget, the budget breakdown. And in the past it's been kind of a cat and mouse game as to searching out financial information about the property management corporation. And I don't see that property management corporation has a great deal of problem in releasing to this committee a copy of their budget, and I was asking members on the government side of the committee if they would agree to having SPMC give this committee a copy of their budget.

A Member: — Sure, they will.

Mr. Chairman: — Budget for the fiscal year under review?

Mr. Anguish: — Well I think it would be a good idea; and if members thought about it, maybe a good idea for accountability into the future as well so that it's part of the process. Because there are, I believe, in excess of \$4 billion that flow through the property management corporation every year that we may be well served by seeing how that \$4 billion-plus is utilized.

And a substantial portion of that, in fact the great majority of it, is taxpayers' dollars that actually revolve through the Saskatchewan Property Management Corporation. There's very little commercial private sector money that goes through the Crown. So I was just thinking we may be well served. If members opposite don't wish for that to happen, then I can accept that and I'll go on with my questioning.

Mr. Chairman: — I want to get it clear now. You're asking for a copy of the budget by which they operated for the fiscal year under review? Or are you asking for a copy of their budget for the current year? Or both?

Mr. Anguish: — I'm asking for a copy of their budgets that they used for 1988-89, '87-88, if that's possible. And it wouldn't be a bad idea if this committee, maybe not now but at some point, sees a copy of their current budget. I know that's not the year under review for this committee

so that's away from the process, but I think it would be a good idea on an annual basis to see a copy of SPMC's budget.

Mr. Baker: — Mr. Chairman, I would agree with the member that our process is all wrong. We sit here and we're sometimes one year, two years behind. And I would certainly support some sort of a legislative committee to look at restructuring the way we do business here. I mean here we are chasing a buck that happened three or four years ago in lots of cases, and I would agree with you wholeheartedly, but I don't think that this committee can make that decision. But I would certainly support an all-party committee structure that would deal with the way we do business. I think that we are kind of just like . . . well it's almost ridiculous as to the way we carry on. And we seem to have a situation where we get into a rut and because it was done like that 50 years ago that we can't change. I would support that sort of move and I think some of my colleagues would too, Mr. Anguish.

Mr. Britton: — Mr. Chairman, I apologize. I didn't hear the answer that was given to Mr. Anguish as to why they couldn't, or didn't want to, present their budget.

Mr. Dedman: — I think, Mr. Chairman, the question was asked of me was could I see a commercial reason why we couldn't have that information to discuss this . . . (inaudible) . . . My response was I couldn't think of a commercial reason at this point why that information couldn't be discussed, that it couldn't be provided.

Mr. Britton: — That it couldn't be provided or could be?

Mr. Dedman: — I couldn't think of a commercial reason why it shouldn't be provided.

Mr. Britton: — Okay. Thank you.

Mr. Chairman: — Just on the matter of the budget for the year under review, it's not an unreasonable request, but the committee will have to decide whether it's information that it needs of the department. And again, I stress for the year under review.

As to the budget for the coming year, or for the current year, it seems to me that it would be outside of the scope of the responsibility of this committee. Inasmuch as that may be helpful information, our purpose is to review the accounts of previous years. And I appreciate there may be frustration as to how current that review might be, but nevertheless we are charged with the review of the *Public Accounts* and the auditor's reports and those are reports from previous years.

It's the Legislative Assembly that through consideration of *Estimates* deals in a sense with the budget of agencies and departments for the coming year. Until such a time as the Legislative Assembly changes that, it seems to me that it would not be in order to ask for a copy of the budget for the current year or for any coming year.

But it would not be unreasonable to ask the department for a copy of the budget that they were operating under for the year under review if that will help members to better

understand the way in which the department operated for that year.

Mr. Swan: — I believe that the process has been in place and has worked reasonably well, and no process is perfect. But we do have the *Estimates* provided. Each year we have a chance to debate those *Estimates* in the House. You're allowed at that time to ask any questions about the budget for the department and I believe that process has all been undertaken by the legislature on these estimates. So I don't think that we should then go and ask for additional information outside of that.

All of those estimates are available to the members. If they want to go back and review what the budget was for the department under the year under review, it's certainly in their office or in their library, and I don't see that we should be expecting the department now to give us internal working documents other than the ones that have been provided through the legislature.

Mr. Lyons: — Mr. Chairman, on the question of requesting this year's budget for the current year, I believe your ruling is correct that we wouldn't . . . that we would have no authority to request that. But I do believe that we certainly would have the authority to request the budget.

First of all, let me deal with Mr. Swan's comments. There is one item in the *Estimates* that deals with the grant, one line that deals with the grants to SPMC that does not provide the public of Saskatchewan with any type of detailed breakdown as to the overall operation of what's become one of the major government entities in the province of over \$4 billion and a flow through on an annual basis. So I don't think that argument hold much weight. Mr. Baker has hit the nail right on the head. And here we see the old guard versus the new guard in terms of thinking, if you like, that there is a need for reform of the whole public accountability system in Saskatchewan in terms of finances. We are doing things which have become, if you like, in a rut in terms of dealing with information which is not only out of date, but the process by which the information is done needs to be, I think, totally re-thought.

There are jurisdictions, political jurisdictions which do examine the budgets for departments. There are committees which examine the budgets for departments prior to the approval by the legislature so that questions are asked. That is one significant accountability reform that we could consider making. This request, it seems to me, is in the light of that kind of thinking where the department and Crown budgets are examined prior to approval by the Legislative Assembly by a committee. And that kind of process provides much more accountability to the citizens of the political jurisdiction which the representatives represent.

And I think that's the implication that Mr. Baker's making in his suggestion and I would want to support him in that. But I hope Mr. Baker would also support the request of the committee, or the motion of the request of the committee to ask for the budget in order to bring this issue, if you like, into the political forefront of accountability and reform.

Mr. Anguish: — I don't know that a motion is required, I

thought it was just a simple question. And I'm asking, I guess, to bring it to a conclusion, I'm asking if we could have a copy of the 1987-88 and the 1988-89 budget of Saskatchewan Property Management Corporation; if that would be an overwhelming task, or if you could provide those two budgets to us.

Mr. Dedman: — I guess from my point of view, I would have to take that request back to my board of directors because that has not been something that has been provided in the past.

Mr. Anguish: — That's fair. Then I'd put a motion, I guess, before the committee that this committee unanimously request the 1987-88 and 1988-89 budgets from the Saskatchewan Property Management Corporation.

Mr. Chairman: — If you want to write out the motion; you may want to take out the word unanimously.

Mr. Baker: — It's got to be the board of directors approval, I thought maybe we could all support something like that.

Mr. Hopfner: — I'll speak to the motion when it's ready.

Mr. Chairman: — We'll have to wait a couple of minutes until we get the motion before us.

Mr. Anguish: — Mr. Chairman, I think the wording I put forward and hope that members could support it is — I move, seconded by the member from Saskatoon South:

That the committee request the board of directors for SPMC to provide the committee with SPMC's detailed budgets for 1987-88 and 1988-89.

Mr. Chairman: — Is the committee ready for the question? Mr. Hopfner.

Mr. Hopfner: — Mr. Chairman, I'm not going to vote for a motion regarding the internal documentation of any department to this committee. I think that Mr. Dedman had given the committee his word that he would go back to his board of directors to see if it was fit to bring that forward and put it in the eyes of the public. Now if it's internal workings that are not to be in the eyes of the public, that could maybe focus or put an information focus to various people they do business with, that could be unfair to all concerned. So I can't support something like that.

I would think that Mr. Anguish should have been well satisfied with the respond that Mr. Dedman told this committee he'd go back and find out whether they could make it a practice to give that information to this committee and we should give that an opportunity to work. If he wants to change the format of the way the committee has received information in the past, then give it an opportunity to work. And if it doesn't work and the committee sees fit then after that, that there are points of information that should be brought forward, so be it.

Then we should deal with that by gaining some sort of a consensus as to how far this committee is actually allowed to go. And I guess therefore then we'd need

direction from an authority that is a little bit above what this committee is. So I'll be voting against that motion.

Mr. Lyons: — I'm going to be voting in favour of the motion for two reasons, Mr. Chairperson. The first is in terms of providing Mr. Dedman with the ammunition to go back to his political masters, to indicate to the powers that be and to the minister, that his request for an account for the budget to be presented to the Public Accounts Committee comes as a request of members of the legislature and is not a whim out of his own mind.

Secondly, I want to refer the members to the auditor's comments at 32.09, 32.12 of the report of the Provincial Auditor in regard to budget and budgetary controls where the Provincial Auditor had requested under 32.12 and requested to peruse a copy of the budget document and was, in fact, refused permission to see that document.

In this new day of public accountability and fiscal accountability put forward by the Minister of Finance and by the Premier, let me just say I'm a little bit shocked that the member from Cut Knife-Lloydminster would try to go against his leader and against the Minister of Finance in opening up the books of the province to the people of Saskatchewan. This is indeed shocking that he would take that position.

But be that as it may, it seems to me that the issue that the budgetary . . . the ability for somebody in a position to have an independent look at that budget has been raised by the Provincial Auditor and this committee has the . . . seems to me has the responsibility of providing that document to the public.

And I want to just turn again on the paper, *A New Agenda For Public Accountability*, put forward by the Minister of Finance on page 2. This month, November 13:

The Government will address this in three ways (that is through accountability of government organization): by improving financial reporting requirements; by changing the budget review process; and by strengthening financial information disclosure.

Right. We're dealing with a \$4 billion operation here that even the Provincial Auditor has been denied its budget. Now either the comments of the Minister of Finance and of the Premier of the province have substance to them or they're just so much hot air.

And for the member from Cut Knife-Lloyd this is the crunch on voting on this, sir. If you believe in open and financial and strengthening financial information disclosure, here's your opportunity to show in practice what the Minister of Finance has said in words.

Mr. Muller: — I have to disagree with Mr. Dedman on this point. I think there would be a commercial problem with releasing internal working documents. There would be square metre values on leases. There would be vehicle values on purchases. Certainly this would put car dealers at a disadvantage right across the province. I mean the government, of course, buys vehicles at a lower value than I do as a private citizen. I don't know what they pay

for them and nor should I. And so I really feel that I have to vote against this because I do think there is a commercial problem.

Mr. Dedman said he would take it back to his board of directors and find out, but I don't think the committee has the power to demand that because of the commercial problem that could occur from it. So I will certainly be voting against the motion.

Mr. Baker: — I had to duck out for a minute, Mr. Chairman, and I didn't hear the wording of the motion. I wonder if you'd mind.

Mr. Chairman: — It's moved by Mr. Anguish:

That the committee request the board of directors for SPMC to provide the committee with SPMC's detailed budgets for 1987-88 and 1988-89.

Mr. Baker: — The problem and the question that was asked Mr. Dedman was that if, in fact, we could provide it and he said that he didn't see a real problem. There may be a real problem and he indicated that if he had board approval that he would do it, and we had an agreement, I thought, from the member that moved the motion. And I thought that we were going to have it subject to in there that if, in fact, the board of directors found no areas of commercial competition and exposure of things that shouldn't be let out to the public, that . . . and with that sort of a condition to it, then I could support the motion. But if it's wide open . . . and I thought that Mr. Anguish, when he was talking with Mr. Dedman, agreed that that was reasonable, prior to moving the motion on it.

Mr. Rolfes: — Mr. Chairman, just a brief comment on this. I would certainly support the motion. As my colleague indicated, both the Premier and the Minister of Finance have made statements recently that they want to have an open government, more access to the people, make the people aware of what is going on in the government. Let me just quote from the Premier's paper, and he said: "The Premier outlined major initiatives in the reform of the democratic process, accountability, and government efficiency." One of the things he wants is to secure the right of access to, and confidentiality of, government documents. Let the people have access to these documents.

Now we're not going to see the budget, and there's just a one-liner on the \$4 billion expenditure. How in the heck can the elected members do their job in making sure that the money is well spent and in the best interests of the people of Saskatchewan?

I really couldn't care less whether the public knows that the government can buy an automobile for \$2,000 or \$10,000, or what they can buy for it. If the government spends \$10,000 on average on a vehicle the public have a right to know that information. If it spends \$30,000 on a vehicle, the public have a right to know that. And I think it's time that we come to realize that we're not living back in the '30s and '40s and '50s or '70s. We're in the '90s and the people are asking for more information. It says that:

Devine added that the public consultation process

had identified a demand for greater government accountability.

Now accountability. Accountable to whom, if not to the people of Saskatchewan? And they're accountable to the people of Saskatchewan through the legislation, through the committees that are set up. But if there's no information made available, how in the heck is the government going to be accountable?

Certainly if we always leave it up to the cabinet or the Executive Council or to the government officials, they will always find reason for not making it public, always will find some reason.

And if we pass this motion and we put in "subject to the approval of the board of directors" I can predict what's going to happen. That's the end of it because they will find some reason for not making it public. And I would certainly like to have this gone through. And Mr. Devine goes on and says this:

We have instructed senior officials (and I assume Mr. Dedman is a senior official) . . . We have instructed senior officials to co-operate fully and openly with the Provincial Auditor.

Now if the Provincial Auditor feels he needs the budget as he has requested in the past in order to do his job, but he was not able to get access to it in the year under review, surely then the committee must have access to that budget so that we can do our job in making certain that money is wisely spent and is in the best interest of the public.

I would certainly hope that members opposite, and all members of this committee could support the motion that is before us so that we, as a committee, can do our job and we can carry out the wishes of the Premier and the Minister of Finance as elucidated in the statements that I have just referred to. Thank you, Mr. Chairman.

Mr. Hopfner: — Mr. Chairman, I just would a couple of comments. It's not the point that we don't want information to be free flowing to the auditor by any means. The co-operation to the auditor should be there, and nobody denies that fact, but even the Provincial Auditor knows that there has to be a certain amount of confidentiality. Or maybe the members opposite don't regard confidentiality as a privilege in this country any longer. I tend to think it is a privilege in this country to have confidentiality.

And where would those members not stop? I say that the information from the department to the Provincial Auditor should be open, and the Provincial Auditor can report to us if it is not open. But it is not up to the Provincial Auditor or the departments to not appreciate the fact of confidentiality. I mean we can bare our souls all we want but if it's going to put us on an uncompetitive nature and jeopardize the fact of doing business in this province, then I say we have to have some guide-lines.

And those guide-lines is the fact that if the board of directors feel that this information should not be public because of confidentiality and the way it could

inconvenience doing business in this province, then I say we don't . . . we accept that.

I do say this: that the auditor should be told that, that there is a certain amount of confidentiality, which he has been in the past. And it's been stated in this room before that when they are asked not to say something public, that it's not said public, but they have full knowledge of what is going on behind the scenes, because when they are asked . . . when they ask for information, they receive that information. And that's the way it should be left.

Mr. Anguish: — Thank you, Mr. Chairman. I guess I won't likely get the rest of the questions on today. I'm not sure they should've even opened up this subject the way the debate has gone over the motion. I suppose that when Mr. Rolfes talks about the Premier instructing officials to be open about the process, I want to say I very much . . . (inaudible interjection) . . . Did you forget to mention something in your speech, Mikey?

I want to say that I'm very happy with the co-operation of officials in property management corporation today, but it seems like some of your members want to continue old rhetoric and I don't think it serves any of us very well.

I suppose, in reflection on the motion, we on this side certainly don't want to give any commercial disadvantage to the property management corporation if it involves the rental of space, but when you're dealing with \$4 billion that flow through a company every year — those are public moneys for the most part — there should be greater accountability in that process.

And when I think about the wording of the motion itself, maybe the wording isn't the best. I'm not talking about getting into actually what you plan to pay for square footage.

I'd like to see breakdowns in terms of the security branch is going to spend so much on their operation, the central vehicle agency is going to spend so much on their operations . . . Well, Harry, it's not in there. There's no document that you can pick up and see a line by line breakdown of the different branches within the property management corporation. It just doesn't exist.

And so what we would like to see is some kind of a . . . when I say detailed budget rather than just knowing how much money flows around and fishing to see where that money is spent . . . if we could have the breakdown by branch or by agency or whatever you refer to the various envelopes within the property management corporation. And then at the end of year, if we could know what was actually spent in there.

There's no document that is open and accessible to the public that would say that in 1988-89, there was budgeted \$5 million-plus for the central vehicle agency capital purchases and that there was actually spent \$8.8 million. There's nothing you can pick up for the '87-88 year to show that they underspent what they actually budgeted in that year.

And I think it would serve us all very well to have that type

of information. I know that members on this side do not want to betray some confidence that's needed within property management corporation to operate in the small portion that they do as commercial ventures because, let's face it, their major client is the Government of Saskatchewan, the people of Saskatchewan, and it's all of our taxpayers' dollars that flow through there. And obviously it has been good information provided today. But I think we'd be better served by knowing what they plan on spending at the beginning of the year, where that money is coming from to some extent, how much is provided by us, where are they going for borrowing authority, and at the end of the year there should be another document that can be matched against the budget they started at the beginning of the year.

I don't see how the members opposite can't support that, other than just a straight partisan response to it. And maybe the wording isn't the best in it, but I cannot believe that the public wouldn't be better served by knowing how in excess of \$4 billion is utilized during the course of a year. I mean these are hundreds of millions, billions of dollars that we're talking about that are taxpayers' dollars. I am flabbergasted that members opposite wouldn't want to know that now and know what's happened in the past and want to know that into the future. It just . . . it floors me that you would not want to support that accountability process.

Mr. Chairman: — Well I appreciate . . . (inaudible interjection) . . . By my clock it's 20 seconds before 12, but I'm not . . . it's up to the committee whether you want to hold a question.

Mr. Baker: — I just want to comment on Mr. Anguish's comments, and it will only take me a second, not the whole 20. I think we'd have, with the way Mr. Anguish . . .

Mr. Chairman: — If we're going to do that, then we should bring the officials back and . . .

Mr. Baker: — It won't take . . . about two lines. Are we coming back or are we going to finish or are we coming back anyway? I mean . . .

Mr. Anguish: — Well . . .

Mr. Chairman: — Do you want to bring them back or don't you?

Mr. Baker: — Have you got more questions or is this just about . . .

Mr. Anguish: — Well, I have more questions but I don't want to be accused of obstructing the work of the committee. I know that there's an agenda. I believe that Saskatchewan Transportation Company is on this afternoon and we've got a full day booked for Thursday and we got people on Friday, so I'm at the wishes of my colleagues if we want to have them back. We do have more questions but there's questions of other parties too, so I don't know what's happening here.

Mr. Chairman: — If no one wants to bring them back after lunch, then let's put . . . Let's deal with the question before us and get finished with this.

Mr. Anguish: — I'm sorry. What was your decision in terms of the people from property management corporation?

Mr. Chairman: — You said it's up to everyone else, and if there's no one else that wants to bring them back then let's deal with the questions before us and get finished.

Mr. Anguish: — Well I should say honestly most of my questions have been dealt with. I mean there are other questions that I had prepared that I'd like to know, but I don't want to hamper the work of the committee because STC (Saskatchewan Transportation Company) is also important and it's important other items, and I don't want to get off of our agenda to any large extent. So as far as I'm concerned, it's not necessary to recall property management corporation after lunch.

Mr. Baker: — Mr. Chairman . . .

Mr. Chairman: — Is the committee ready for the question?

Mr. Baker: — If I may, I would like to make one comment.

Mr. Chairman: — Yes, Mr. Baker. The problem is that you've been on the speaking list before. I don't want to . . .

Mr. Baker: — Well then bring them back.

Mr. Chairman: — Go ahead, very quickly.

Mr. Baker: — With Mr. Anguish's scenario as to what he was looking for in the motion, I believe it would restrict this committee even further if we had global budget figures. Because when we walk into the legislature or in here and if it's so many dollars for automobiles and so many dollars for rent and so many dollars for aircraft or whatever's in there, and it's all global, I believe that what you're looking for would even restrict this committee further. As it is now we have some flexibility, even though it might be a couple of years late. So I would love to dearly support this motion but I can't, written in the present form.

Mr. Chairman: — Thank you, Mr. Baker.

Is the committee ready for the question? Is it the pleasure of the committee to adopt the motion?

Negated

Mr. Chairman: — Thank you very much, Mr. Dedman, for being with us today. Would someone care to move the motion?

Mr. Hopfner: — I'll move it.

Mr. Chairman: — Moved by Mr. Hopfner that the hearing of Saskatchewan Property Management Corporation be concluded subject to recall, if necessary, for further questions. Is the committee ready for the question? Is it the pleasure of the committee to adopt the motion?

Agreed

Mr. Chairman: — Thank you very much. We'll see you at 2 o'clock.

The committee recessed for lunch.

Public Hearing: Saskatchewan Transportation Company

Mr. Chairman: — Mr. Sentes, I wonder if you could introduce the officials who are here with you today.

Mr. Sentes: — Sure, there's Ian Disbery, he's our secretary to the board and Mr. Gerald Naylen who's our corporate solicitor.

Mr. Chairman: — Thank you very much. I want to welcome you here this afternoon. I want to make you aware that when you're 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. You are required to answer questions put to you by the committee, and where the committee requests written information of your department, your agency, 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 comments to the chair.

Mr. Lyons: — Thank you very much, Mr. Chairman. I had a few questions that I'd like to have put to the Provincial Auditor without the presence of the officials from STC and I was wondering if we'll have that opportunity to do that.

Mr. Chairman: — Yes, you can do that now.

Mr. Lyons: — Okay, I wonder if we could proceed in that manner, please.

Mr. Chairman: — You would like the officials to leave?

Mr. Lyons: — Yes.

Mr. Chairman: — Okay. We won't be long, gentlemen. I want to point out, we're not *in camera*, we're simply asking the departmental officials not to be here for this portion.

Mr. Lyons: — I notice in the annual report for '88-89 under STC that the company had exceeded its borrowing limit by 4,795. Has this matter that's been raised in the *Public Accounts* been resolved with the company?

Mr. Strelloff: — Mr. Chairman, the matter was reported in our 1989 audit. We haven't completed this year's audit, so we're not sure if it has been resolved.

Mr. Lyons: — Have you entertained any or had any conversations in regards to this matter with STC? Has the Provincial Auditor's office, having had this raised?

Mr. Strelloff: — Mr. Chairman, no we haven't. We don't deal directly with STC.

Mr. Lyons: — Has there been any communication between . . . I guess I better ask first: who does the audit for STC?

Mr. Strelloff: — Mr. Chairman, the appointed auditors are Peat Marwick Thorne.

Mr. Lyons: — Ernst and Young? Ernst and . . . no? Peat Marwick Thorne. Have you had any communication with the appointed auditor in regards to this particular item that you've raised?

Mr. Strelloff: — Mr. Chairman, the item in question was reported by Peat Marwick Thorne in their report to us and we are reporting accordingly.

Mr. Lyons: — The appointed auditor raised this issue as . . .

Mr. Strelloff: — That's correct.

Mr. Lyons: — There has been no, to your knowledge, no initiatives taken by STC to have it resolved or any kind of explanation. Was there any explanation from the appointed auditor in regards to this? The viewpoint of the company?

Mr. Strelloff: — Mr. Chairman, no explanation was offered to us.

Mr. Lyons: — Okay. I presume that the appointed auditor was also the auditor for STC in the previous year. Is that correct?

Mr. Strelloff: — Previous to?

Mr. Lyons: — Previous to '88-89.

Mr. Strelloff: — Yes.

Mr. Lyons: — And prior to that who did the audit? Do you have a record of the audit?

Mr. Strelloff: — Mr. Chairman, for the year ending October '86 the auditor was the Provincial Auditor.

Mr. Lyons: — And after '86 it's been . . . for '87, '88, and '89 it's been Peat Marwick Thorne. It's been the same auditing firm?

Mr. Strelloff: — Mr. Chairman, there was a merger of Thorne Ernst Whinney and Peat Marwick Mitchell. The first auditors were Thorne Ernst Whinney and then when the merger happened it's now Peat Marwick Thorne.

Mr. Lyons: — Okay. I can't keep these ones straight. But it's been since October '86 that the independent auditors or the appointed auditor has done the books of Saskatchewan Transportation Company.

Mr. Strelloff: — That's correct.

Mr. Lyons: — Was there any other issues that were raised by the appointed auditor in regards to STC in the '88-89 year under review, or were there any outstanding auditing issues between the appointed auditor and the

provincial auditor prior to that, that were resolved in the year under review?

Mr. Strelloff: — Mr. Chairman, no there wasn't.

Mr. Lyons: — I wonder if you could — given the events subsequent to the issuance of your annual report — if you could outline to us what system was in place by the Provincial Auditor's office to ensure the system of checks and balances in STC were adequately being preserved, or conversely, were not in place. Am I not being clear enough, Mr. Strelloff?

Mr. Strelloff: — Mr. Chairman, for the year ended 1988-89 we haven't received the reports of the appointed auditors on such matters as the financial statements, the compliance with legislative authorities, and internal control.

Mr. Lyons: — For the years '88-89 you have not received . . .

Mr. Strelloff: — For the year ending March 31, 1989. Oh sorry, we're in different year ends here, I'm a little confused still on those year ends. Mr. Chairman, I stand corrected. For the year end October 31, '89 we haven't received the reports on compliance with legislative authorities and internal control.

Mr. Lyons: — When was the last time that you received a report on those compliance requirements?

Mr. Strelloff: — For the year ended October 31, 1988.

Mr. Lyons: — So what you're telling us is that there has been no report from an independent auditor for STC since October 31, 1988. Would that be correct?

Mr. Strelloff: — Mr. Chairman, we have not received any reports since the October 31, 1988 year end.

Mr. Lyons: — Has the Provincial Auditor requested . . . have made a request of the appointed auditors for those reports?

Mr. Strelloff: — Mr. Chairman, yes in our standard way, as explained this morning a little bit.

Mr. Lyons: — Okay, and still there's been no response. There was no response internally.

Mr. Strelloff: — Mr. Chairman, we were advised by the current auditor that we would not be receiving a report until the special investigation is over . . . or until they have received a report from Ernst & Young, who are participating in that special investigation.

Mr. Lyons: — Okay, when were you advised by the current auditor, by Peat Marwick Thorne, that you wouldn't be receiving any reports until the special report had been received?

Mr. Wendel: — Excuse me, Mr. Chairman, I'm going from memory here, and I don't have those documents with me, but it would either be August or September of this year.

Mr. Lyons: — It was on August or September of 1990 you were advised by Peat Marwick and Thorne that no reports concerning STC would be forthcoming until a report of the special investigation had been completed by Ernst & Young. Is that . . .

Mr. Wendel: — Essentially along those lines. I'm paraphrasing because I don't have it in front of me.

Mr. Lyons: — I understand, I'm trying to paraphrase and put it in that . . . Was the Provincial Auditor's office contacted regarding undertaking . . . undertaking an audit of the events which took place in 1988-89 which led to the current investigation? Were you approached or asked by anybody from the Department of Justice to undertake that special audit?

Mr. Strelieff: — Mr. Chairman, no we were not.

Mr. Lyons: — Did the Provincial Auditor's department raise this question with anybody from Justice or with the Department of Finance as to why it was that another appointed auditor would oversee an audit done by the first appointed auditor? In other words, did you ask why, given your role in the scheme of things, why it wasn't your office which was doing the special audit?

Mr. Strelieff: — Mr. Chairman, we were not requested to conduct an examination.

Mr. Lyons: — Well that wasn't the question. My question was: did you request or make a request to . . .

Mr. Strelieff: — No, we did not.

Mr. Lyons: — Can I ask you the reasons why not?

Mr. Strelieff: — Mr. Chairman, such a request would be considered by our office a special assignment, and those special assignments come from the Public Accounts Committee or the Legislative Assembly itself, and we have not received such a request.

Mr. Lyons: — In dealing with special audits being presently done, and given the fact that the auditor's office has not received any reports on audits since October 31, 1988, does the Provincial Auditor's office have any plans in terms of how the special report will be dealt with? In other words, you guys have not had a chance to look at the books of STC since October 31, 1988. We've had events that have occurred since that time that have required a special investigation by the police, have required a special audit done.

Is there an intent by the Provincial Auditor to ensure that all aspects of the audit undertaken either by the current auditor, Peat Marwick Thorne, or the special auditor, Ernst & Young, or both, to ensure that the proper financial checks, balances, internal system of controls, that whole accountability thing, have you any particular — perhaps particular is the wrong word — have you given it any kind of special consideration in terms of providing the public of the province with that report, with your perusal of that report?

Mr. Strelieff: — Mr. Chairman, we have been asking the officials from Ernst & Young for a copy of the report when it is done. And when we get that report, we will carefully examine it and determine what additional work is needed.

Mr. Lyons: — In your discussions with Ernst & Young, did you describe any particular set of parameters that you wanted observed, any special emphasis that you wanted placed on the audit process? In other words, have you had discussions about what you want to make sure that the appointed auditor looks at?

Mr. Strelieff: — Mr. Chairman, in answer to the initial question, have we set the terms of reference for Ernst & Young on their special investigation — the answer to that is no. Their appointment comes from a judicial inquiry not from the normal appointed auditor-type relationship.

Mr. Lyons: — I can appreciate that you can't set the terms of reference, but I guess the question was that I was asking was not did you set the terms of reference, but have you discussed with Ernst & Young the terms of reference and the items of particular interest that you may want the special auditor to look at — in a collegial fashion of course.

Mr. Strelieff: — No, we have not.

Mr. Lyons: — Okay. I don't know whether you can answer this, Mr. Strelieff, because it's question of, I guess, of your mandate in terms of reference, but it appears to me that . . . it seems to me that there is a special onus on the Provincial Auditor and the office of the Provincial Auditor that, in cases such as were experienced with a government agency, you have certain prerogatives and rights to ensure that the accountability — in a manner which your office would be accustomed to and would want to see — would be carried out. And I'm wondering had your office sought legal opinion as to whether or not you had a responsibility under the Act to, in fact, carry out an audit or an investigation independent of that provided for by the Department of Justice?

Mr. Strelieff: — Mr. Chairman, this examination would be considered a special assignment and we get our direction or requests for special assignments from the Public Accounts Committee and the Legislative Assembly. And we have not received such a request.

Mr. Lyons: — Okay, again the question was: had you consulted your legal staff on whether or not there was a responsibility placed on your department? I understand your answer. I'm just . . .

Mr. Strelieff: — No, we have not.

Mr. Lyons: — Okay. So you've taken it that this is a matter that's external and you get to review the thing when it's finally done with, when the special audit is finally done. I guess that's all I ask of the audit, Provincial Auditor.

Mr. Chairman: — Can I just get something clarified? Are you saying that you're unable to review the work of the appointed auditors, in the case of the Saskatchewan Transportation Company since their last report, which is

year ended October 31, 1988, because the appointed auditor is saying that there's a special investigation ongoing so, therefore, there won't be any more annual reports?

Mr. Streliaff: — Well we haven't received the reports from the external auditors on the year October 31, 1989 as they pertain to compliance with legislative authorities and internal control. Until we receive those reports, that's the time that we kick in and examine them.

Mr. Chairman: — You haven't received anything since when?

Mr. Lyons: — October 31, 1988.

Mr. Streliaff: — Now the financial statements have been done. But we're talking compliance with legislative authorities and the adequacy of internal control, and we have not received those reports yet.

Mr. Chairman: — And he's saying that you can't receive those because of a special investigation ongoing?

Mr. Streliaff: — I understand the appointed auditor is awaiting the results of a special investigation, paraphrasing the letter apparently. Probably he's awaiting the results of the special investigation and until he gets those results, then he will finish his reports and then submit them to us.

Mr. Chairman: — I have a question then. This judicial or this special audit that is taking place is effectively holding up a review of the STC operations and particularly with respect to legislative authority and compliance. Is that correct?

Mr. Streliaff: — Yes.

Mr. Chairman: — Is there any indication when this STC audit might be completed so that auditors can get back to business here in terms of reviewing the corporation?

Mr. Streliaff: — Mr. Chairman, we've been advised by the official from Ernst & Young that he will be seeking legal advice on what the status of the report of the special investigation is and who has access to it.

Mr. Chairman: — You mean it's done?

Mr. Streliaff: — We don't know that for sure since we have not received the report.

Mr. Lyons: — When was the last time you asked for it?

Mr. Streliaff: — Within the last two weeks.

Mr. Chairman: — I have some concerns then that we're in some kind of limbo that you're not able to proceed with discharging your obligations to the Legislative Assembly in examining the reports of the appointed auditors pending some disposition of this special audit. And who makes the decisions on that?

Mr. Streliaff: — Mr. Chairman, unfortunately my office doesn't get to decide whether we receive these reports or

not and when they come to us. We can only report what we have received and therefore what our view of those reports are, or that we have not received the reports.

Mr. Chairman: — I won't pursue this at this point, but I have Mr. Britton and then Mr. Anguish.

Mr. Britton: — Thank you, Mr. Chairman. You pretty well covered what I had in my mind, but I would ask just a further question. It follows up on Mr. Lyons's question. When the appointed auditor informed you that they weren't going to give you a report, did they give you any reason as to why they wouldn't, shouldn't, or couldn't? And if they did, I would like you to tell us what those reasons were.

Mr. Streliaff: — Mr. Chairman, the appointed auditor advised us that he was awaiting the results of the special investigation, and when he receives the results he would then provide us with his report.

Mr. Britton: — But he didn't give you any reason as to whether he couldn't give it to you, or is he bound by any restrictions in law because it was under investigations, or any of those things?

In other words, Mr. Chairman, I'm wondering, did the appointed auditor just take it out on himself not to give it to you, or is he bound by some regulations? This is the . . .

Mr. Streliaff: — Mr. Chairman, we're not aware of any legal restriction.

Mr. Britton: — So he never gave you any reason whatsoever?

Mr. Streliaff: — Mr. Chairman, the question was, did he give us reasons for not submitting his report? And again, the reason was that he was awaiting the results of the special investigation.

Mr. Britton: — But he didn't indicate whether he was bound by any regulation .

Mr. Streliaff: — Not that I'm aware of.

Mr. Britton: — That's what I was getting at. Thank you.

Mr. Anguish: — Mr. Streliaff, in your opinion does a judicial inquiry overrule an Act of the legislature?

Mr. Streliaff: — Mr. Chairman, I think we'd have to seek legal advice on that question.

Mr. Anguish: — It's been a good introduction for you to the Public Accounts Committee.

Mr. Streliaff: — Mr. Chairman, my advice is that my Act does take precedence over the judicial Act.

Mr. Anguish: — Well I maintain to you . . .

Mr. Streliaff: — Would you like to discuss . . . (inaudible) . . .

Mr. Anguish: — We'll get into that in a minute. But I

maintain — and no personal reflection on your department — but I maintain you're not upholding your responsibilities under the Act provided to you by the legislature.

In section 13, An Act Respecting the Provincial Auditor and the Auditing of Certain Accounts, section 13 reads:

The provincial auditor may prepare a special report to the Legislative Assembly on any matter that is, in his opinion, is important or urgent.

And I don't know what you would, in your department, consider what is important and urgent, but I find it fairly urgent when we discover this afternoon from testimony given by you to this committee that there's been no proper accounting as far as we're concerned since October 31, 1988 — over two years ago. And during that point in time, we know that there's been a judicial inquiry called, which is part of the topic of what we've been talking about here today. We know there's been an RCMP investigation which resulted in charges being laid. We consider that, at least in my opinion and I'd like to hear your version of it, to be important or urgent or possibly both of those.

And so I want to reflect back on what Mr. Lyons was saying earlier, and for you to say that no one has asked you to do anything, I don't think it is for the asking to happen — I think it is incumbent upon you that you have a responsibility to honour the intent, in fact, the clear wording of the Act.

Mr. Strelieff: — Mr. Chairman, the responsibilities of my office are to carry out the examinations as set out in paragraphs 11 and 12. And if pursuant to those examinations, which include the reports of the appointed auditors, there are matters that we view require a special investigation or a further examination, we will carry out those examinations. Since those examinations have not been completed, we're in no position to judge whether a special examination is warranted.

Mr. Anguish: — Sir, I beg to differ with you. But if section 13 was tied to sections 11 and 12, it wouldn't stand on its own as a special section of your legislative authority. It would be a subsection of that legislative authority. I submit to you that 13 does not flow from either number 11 or number 12 of those sections; number 13 stands on its own. I believe that's the way that the Act was meant to be, and that's the way it's very clearly stated in the Act.

I don't know if you have an interpretation from legal counsel here today that would differ what I have proposed to you, but I maintain to you section 13 stands on its own; it does not flow from number 11, number 12. If it did flow from 11 or 12, it would be a subsection of those sections and not standing alone as it does in your Act, sir. So I'd like your rationale as what legal precedent you have to dispute that.

Mr. Strelieff: — Mr. Chairman, in my judgement I'd have to complete the work required of me under section 11 and 12 before I could determine whether a special examination is required.

Mr. Anguish: — Well, I'll leave that. The focus of this is not or shouldn't be your office, I suppose, but I think maybe we could continue this conversation on Friday under possibly other business.

The point I'd make to you is that it certainly must seem to be an important and urgent matter, with all the things that have happened within the Saskatchewan Transportation Company. There is an auditor's report... obviously there's been an auditor's report done, because in this annual report for 1989 it's signed Peat Marwick Thorne dated January 12, 1990. I mean the charges in Dallas, Texas weren't laid until February of 1990, and on the basis of the events that have been covered since then, all of a sudden a new judicial inquiry tells you don't have access to the information that's required when in two years, over two years, we don't have audited financial data for you to take into your consideration on the Saskatchewan Transportation Company.

And so I disagree with you and I want you to know that we'll be pursuing this again before this committee recesses or before we conclude our activities this week that I wish to pursue this further with you.

Mr. Lyons: — Just one question out of Mr. Anguish's line there. The auditor's report of Peat Marwick Thorne dated January 12, 1990, am I to take it from your previous answers that you may have received a copy of financial statement but not a copy of the system controls and safeguards?

Mr. Strelieff: — That's correct. We did receive the opinion on the financial statements but not the reports and opinions on compliance of legislative authorities and the adequacy of internal control.

Mr. Lyons: — Okay, now is that a general part of each and every audit that's undertaken by an appointed auditor?

Mr. Strelieff: — Yes, it is.

Mr. Lyons: — Why would it be that you would receive the financial statements that was finished, the financial audit finished January 12, and not the statement on the internal controls?

Mr. Strelieff: — Mr. Chairman, in general that is the sequence of events that do take place with the appointed auditors. The first report that we do get is the opinion on the financial statements.

Mr. Lyons: — It's my understanding of the procedure Mr. Strelieff, and perhaps I'm wrong, is that as they do — the appointed auditors or any auditor — does an audit of the affairs of an entity, that the two are not separate and apart from one or the other, that the development of methods of controls is integral to the question of the veracity of the financial statement, that you can't look at the veracity of the statement independently from where that statement was derived. Is that... would that be fair to say?

Mr. Strelieff: — Mr. Chairman, generally I agree with that statement, but I don't have control over the way the appointed auditors conduct their examinations.

Mr. Lyons: — Okay, I appreciate that and I note that very well. Has it been the experience in the past with the Auditor's office that upon completion of the financial statement that there has been a lengthy time lag — and we're talking, you know, a fair bit of time — has that kind of time lag between the financial statement and the question of the perusal of the internal controls?

Mr. Strelieff: — Mr., Chairman, yes, it is common and it is one of our major procedural problems in our office.

Mr. Lyons: — Do you know whether or not Peat Marwick Thorne has finished with its section dealing with the system of controls?

Mr. Strelieff: — Mr. Chairman, my understanding is that the work is complete except for the consideration of the special investigation.

Mr. Lyon: — I can appreciate that qualifier, except with the impact of the special investigation, Can that be interpreted that the special investigation may reflect on Peat Marwick Thorne's auditing procedures? How am I to interpret that last little qualifier, Mr., Strelieff?

Mr. Strelieff: — Mr. Chairman, I'm unsure of this. I imagine or I speculate that the appointed auditors, Peat Marwick Thorne, would like to discuss the findings of the report with Ernst & Young before they assess the impact on their results, and there may be differences of opinion on the report as well.

Mr. Lyons: — Mr. Strelieff, I find your answer, and this is no reflection on you or the office, but I find it outrageous that the two public or the two private sector accounting firms which are dealing with unaudited books which have not been provided to the people of this province in a major Crown corporation, they can get together, talk about how the things are going without the people of the province and without your office, through your office, having that ability to look at the books. I can't accept that. I find that totally unacceptable. I'm not trying to reflect on you or your office, sir, I hope you realize that, but it's just unacceptable.

You know, their client is STC; your client is us, the people of Saskatchewan. And when we have a situation which is probably without precedent — I can't think of a precedent or any head of any Crown corporation going through the kind of situation that we've seen where there's been the issues raised that have been raised because of past events, that the people of Saskatchewan can't get at that knowledge.

And I sympathize with Mr. Anguish's position on this, by the way, which is why it had been raised earlier, because I think that you do have the legislative authority. I guess I'll ask this question to you: do you think it is appropriate, as Provincial Auditor, for this Public Accounts Committee to request the legislature that you have access to the audit, not only of the special auditor Ernst & Young, but also of Peat Marwick Thorne, so that in fact a true accounting to the people of the province can be done in regards to the necessity for those internal controls at STC?

I don't want to put you on the spot, but as Provincial Auditor would you like to be able to be involved in that process?

Mr. Strelieff: — Mr. Chairman, if it's the wish of the committee that my office have access to the appropriate records and books, my office certainly would take it under serious consideration.

Mr. Lyons: — No, Mr. Strelieff, that's not the question. The question is: you as Provincial Auditor, sir, do you believe that in keeping with your responsibility to act as public watch-dog, do you believe that the people of Saskatchewan should be involved in this through your office? That's the question.

Mr. Strelieff: — Mr. Chairman, yes.

Mr. Lyons: — Thank you very much, sir.

Mr. Chairman: — Just to follow up on that. We have financial statements and an annual report from STC for . . . well financial statements for the year ended October 31, '89, but we do not have the results of any examinations with respect to legislative authority, compliance, all the other questions that arise in the course of an examination for that year.

At what point would your office begin to become concerned and make some special note of the fact that it's been unable to obtain the results of all examinations by the appointed auditor? At what point would you say that we haven't had this since October '88, this is unusual, we draw it to the attention of the committee or the legislature? At what point would you begin to evince some concern about this state of affairs?

Mr. Strelieff: — Mr. Chairman, remember that the report under review deals with the year ending October 31, 1988 which is covered by the 1989 year end of the province. So this report that we're reviewing today is up to date. The matters pertaining to the year ended October 31, 1989 will be subject to my next year's report.

Mr. Chairman: — It's very likely that in the course of that report that you may draw our attention to this matter again, if you haven't received the results of any examination.

Mr. Strelieff: — Yes, it is.

Mr. Baker: — Mr. Chairman, I took the opportunity to visit with Justice since this came up.

Mr. Chairman: — With who?

Mr. Baker: — With Justice. I went and had a visit since this issue has been raised to see whether in fact, you know, where the proceedings should be on it. And the information that they gave me was that there has been a process set up, there's a criminal investigation in place, then no information that may affect due process must flow. There is a process under a court order and that is why . . . but you will get and will receive. They're not denying the information; it's just that it's sitting in that sort of a limbo situation at the moment and that's what Justice

said on it.

Mr. Anguish: — Who did you talk with in Justice?

Mr. Baker: — I talked with two from Justice.

Mr. Lyons: — Have you got a written opinion on that hearing?

Mr. Baker: — I did one by phone and then I went and met somebody in the hallway.

Mr. Lyons: — Have you got a written opinion on that to supply to the chairperson?

Mr. Baker: — No, but that is the reason for it, that any information that may affect due process, including the corporation itself, has no access to the information . . . (inaudible interjection) . . . Well that's the judicial system . . .

Mr. Chairman: — Mr. Baker still has the floor. Let Mr. Baker finish. Order. Mr. Baker has the floor.

Mr. Baker: — And I would have to concur that if, you know, if there is a criminal investigation in place, which we all know there is, that these sort of things . . . I believe that Justice at this point in time, and I believe in our justice system, would have the supreme authority over it. But that is the reason.

Mr. Chairman: — But you're not raising any point of order about the appropriateness of the questions this afternoon?

Mr. Baker: — Not at all. I just was . . . the information and reasoning for the delay in the process. No denial, will get, but that's the rules of the . . . through the court decision.

Mr. Chairman: — Thank you.

Mr. Anguish: — I think at this point we'd be happy to leave any further discussion about this with the auditor, and members of the committee would be happy to have the witnesses come in now.

Mr. Chairman: — Maybe this would be a good time to take our break and then bring them in.

Mr. Anguish: — I think that's an excellent suggestion, Mr. Chairman.

Mr. Chairman: — Break for 15 minutes and then call in the officials.

The committee recessed for a short period of time.

Mr. Chairman: — Call the meeting back to order. I don't know if this is an appropriate question for STC or whether it's something that should be put to the Department of Justice when they appear here, but I would like to ask Mr. Sentes a question that relates to the special audit of STC operations that was conducted or is being conducted by Ernst & Young. Maybe I'll just preface it with some comments.

This special audit which was to conduct a full review of the management systems and procedures of the STC, and I want to underline systems and procedures, this special audit was announced by the minister, George McLeod, February 20. He indicated that this review would begin immediately. He said that a report would be made public upon its completion, expected by the end of March. Shortly after the end of March, from April 3 I believe, he said that this special audit, the results of this special audit would go directly to a judicial inquiry headed by former Justice Russell L. Brownridge. He said that he had originally intended that the report would be made public on March 31, and that instead now the results of this special audit would go to the judicial inquiry. This judicial inquiry was subsequently pre-empted — I suppose might be an appropriate way to put it — by court proceedings against certain individuals.

My question is: is this special audit to form part of the Crown's proceedings against these individuals? Would it prejudice the Crown's case to release the results of the special audit? Or has the special audit somehow been lost in all the actions that have taken place this year? And again, I want to emphasize that the special audit was to review management systems and operations as opposed to any review, I suppose, of individuals' actions, but was to review systems. The reason I raise this is that we are concerned that this special audit is now holding up a review of the normal examinations that would be part of the audits of STC, and that this is now holding this up since October of 1988 — a period of some two years.

And therefore my questions is, and perhaps you can't answer and we have to put this question to Justice: is it possible that this special audit can now been released? And can the appointed auditor for STC and the Provincial Auditor get on with the work that they are to do, which is to not only produce financial statements, or review financial statements, but also conduct normal examinations as to . . . well, the normal examinations on compliance and legislative authority and the like.

Mr. Sentes: — I think, Mr. Chairman, that that question would better be answered by Justice. It concerns a lot of legal technicalities that I'm not really able to deal with. I just don't know all the technicalities involved.

Mr. Chairman: — Okay, thank you.

Mr. Lyons: — Mr. Sentes, first of all I have a couple of questions about who's here and who's not here today. I'm wondering if you'd tell us where Mr. Larsen is.

Mr. Sentes: — Mr. Larsen doesn't commence employment with STC until December 1; technically he's not on staff.

Mr. Lyons: — I wonder if you would tell us where Ms. Weir is.

Mr. Sentes: — She has found another job elsewhere and doesn't work with us any longer.

Mr. Lyons: — Who's the controller?

Mr. Sentes: — That position is presently vacant at the

moment.

Mr. Lyons: — I understand that the position of vice-president of operations is also vacant at this moment, or has that been filled?

Mr. Sentes: — That's vacant at the moment as well.

Mr. Lyons: — I've got a number of questions regarding the question out of the special audit but of the audit which was done of the Saskatchewan Transportation Company by Peat Marwick Thorne for the year ended October 31, 1989. Could you advise the committee as to whether or not that audit has been completed, and if so, have you received a copy of that audit?

Mr. Sentes: — There's pieces of that audit that to this date have not been finalized, I believe. The attached portion of the audit, being the examination of the financial statements and the issuance of an audit report, including the audit certificate, has been completed. There are several pieces of that audit, that being the management letter and the statutory requirements that to my knowledge, are not complete at this date.

Mr. Lyons: — I wonder if you could inform the committee as to why that is so.

Mr. Sentes: — I could only speculate as to the reasons. I expect they have a lot to do with the legal entanglements or the legalities of the criminal charges that have been laid.

Mr. Lyons: — I'm asking, Mr. Sentes, not about the special audit which I understand was a result of actions taken, as Mr. Van Mulligen has pointed out, in regards to the special investigation of the operations of STC and its systems in place.

I'm referring specifically to the Thorne... Peat Marwick Thorne. They have been charged or hired to undertake an audit of STC and its systems and its... within all the parameters that have been outlined. What is it that is holding up in particular that particular audit? You say legal problems. What do you mean by that?

Mr. Sentes: — Well I would suggest that there could be some overlap in whether it be the management letter or whether it be the legislative compliance audit that could possibly — and again I'm pretty well speculating — that if it were released, could prejudice one side of the criminal proceedings or other; therefore it's not been issued at this point.

Mr. Lyons: — You've used the word "speculate." As vice-president of finance and administration, I take it that you would be the person most in contact with the auditor. Have you received legal opinion as to what you've just told the committee, that in fact by not completing or by not making public the audit there would be less of a prejudicial... it would be less prejudicial than if it were? Have you received any legal opinion as to that?

Mr. Sentes: — There has been legal opinions sought and we have been advised that discussion could prejudice either the prosecution or the defence.

Mr. Lyons: — Okay. And I wonder if you would tell the committee from whom you sought that legal opinion and the date that that legal opinion was received.

Mr. Sentes: — I don't have any specific dates that I can give you as to the dates of the legal opinion, but the advice has been that disclosure of details could jeopardize either side of the criminal proceedings. And at this point it's best basically to try and just not influence the proceedings one way or the other with comments.

Mr. Lyons: — That's part of the question. The other question is: from whom did you receive that advice?

Mr. Sentes: — Well I've been directed by my board of directors who have been heavily involved with the legal side of things, so my... obviously my instruction would come from the board as to what is appropriate.

Mr. Lyons: — Well I see we have the secretary to the board here. Perhaps the secretary would like to tell the committee from whom the board has received legal opinion as to the hold-up on the audit done by Peat Marwick Thorne.

Mr. Disbery: — Mr. Chairman, I don't know if the board has ever been specifically informed of the particular hold-up or what the difficulty is between the... Peat Marwick and the Provincial Auditor on a specific basis. And I'm quite frankly not sure of what, myself, I'm not sure of what their procedures are between themselves as auditors and what's required from one... what the Provincial Auditor's office requires from Peat Marwick Thorne. I don't know what they require. And again I can only speculate. I don't, as I say, I don't know if the board has been advised of that particular problem, or put to them in that manner; certainly what Mr. Sentes has said in general or what his instructions were.

Mr. Lyons: — I'm sorry, Mr. Disbery, perhaps I wasn't clear with my question so I'll repeat it. What legal advice did the board of STC receive, from whom did it receive that legal advice that the release of the Peat Marwick Thorne audit would in fact prejudice one side or the other in the legal procedures.

Mr. Disbery: — We've been advised by the Department of Justice to that effect, and we've been advised by the Department of Justice that we're not getting a report for those reasons.

Mr. Lyons: — Could you happen to remember when that advice was received?

Mr. Disbery: — Certainly after the criminal charges were laid, but other than that, no.

Mr. Lyons: — Now, Mr. Disbery, are you sure that you received that legal opinion from the Department of Justice after the date the criminal charges were laid?

Mr. Disbery: — Yes, yes I am.

Mr. Lyons: — Had you received any advice or any opinion from the Department of Justice concerning the

audit and the auditing procedures prior to the criminal charges being laid, and particularly in regards to the fact that the special inquiry had been set up, both the special audit and the judicial inquiry?

Mr. Disbery: — Your talking in my position as secretary to the board.

Mr. Lyons: — I'm talking about your position as . . . had the board . . . I don't mean you specifically; you as the corporate entity.

Mr. Disbery: — The board was advised that the . . . at the time the judicial inquiry was announced, the board was also aware of that fact; the board was also apprised that the Ernst & Young, the ongoing Ernst & Young report would be . . . their report would be handled by the commission as opposed to turned over to the minister and the board.

I don't think we were advised after Mr. Justice Matheson declared the commission to be *ultra vires*. I don't think we received any more information until we were advised by . . . or I was advised personally by the Department of Justice that we would not be getting the Ernst & Young report in its original form or in any other form until the criminal proceedings had been completed.

Mr. Lyons: — What about the Peat Marwick Thorne report?

Mr. Disbery: — Well as I say, the Peat Marwick Thorne was the regular audit of the corporation. I think that their annual report for 1987-88 had been tabled. I don't know what the status of the Peat Marwick audit for the 1988-89 year is, and as I've indicated I don't know what their . . . what the interaction between that firm of auditors and the Provincial Auditor's department is; what interaction is required between the two of them. I'm not aware of that, and I don't know that the board is particularly aware of that either.

Mr. Lyons: — Mr. Sentes just earlier on had said that he'd been supplied with an audit certificate. When did you receive the audit certificate, Mr. Sentes?

Mr. Sentes: — The '87-88 audit certificate was signed on January 13, 1989.

Mr. Lyons: — And for the year '88-89, have you received an audit certificate?

Mr. Sentes: — Yes, I have. The audit certificate for '88-89 is dated January 12, 1990.

Mr. Lyons: — And we're to understand that that audit certificate — that dated January 12, 1990 — extends only to the balance sheet of the corporation, the financial statements of the corporation, but does not include any opinions regarding the systems of controls within the corporation.

Mr. Sentes: — The audit certificate covers the balance sheet, the statement of operations, and the changes . . . I'm sorry, the statement of financial position, the statement of operations, as well as the statement of

changes in financial position. Those particular statements are covered by the audit certificate.

Mr. Lyons: — But as to the system of internal controls and as to the system of appropriate mechanisms of control within the corporation, my understanding is that the auditor's report does not include specifically those items. Is that correct?

Mr. Sentes: — That's correct. The management letter for this fiscal year has not yet been issued.

Mr. Lyons: — Are you telling the committee that it won't be issued? I mean, just to deal with this question, are you telling the committee that it won't be issued until the Department of Justice releases the audit report, the special audit report and presumably the regular Peat Marwick Thorne audit's report? Is that our understanding?

Mr. Sentes: — It's my understanding that it won't be released until the criminal charges are dealt with.

Mr. Lyons: — Mr. Strelloff, have you — now I don't remember whether or not I asked this question earlier on — but have you received that similar opinion, or the opinion that Mr. Sentes expressed in terms of the Department of Justice? Have your office received any kind of opinion that would reflect Mr. Sentes' testimony?

Mr. Strelloff: — Mr. Chairman, no we have not.

Mr. Lyons: — Mr. Disbery — just correct me if I'm wrong — did you say that the board had received that advice in writing from the Department of Justice?

Mr. Disbery: — No.

Mr. Lyons: — You have nothing in writing?

Mr. Disbery: — No.

Mr. Lyons: — To whom was the advice of the Department of Justice directed?

Mr. Disbery: — It was directed to me. I believe their . . . the advice was directed to me initially. It was reported to the board and I was again speaking to the Department of Justice yesterday and as late as today.

Mr. Lyons: — You say it was first of all directed to you. I presume since it wasn't in writing, it was by way of a phone call. Did you call them or did they call you?

Mr. Disbery: — They called me.

Mr. Lyons: — Okay, and do you remember who it was that called you?

Mr. Disbery: — Yes, it was Susan McGillvray.

Mr. Lyons: — And has Ms. McGillvray been your contact person all along in terms of dealing with the Department of Justice as to your standing?

Mr. Disbery: — No, that was the initial contact. Other people I contacted were — and I initiated these contacts

— were Ellen Gunn, director of prosecutions, and Darryl Bogdasavich. I'm not sure of Mr. Bogdasavich's title.

Mr. Lyons: — Okay. And basically, just to recap this, basically they were saying that these reports will not be released until the criminal matter has been dealt with. That's what the Department of Justice has told the board. Is that correct?

Mr. Disbery: — Through myself and . . . we received . . . yes, that's correct, and as well through Ernst Young.

Mr. Lyons: — So they've informed the auditor of that . . . or the appointed auditor of that fact as well.

Mr. Disbery: — The special auditor.

Mr. Lyons: — The special auditor, the appointed special auditor. They have not though — or have they? — dealt with the Peat Marwick Thorne report. Have they included the Peat Marwick Thorne report within that injunction, if you like?

Mr. Disbery: — No, I wouldn't think so. And so far as the straight audit was concerned, other than where it might overlap or where it may have comments that cause them concern in so far as the prosecution of the criminal matters is concerned, certainly nothing was mentioned to me about the audit of Peat Marwick Thorne as such.

Mr. Lyons: — Now you mentioned that you had . . . your first contact was with Ms. Susan McGillvray. Do you remember the date that you first talked with her?

Mr. Disbery: — I'm sorry, I don't. It was certainly some time after the charges had been laid, but a specific date, I'm sorry, I can't recall.

Mr. Lyons: — And which charges are we talking about here, the RCMP or the FBI (Federal Bureau of Investigation)?

Mr. Disbery: — The RCMP charges.

Mr. Lyons: — But I thought, Mr. Disbery, that earlier on you had said that you were talking to the Department of Justice prior to that in regards to the audit.

Mr. Disbery: — We had been dealing with the Department of Justice prior to the charges, on the status of the Ernst Young report, wondering whether we — by "we" I mean the board of directors of STC — would have access to that report, and if so, when.

Mr. Lyons: — Yes.

Mr. Disbery: — The Department of Justice, being the contact person involved with the commission inquiry. And we're told we would have to wait until the commission of inquiry is completed.

Mr. Lyons: — Okay. Prior to the commission of inquiry being established, there was the announcement of the special audit. Had you contacted the Department of Justice or had you any contact, or the board had any contact, with the Department of Justice at the time the

special audit was announced or prior to that time?

Mr. Disbery: — No, the special audit was announced by the minister.

Mr. Lyons: — Yes.

Mr. Disbery: — The board was advised of that fact. We were advised that we would have access to that report when it was completed, much the same as you were advised. We were also advised that after the commission was established, that Ernst Young would be working with the commission and their report would be or form part of the commission findings, if you will.

Mr. Lyons: — Can I ask you who you had talked with within the Department of Justice prior to your contact with Ms. McGillvray. Who were these discussions undertaken with?

Mr. Disbery: — I don't think that I personally spoke with anybody in the department on that. That information was received by me from either our chairman or Ernst & Young personnel in my recollection.

Mr. Lyons: — Mr. Sentes, prior to the announcement of both the special audit and the criminal charges being laid, obviously, had you occasion to talk with the auditor, with Peat Marwick Thorne, as to when the full audit would be completed?

Mr. Sentes: — Yes.

Mr. Lyons: — And when was that?

Mr. Sentes: — Well that would be an ongoing communication right through the course of the audit. It would have commenced around the third week of October '89 and would have taken us right into February and March of '90. I mean, those dates aren't cast in concrete, but those would be approximate dates.

Mr. Lyons: — And when you talked to them in February or March, did they have any indication when all the auditing procedures would be . . . Mind you, this is before the criminal charges were laid. This is the normal audit by the normal appointed auditor. Did the auditor give you some indication of when the audit was going to be completed?

Mr. Sentes: — Well I think the audit is virtually complete. It's a matter of publishing the results of the audit. Very quickly after February 15 or thereabouts, the special audit was announced, and at that point things started to back up, I guess, if you want to call it that.

Mr. Lyons: — And you were informed so by Peat Marwick Thorne.

Mr. Sentes: — Informed of . . .

Mr. Lyons: — The fact that they weren't going to release the completed audit to you.

Mr. Sentes: — Yes.

Mr. Lyons: — And that was about March?

Mr. Sentes: — Yes, it would be in that range. Yes.

Mr. Lyons: — Okay. And to your knowledge, did anybody from the board or did yourself contact the Provincial Auditor's office as to the fact that the audit wouldn't be completed or that they weren't going to have access to the report?

Mr. Sentes: — I had no personal contact with the provincial audit office. It's my understanding that that's a communication between the appointed auditors and the provincial audit office.

Mr. Lyons: — Mr. Strelloff, were you given notice, or when were you given notice that the audit from Peat Marwick Thorne would not be given over to your office?

Mr. Strelloff: — Mr. Chairman, as stated earlier, we were informed in the period between August and September, just right around there.

Mr. Lyons: — August, September of '90.

Mr. Strelloff: — Correct.

Mr. Lyons: — Okay. I wonder, Mr. Sentes, in the audit which was being done by Peat Marwick Thorne, that upon the presentation at least of the audit certificate, whether or not Peat Marwick Thorne raised to you any concerns regarding the controls, the system of internal controls as to disbursements, expenses and so on and so forth? Had they raised to you prior to the announcement of the special audit?

Mr. Sentes: — There's the possibility that that would be part of the Ernst & Young or part of the evidence in the criminal proceedings as to the state of the accounting system.

Mr. Lyons: — I'm referring to the time between October 31, 1988 and February . . . When was it announced, Harry, the 25th? February 20th.

Mr. Sentes: — It's somewhat difficult to answer because the charges stem back to 1988. But what I think I can say is that the audit certificate to some degree speaks to that issue in the sense that had there been any material misstatement of the financial statements that the audit certificate would not have been issued.

Mr. Lyons: — Fine, Mr. Sentes, I can appreciate in your receiving of your information from . . . Mr. Chairman — that Mr. Sentes received information and advice from Mr. Naylen.

I guess I might as well deal with the issue which is being raised here and that is I'd like you to ask the law, the officer of the Assembly, that questions put to witnesses by members of the legislature under protection of the Legislative Assembly — and they've all been read their rights if you like, that no evidence that they may say can be used against them.

That based on Mr. Sentes's answer — and it's perfectly . . .

I understand the situation that he feels himself to be in — is that I'm requesting a ruling whether or not the officials have to answer all questions put to them or whether or not they can — and I don't want this to sound pejorative but I can't think of another phrase — hide behind the fact that there is a criminal proceeding in place.

Mr. Chairman: — What was the question you asking?

Mr. Lyons: — The question is: do the witnesses answer the questions that are put forward to them?

Mr. Chairman: — Is this hypothetical or . . .

Mr. Lyons: — No, I've asked two questions now.

Mr. Chairman: — What were the questions you asked?

Mr. Lyons: — The questions that I asked were in regards to conversations between Peat Marwick Thorne and Mr. Sentes as in his capacity as vice-president of the finance administration regarding the audit — the audit the year ending October 31, 1989.

Mr. Chairman: — Particularly what was the question you were . . .

Mr. Lyons: — I don't think that that's . . . that's not the issue. The issue is, is that Mr. Sentes has twice used the fact that there's a criminal proceeding going answer on, to not answer the question — understandably given. Obviously he's got legal opinions to that effect. So I'm asking for a ruling from the Law Clerk.

Mr. Chairman: — I want to thank Mr. Lyons for the question. First of all let me make it clear that a witness must answer all questions directed to him, which is what I indicated at the outset. Having said that I think that Mr. Sentes has indicated that he has had concern expressed to him by the Department of Justice I believe, about this matter and that his answers in this case may prejudice the position of the Crown and defence in criminal proceedings. And therefore he's reluctant to answer on those grounds. I think that's a fair comment on the part of Mr. Sentes.

But I have to rule in addition to that, that the questions are inappropriate at this time because they deal with audit statements, audit reports for the year ended October 31, '89, and which the auditor would not comment on in any event until his next report. Therefore it's . . . given the mandate of the committee . . . you were asking questions about something that we would not be exploring until the next auditor's report. Therefore the committee is somewhat premature in raising these questions at this time.

You will recall that earlier I had asked the auditor about this matter as to when he might raise concerns and he mentioned that it might well be in the course of his next report but certainly the questions are not appropriate ones. Given the auditing cycle and given the responsibility of the committee to consider matters referred to it by the Legislative Assembly, the year of which you speak is not the subject of an auditor's report

yet and has not been referred to this committee yet.

Mr. Lyons: — Well, Mr. Chairman, I must take issue with you.

Mr. Chairman: — Well, you certainly can.

Mr. Lyons: — What the . . . we are dealing with the *Public Accounts* of the province of Saskatchewan for the years 1988 and 1989. The fiscal year ended March 31, 1989. This matter was raised in fact yesterday in dealing with another entity. The ruling at that time by you was that in fact we are dealing with the year under review when the year under review being designated as '88-89, that we would not be limited to questions designated or parameters designated by the somewhat arbitrary appearance of annual reports which have different time lines to them. But that in fact that the basis of our work as a Public Accounts Committee is to deal with the *Public Accounts* in the year under review, which for your edification is 1988-1989.

The questions I am asking STC concern events which took place in the year under review, the fiscal year under review '88-89.

Mr. Chairman: — No, I appreciate what you're saying Mr. Lyons. But we would not normally have the Saskatchewan Transportation Company before us if it were not for a comment or a note by the auditor. There is no other reference in the *Public Accounts* that I can find of the Saskatchewan Transportation Company. And the Saskatchewan Transportation Company would not normally be before the committee again were it not as a result of the comment by the auditor. In fact I don't know when the last time was that the Saskatchewan Transportation Company would have been before the Standing Committee on Public Accounts. They may well have been before and likely will be before the Crown Corporations Committee. But unlike the Crown investments corporation, which is the beneficiary of payments pursuant or which are reported in the *Public Accounts* of the province, there is no such payments recorded in the *Public Accounts* that the committee would normally be encouraged to ask questions about.

Mr. Anguish: — I want to also add to what Mr. Lyons has said. I appreciate some of the points you make. The fact though does remain that the Saskatchewan Transportation Company is in fact before this committee. They're here. And I suppose before I make the rest of my points I'd like to ask a question to the auditor, and that is: when do you expect to have your work for the 1990 report completed? What stage is that work currently at now?

Mr. Strelieff: — Mr. Chairman, I'm advised that our report should be ready for the spring session of the House, as it was last year.

Mr. Anguish: — That's not quite what I asked. I think you're making the assumption there would be a spring session of the legislature, to begin with. My question is: what stage is your report at now?

Mr. Strelieff: — Mr. Chairman, we dated the report last

year March 9.

Mr. Anguish: — So if it held consistent with last year, we could expect your report to be completed by March 9 of 1991 for the fiscal year ending March 31, 1990.

Mr. Strelieff: — Yes.

Mr. Anguish: — Well then I'd also make the argument to you, Mr. Chairman, that there may be yet another year go by without anything reported on this incident in *Public Accounts* because the auditor and the staff of the auditor's office won't have that information in time to get it into their report by March 9, 1991. So I would have to support Mr. Lyons in that it's crucial we are able to get that information from the Saskatchewan Transportation Company. No matter how trivial some members may take the Public Accounts Committee, we have a responsibility that is a time honoured responsibility, written in many democratic documents and articles such as *Erskine May* and *Beauchesne's*.

And I submit by your ruling, Mr. Chairman, if that in fact was a ruling — I don't know whether you'd call it a ruling or not — but I feel that my privileges as a member of the Legislative Assembly are at question here. And I think that there is a question of privilege for members of the legislature as to whether or not when these people from the Saskatchewan Transportation Company appear before this committee, whether or not they are obligated to answer questions of the year under review that we've been asking other departments and agencies.

If they do not answer those questions and it goes by another year that there's no reporting because of the criminal charges that are outstanding, or another year goes by that there is no reporting in the Provincial Auditor's report, it compounds the problem of accountability even worse than it is in the present situation.

And I submit to you, sir, that that is an affront and a question of privilege as individual members of the Legislative Assembly. I make that argument on my behalf, but I also make that argument in support of Mr. Lyons' argument that witnesses before this committee have a responsibility to answer questions that are put to them, and not to use the reasoning of criminal charges pending.

I don't even know . . . we have no assurance in writing that the Department of Justice has ordered this or what the dates are. I also wonder why if the audit certificate was signed on January 12, 1990 and charges were not laid by the RCMP until September 25, 1990, a period of some nine months in there, why that audited statement by Peat Marwick Thorne was not submitted to the Provincial Auditor so that we could get on with our work and the auditor could have been well into their work long before criminal charges were laid by the RCMP in Canada? And I don't think we can go any further on this until we have serious consideration by yourself whether or not this is a question of privilege.

Mr. Lyons: — Mr. Chairman, I would like to add my comments to Mr. Anguish's that, in fact, I do believe that that's precisely the nub of the issue that we're dealing

with here — the question of privilege.

But I do want to deal with one of your reasonings that because it's not accepted practice or that we may not normally have a Saskatchewan transportation corporation before the committee, I want to refer you to page 38 and 39 of volume 1 of the *Public Accounts*.

We have a matter, which is raised and which I had intended to raise should time allow us, regarding the unfunded liability in the Saskatchewan Transportation's Employees' Superannuation Fund, which has a direct relationship to the Consolidated Fund of the province of Saskatchewan. I have a goodly number of questions that I could put for that, that is obviously within the purview of 1988-89 *Public Accounts*, and the year under review.

So I think that you may want to reconsider that reasoning as in terms of the appearance before the committee of STC. I have certainly a number of pension funds in that area that deserve to be looked at.

But I basically want to say that, like Mr. Anguish, it's a question of privilege who has primacy in this matter. Is it the courts or is it the Legislative Assembly? That seems to me the question.

Mr. Chairman: — Again I want to thank Mr. Lyons and Mr. Anguish for their questions and points of order. After discussion with the Provincial Auditor, I am satisfied that under no circumstances would the Provincial Auditor have reported on any audit report by Peat Marwick Thorne for the year ended October 31, '89 in the report you have before you, which has been referred by the Legislative Assembly for our consideration. Any comments by the Provincial Auditor would not come before this committee until the auditor's report for next year — that is if there are any comments.

There's no question here of the process breaking down, the Provincial Auditor or the committee being denied access to audit reports at this time. There may well be a case where in next year's report the auditor may report that and the committee will have to consider that, but there's no question of that being the case at this time.

As to the Saskatchewan Transportation Company's Employees' Superannuation Fund, I would certainly encourage Mr. Lyons to ask any questions that he would like of that separate reporting entity. I think that it's legitimate for the committee to be asking questions about that reporting entity, whether it's at this time or with any other officials, albeit Department of Finance, who may be able to answer those questions. Again, I thank the members for their questions.

Mr. Lyons: — Mr. Chairman, unfortunately I think the point is missed. What raised it . . . Mr. Anguish and I both raised a question of privilege. What we are raising the question of privilege about concerns the ability — our ability — to ask questions of the operations of STC in the year under review, independent of the report of the auditor, and I think if you go back and check your own rulings on not one but several occasions, that questions to officials of government entities are not limited to the auditor's report but in fact are dealt with for the whole

year under review. That not only are we limited to the auditor's report or not limited to the auditor's report *per se*.

And I again, I would urge you to refer to your own rulings on this matter, that for the year under review — which is 1988-1989 — that we are entitled to ask any questions of officials concerning the operation of those government entities, departments or Crowns or whoever happens to appear before us. That's part (a) of the question.

The more, I think, more important question however is: can witnesses who appear before the Public Accounts Committee with the immunity of the legislature, can they use the fact that there are legal proceedings in place to not answer questions put to them by members of the Public Accounts Committee? That's the nub of the question, if you like.

In other words, given that the witnesses who appear before us have parliamentary immunity, have that privilege, and as you've earlier on indicated, that none of that testimony can be used in any legal proceeding, can in fact their testimony be seen as prejudicial if their testimony cannot be used in any legal proceeding?

Mr. Chairman: — Again, there's no question of privilege here. The point is that the questions that you wanted to ask do not pertain to something that has been referred to this committee. Therefore the question would be out of order. It's not a matter of privilege here, privilege being breached or your rights as a member being infringed. It's a matter that your questions are not appropriate at this point in time.

That's not to say that at some future time if the Chair ruled that . . . witnesses answering and so on, that there might not be a question of privilege but there's no question of privilege at this point. It's just a matter that the questions that you're asking are about matters that are not before this committee, have not been referred to the committee. It's not a breach of privilege.

Mr. Lyons: — Well, Mr. Chairman, then I feel that I'm in limbo in regards to the type of questions that, given your ruling, that we can ask. The questions that have been put to the witnesses concern the question of financial accountability and the systems of financial accountability within the Saskatchewan Transportation Corporation in the year under review. The year under review of the *Public Accounts* is 1988-89. Would you not agree that that in fact is the year under review?

Mr. Chairman: — Certainly, and as part of that we have a comment by the auditor for the work that he normally performs under the year under review. He has his comments on page 112 but the auditor would not normally have anything to say about the Saskatchewan Transportation Company for the year ended October 31, 1989 until his next report, given the way the auditing cycle works.

I'm satisfied after my discussion with the auditor that's the case. There's no breakdown in the process here in that we're somehow being denied the opportunity to ask questions about something that . . . We will have that

opportunity during the course of the next auditor's report — maybe. If the process is broken down or if there are examinations which cause the auditor to make comment, we'll have that opportunity next year. I know what you're saying about years of operation and so on, and you've brought up the matter of the Saskatchewan Transportation Company Employees' Superannuation Fund, but were it not for the comments of the auditor, STC as a Crown corporation would not be before this committee. There is no other reference in the *Public Accounts* as to years of operation and funds from the Consolidated Fund and so on, on which we can hang our hat.

Mr. Anguish: — Mr. Chairman, you weight very heavily statements on the reporting process of the Provincial Auditor and although this committee relies very heavily on the work of the Provincial Auditor as an officer of the Legislative Assembly, this committee's work does not deal exclusively with the work of the Provincial Auditor. Our committee does not exist because of a reference from the Provincial Auditor or from any one Act of the legislature.

And so I would not want your statements to be viewed as restricting our mandate of the Public Accounts Committee to one of dealing only with the Provincial Auditor's report with all due respect to the office of the Provincial Auditor.

And I feel that there is a question of privilege. I think that the key thing here is: are the questions in order? And I submit to you, Mr. Chairman, that the questions are in order. The questions are in order because there are other reasons or other references beyond the Provincial Auditor's report that can bring those topics before this particular committee. And I would therefore move, seconded by the member from Regina Rosemont:

That the questions of STC witnesses be referred to the Standing Committee on Elections, Privileges and Procedure to determine if the questions are in order and/or if there's been a violation of individual member's privilege.

Mr. Hopfner: — Could you read that, please?

Mr. Chairman: — The motion reads:

That the questions asked of STC witnesses be referred to the Standing Committee on Elections, Privileges and Procedure to determine if the questions are in order and/or if there has been a violation of individual member's privilege.

I have to rule the motion out of order. In the sense that the motion, first of all, seeks to refer a matter to another committee. *Beauchesne's* Fifth Edition, 611, states that:

As the committee has no power to censure nor to refer matters to other committees, the Member's motion should state that the matter be referred to the House for its action.

Point number one. Secondly, the motion asks another committee — and even if it were redrafted to ask the

House — to determine if a question is in order. That's something that clearly the committee has to determine and not the House.

The matter — if there has been a violation of individual members' privilege — you're certainly welcome to redraft a motion to be brought before the House about privilege having been breached and outlining some of the circumstances of that. But until then or failing that, this motion is out of order.

Having said that, I want to refer members to a ruling by the committee in reference to May 2, 1985, I believe. And I want to, in part, read from the ruling, a report to the Standing Committee on Public Accounts, which states and I quote:

The Legislative Assembly has appointed the Standing Committee on Public Accounts to:

1. Examine and inquire into all such matters and things as may be referred to it by the Assembly, and to report from time to time its observations thereon with the power to send for persons, papers and records, and to examine witnesses under oath.
2. Review the *Public Accounts* of the Province of Saskatchewan and the issues raised in the Annual Report of the Provincial Auditor which have been referred to the Committee.

It would not be in order for the Committee to alter its terms of reference through an omnibus motion restricting segments of the *Public Accounts* or Annual Report of the Provincial Auditor from the legitimate scrutiny of the Committee.

And again I will refer you to *Beauchesne's* Fifth Edition, paragraph 569:

Committees receive their authority from the House itself and that authority of the House overrides that of any committee.

Similarly, paragraph 621 reads:

A committee can only consider those matters which have been committed to it by the House

And I say the latter in reference to Mr. Lyons's suggestion that — or perhaps it was Mr. Anguish's, I forget — that this committee should somehow consider matters independent of whatever else the auditor has reported, independent of whatever might be in the *Public Accounts*. I've examined the question of matters not coming before the committee because somehow the process is flawed, and therefore we should be dealing with matters and we are unable to do so; that is to say the work of the committee is being frustrated. But after my discussion with the auditor, that is not the case.

So therefore, your suggestion that we deal with matters independent of what the auditor has reported, independent of what is in the *Public Accounts* would not be appropriate given the mandate of the committee.

Thank you.

Mr. Lyons: — Mr. Chairman, I want to say that part of the things that are referred to us in dealing with it, and we have lots of past precedent to go on, one of those things that we do deal with in *Public Accounts* is the annual reports as we've just done with annual reports from various corporations in the last three or four days. One of the things that's contained in the annual report of the Saskatchewan Transportation Company is the auditor's report. As we have found, it's an auditor's report which is not complete, and as not being complete in the sense that as it appears in the document that we are presented with questions pertaining to why that auditor's report is incomplete are, in my opinion, fall within the mandate of the Public Accounts Committee.

Similarly, the operations . . . and if you . . . I think if you take notice from what you've just read that motion of 1985 will find that all matters pertaining and arising from the *Public Accounts*, the *Public Accounts* being not only those documents and the auditor, but also including, based on precedent, the annual reports of the entities that we're dealing with.

If you're saying that our comments are strictly limited to the auditor's report or those things that are found in the documents of the *Public Accounts*, then any questions that arise from the annual reports which are presented to the committee, you would have to rule those questions out of order.

I submit that our past practice in this committee has been that in fact they are not ruled out of order; that in fact that they are a normal part of the proceedings of the Public Accounts Committee, and that the year under review is designated by the *Public Accounts* themselves in the province which is the fiscal year, in this case, 1988-89.

Whether or not the accounting cycles of any entity, Crown or government entity, necessarily falls within that particular framework is irrelevant. What is relevant here is that our ability to ask questions in the year under review, which we submit is up until March of 1989.

I find it passing strange that in asking questions of the auditor for an hour prior to the officials being brought into the room that we dealt with matters that extended beyond that without any objection being raised, and as . . . quite frankly, I have yet to hear any other member of the committee other than yourself raise questions of whether or not the questions were in order. No other member of the committee did because it was, as has been past practice, related to the year under review, which is '88-89. And I would just say that I disagree with your ruling. I think that it's a dangerous ruling, and I think that it's also in contradiction to rulings you have made previously. And I refer you to . . .

Mr. Chairman: — I would encourage you not to debate my rulings but if you want to ask questions about rulings, fine. I might . . .

Mr. Anguish: — Mr. Chairman, I don't think Mr. Lyons was debating your ruling. We appreciate your respect for the Chair. I think the key point to keep in mind is that for

the first hour of the committee questions were in order, and with the appearance of three new individuals in the room, all of a sudden those same questions now, you're saying, are out of order.

Mr. Chairman: — No. Mr. Lyons asked for a ruling on something.

Mr. Anguish: — Whether or not the questions were in order — is that the ruling he asked for?

Mr. Chairman: — Mr. Lyons asked for a ruling on something and certainly caused the Chair to look at the kinds of questions even if they were not raised by any other member of the committee. Mr. Lyons asked for a ruling on something pertaining to audit report for a certain year end, and I'm giving you my ruling now.

Whatever other discussion may have taken place before that time it's questionable whether that discussion should have taken place. But you have asked for a ruling. Now let me get . . . (inaudible interjection) . . . no, I don't want to debate. I don't want to debate.

Mr. Lyons has now asked . . . raised the question with respect to annual reports. And lest he have any concern about that, let me make it clear that annual reports dealing with Crown corporations are referred by a standing motion of the House, are referred to the Crown Corporations Committee for review by the Crown Corporations Committee. And the House certainly gives members the right to ask questions in the Crown Corporation Committee about any matters contained in the annual reports . . . (inaudible interjection) . . . Let me finish.

It is certainly appropriate, however, for members in this committee to use annual reports as sources of information as it relates to matters before this committee. But the annual reports, *per se*, are not items which are referred to this committee for follow up. That is the purview of the Crown Corporations Committee.

Mr. Anguish: — Mr. Chairman, you refer, just when you started now, to Mr. Lyons's asking originally for a ruling. As I recall the ruling — you can check the verbatim transcripts — as I recall it, he asked specifically whether or not witnesses before this committee were obligated to answer questions put to them by members of the committee. And now we've come to a point where it's becoming very confusing as to what the ruling is pertaining to. We're going back to the original ruling that Mr. Lyons asked for; the discussion now does not reflect the original ruling that he asked for.

Mr. Chairman: — No, I answered this question. I indicated to the witness they have to answer questions. There certainly are matters of *sub judice*, questions of whether . . . (inaudible interjection) . . . *Sub judice*, that is to say whether questions or witnesses or people should be in a position to answer questions because it may prejudice items before the courts.

But that is not the issue here. The issue here is Mr. Lyons's questions not being in order so other questions about *sub judice* and the like and whether witnesses have to answer

questions are hypothetical. And should they be real questions, I'd be real happy to rule on that if I'm asked for a ruling. Having said that, are there any further questions for the Saskatchewan Transportation Company?

Mr. Anguish: — We haven't even gone into our questions yet about the Saskatchewan Transportation Company. I have questions. I am sure that Mr. Lyons has questions of the Saskatchewan Transportation Company.

But I think there's a very fine point here which can set a precedent that committees in the future may not want to have to live with, and I maintain to you, Mr. Chairman, that we should resolve what is approaching an impasse on this committee on the fine points of procedure. We should resolve that before we go on with questions to the Saskatchewan Transportation Company.

But in simple answer to your question. Yes, we have questions we wish to ask of the Saskatchewan Transportation Company.

Mr. Chairman: — Now as I understand it the Saskatchewan Transportation Company is scheduled to appear before the Crown Corporations Committee tomorrow morning?

Mr. Sentes: — At 1:30, I believe, Mr. Chairman.

Mr. Chairman: — Are you in a position to attend here at 9:00 tomorrow morning?

Mr. Sentes: — I'm sure that my minister would want some preliminary briefing. But we could . . . yes, I guess we could be here at 9:00.

Mr. Chairman: — Okay.

Mr. Sentes: — Yes.

Mr. Chairman: — Meeting stands adjourned. Mr. Baker, you have some comment before we adjourn?

Mr. Baker: — Who are we to have scheduled for tomorrow?

Mr. Chairman: — Education and Justice, but we'll tell them to be prepared to back up somewhat. The meeting stands adjourned until 9.

The committee adjourned at 5:05 p.m.