

Mr. Chairman: — We'll call the meeting to order. The first item of business that the committee should deal with is the question of hours of sitting. Some time ago the committee took the view that it would meet from 8:30 to 10:30. We're meeting today at 9 o'clock because I perceived there to be an agreement on the part of Mr. Hopfner that we should in fact meet at 9 o'clock today, some members that we should today. Some members have expressed the wish that we should meet from now on from 9 to 11 on Tuesday and Thursday mornings. But I leave it to you to put forward specific motions or suggestions in that way.

Mr. Rolfes: — Mr. Chairman, I so move:

That the committee meets from 9 to 11 effective from now on every Tuesday and Thursday, unless otherwise agreed to by this committee.

There may be exceptions to those dates.

Mr. Chairman: — It's been moved by Mr. Rolfes that we meet from 9 till 11 on Tuesdays and Thursdays. Any discussion on the matter? Ready for the question? Is the committee agreed?

Agreed

Mr. Chairman: — Well, I thought that was going to take at least half an hour. The next is a suggestion on my part, and that is the way that we might proceed in the coming weeks and specifically in the next couple of days.

We have the *Report of the Provincial Auditor*; we have the *Public Accounts*. I propose — and it's just simply my proposal at this point; have not had an opportunity to discuss it with Mr. Hopfner as such, and I hope to do so — that we would review the introductory chapters of the auditor's report, being chapters 1, 2, 3, and 4 and 5. Take the opportunity to do that today and this coming Thursday, and longer if required.

But that will give Mr. Hopfner and I an opportunity to sit down and to review the specific departments that either side may wish to call and have brought before us. So that by next Tuesday hopefully we'll have a clearer idea, if not by Thursday — a clearer idea of the departments that we want to have called and brought before us.

Is that agreed, generally agreed, that we proceed in that fashion? Unless there's any specific business that members feel that we need to deal with outside of that order, then that's the way that I suggest that we proceed, and that is to proceed to chapter 1 of the auditor's report.

And as soon as Mr. Hopfner and I are able, having canvassed members from both sides, we'll put together for you a suggested agenda of departments that should be called before us, and in the order that we feel they should be brought before us, recognizing the right of the committee to at any time, to change its mind as to which department and what order they want to bring them before us.

Before then we start with the perusal of the *Report of the*

Provincial Auditor, is there any other matters that members want to deal with before we do that?

Mr. Anguish: — Before we begin, Mr. Chairman, I'm wondering if we can deal with items that have come up previously in the committee, and what I'm thinking of is that on at least three occasions that I can recall, witnesses before the committee have said that they would answer a question, follow up and provide that with the required number of copies to the committee. In those three cases, the witnesses in fact said that they would answer the questions and they would provide it in the usual manner to the Clerk of the committee and that has not been forthcoming.

I suppose I'm wondering about two items, Mr. Chairman. One is if the Clerk of the committee has a list of all those witnesses that have said they would answer questions and have not complied with it in the usual manner; and secondly, how do we deal with that. Can we call those individual witnesses back before the committee to justify why they haven't in fact answered those questions that they said they would?

Mr. Chairman: — I don't know if the Clerk has a list as such. He's aware of two questions by one individual which were not answered, and that is two questions which were put to Mr. Dedman of the Saskatchewan Property Management Corporation. I am also aware of the first question that was put to Mr. Dedman that he did not answer — and I'm going by typewritten note and members should check the verbatim if there are copies here from November 28, 1990, page 438 — and that was the process by which government vehicles are purchased: list of who the successful dealers were, where the credit went for these vehicles.

Mr. Hopfner: — That was November 28, what?

Mr. Chairman: — November 28, 1990, page 438.

Mr. Anguish: — There was another question around the same time, Mr. Chairman, that was asked. I'm sorry I don't have the page it was on but it was a list of the individuals and companies that have been checked through the SPMC (Saskatchewan Property Management Corporation), access to CPIC (Canadian Police Information Centre) files.

Mr. Chairman: — Yes. I might say that with respect to the latter, that . . . The question is: could you provide a list of the individuals and companies that have been checked by your access to the CPIC system for the years '87-88 and '88-89. I'm not sure exactly where that's listed in the *Public Accounts*, or in the verbatim, but Mr. Dedman in responding to the question has relayed the question back to us. And his response is that . . . well in any event, he suggests that he will not answer the question and his reasons why he will not answer the questions. There is also a third question.

Mr. Anguish: — There is one for Mr. Styles.

Mr. Hopfner: — What page was that on?

Mr. Chairman: — I'm not sure what page that one's on, Mike.

Mr. Hopfner: — What was his answer?

Mr. Chairman: — His answer is . . . This is November 28, 1990, page 435. This is the second one. And Mr. Anguish asks:

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.

I think the Clerk has copies of the . . . This was distributed to all the members, but if you have an extra copy that you can give to the members . . . But Mr. Dedman now says, contrary to what he said on November 28:

When that question was asked it was indicated that this information could be given. The Security Services people have discussed this matter with the C/Supt. in charge of the Criminal Investigation Branch of the RCMP. It was his feeling that to divulge the names of the individuals or companies that were checked on CPIC would be most improper. He stated that this information is completely confidential. To disclose that we found it necessary to do a CPIC check on an individual would be biased to that individual's right in that it would propose that he was under suspicion, had a record or was not creditable.

To negate that value, it would be necessary to divulge the results of the check which would further breach the confidentiality of the process. It is hoped that this explanation is acceptable and sincerely apologize for not being able to meet the request.

So those are . . .

Mr. Hopfner: — So is there a problem with that?

A Member: — Well there is when . . . (inaudible) . . . the question.

Mr. Anguish: — There's just one other question that I wanted to bring up that hadn't been answered. On page 418 of the verbatim transcript on November 27, we were . . .

Mr. Hopfner: — Doug, is that November?

Mr. Anguish: — Yes, November 27, '90. We had before the committee Mr. Styles from the Saskatchewan Housing Corporation and we were talking about the home renovation program. We referred to legal opinions and I asked, and I quote, "Could you provide us with a copy of that legal opinion?" Mr. Styles says, "Sure, we can

undertake to provide a copy." And there's been no response to that whatsoever, I believe, Mr. Chairman.

Mr. Chairman: — Mr. Styles wrote to the members on February 19, and this was information which was distributed to members, where he says:

We are unable to provide the committee with a legal opinion regarding the Saskatchewan Housing Corporation's ability to recover administration fees from the client.

Mr. Anguish: — Can we start going through those questions now? I'd just like to give a brief response as to why . . .

Mr. Chairman: — Do you want to deal with the ones with SPMC first, or Housing Corporation?

Mr. Anguish: — Well the Housing Corporation would be quicker.

Mr. Chairman: — All right.

Mr. Anguish: — You see, Mr. Styles was leading us to believe that they did have the ability to collect that administration fee in a number of cases. I don't know about the government members, but I had some inquiries into my office where people applied for the program. They didn't actually take the money; they didn't end up participating in the program. One was in the case of sickness, one was the case of someone moving away. And they had been charged the administration fee and it was causing them some financial difficulties.

And I don't believe there ever was a legal opinion. I think that Mr. Styles has misled us to some extent. He's saying it was a legal opinion. I don't believe there ever was because subsequently, at least in one of those cases, the individual got their administration fee back. And I don't think it's good practice for Mr. Styles to say there was a legal opinion and there's no evidence that there was.

And I'd like Mr. Styles at some point to have to answer as to why he would lead us to believe there was a legal opinion when there is some evidence there may not have been a legal opinion. Otherwise why would they be giving back the administration fee to individuals?

I think Mr. Styles should answer for . . . (inaudible) . . . yes, there is a legal opinion here, even if he shows it to us on a confidential basis, or else he should admit that no, there was no legal opinion. So I'd like to see Mr. Styles come back to answer that.

Mr. Chairman: — Do you want to put that forward as a motion then, or you're seeking agreement from the committee that we do that?

Mr. Anguish: — Well I prefer agreement from the committee, is what I'd prefer. And rather than making a separate motion, the same motion would be appropriate to Mr. Dedman from SPMC as well I think, Mr. Chairman.

Mr. Chairman: — You want him brought back specifically for this, or would you want to have him

brought back early in our review of other departments and . . .

Mr. Anguish: — Well I'd like to see the old business dealt up with, dealt with immediately, but you know I'm not hard and fast on that. I suppose there's other ways to deal with it, but it would be nice. It wouldn't take very long if Mr. Styles would come back, and we deal with him with that and Mr. Dedman from SPMC. It would be a matter of maybe half an hour for both of them, and we could dispose of the old business.

Mr. Muller: — Yes I understood, just going through this paper, I understood that Mr. Dedman had answered the questions, the one he said couldn't answer, but I understood that they sent the answers back. So I would see no . . .

Mr. Chairman: — Maybe we should deal with the one on . . . Doug's raising the one of the Housing Corporation at this point and . . .

Mr. Muller: — And what was the answer that you read that came back from Housing Corporation?

Mr. Chairman: — Well he said:

We are unable to provide the committee with a legal opinion regarding the Saskatchewan Housing Corporation's ability to recover administration fees from the client.

Unlike his answer to the committee where it was:

Mr. Styles: — Sure, we can undertake to provide a copy.

So there's some considerable divergence there between what he said to the committee and what he then wrote to us subsequently.

Mr. Hopfner: — I see no problem with bringing any of personnel back to the committee here. I guess it would probably speed up the committee's work. There's nothing wrong with that point. The point is though, is the confidentiality. Once that we're asking questions of confidentiality and we're given a sneak look at something like that, there is no guarantee that someone won't start spouting off about this, that or next thing that is supposed to be held in confidence. And this is a public meeting now. It's not a meeting *in camera*.

And so I . . . those are . . . we're skirting on a really fine line, Doug. But I don't have any problem in . . . I think probably we could, and there might be an explanation that we all can accept. Right? And so, with that, I say let's get on with it.

Mr. Anguish: — I certainly don't want to drag this out, and I think my response is that for Mr. Styles to come back, I think we could go *in camera* and have it closed. All I want is some assurance that there was a legal opinion so that individuals like this are not allowed to possibly . . . and as you say there may be an explanation for it, but I don't think he should be allowed to mislead the committee as a witness if in fact he did that. I don't know

whether he did that or not but I . . .

Mr. Hopfner: — You want it cleared up.

Mr. Anguish: — I want him to clear it up. Either there was a legal opinion and you don't even have to show it to me. Show it to the Chairman and the deputy chairman and the Clerk of the committee but . . .

A Member: — That's fair.

Mr. Anguish: — Okay.

Mr. Chairman: — I just might say that it's a . . . if Mr. Styles wants to state to us for various reasons that he cannot, will not provide us with a legal opinion, and the committee accepts that, that's one thing. And the committee has certainly taken the position in the past that if certain information couldn't be provided by witnesses, they felt well fine, if it can't be provided.

But it's something else again for a witness to undertake to answer a question and then subsequently say, well you know we can just kind of forget about that and we just write them back and say we won't do that, that's not a very good precedent to set. Rather to have him explain it in here, why he can't.

Mr. Anguish: — It won't take very long. I mean it's a matter of a few minutes — less than half an hour from the time he walked in the door till he left. I think we can clear it up.

Mr. Chairman: — So you're feeling then that we should bring Mr. Styles here at the earliest opportunity to clear this up.

Mr. Hopfner: — And Dedman, I guess.

Mr. Chairman: — It's the same with Mr. Dedman then?

Mr. Hopfner: — Right.

Mr. Chairman: — Okay then, We'll get hold of the two individuals.

Mr. Anguish: — And I think just a time for scheduling, if we set aside a total of one hour and had other witnesses, or go on with, I guess the auditor's report from then. Is that what we would do?

Mr. Chairman: — Yes. We would just proceed with the auditor's report.

Mr. Britton: — There were three questions. Is this the one that . . .

Mr. Anguish: — Yes, there were two from Dedman and one from Styles.

Mr. Britton: — The other one was . . . okay.

Mr. Hopfner: — Well no, we'll bring both back.

Mr. Britton: — Yes, but there were three questions.

Mr. Hopfner: — Yes.

Mr. Britton: — And they were November 28, two of them; November 27, one. Okay.

Mr. Chairman: — Are there any other matters that you want to discuss before we proceed to the report of the auditor? If not, we're still at the *Report of the Provincial Auditor*, and suggest that we do chapters 1 through 5, not necessarily today but we'll start with them in that order.

Mr. Anguish: — Do you have agreement on that order?

Mr. Hopfner: — Let's go. No sense getting in a debate over it.

Mr. Chairman: — I wonder if I might, in chapter 1, I wonder if you could perhaps expand on your statement that . . .

Mr. Anguish: — Mr. Chairman, I'm sorry to interrupt. Are you going to go into that first section of the auditor's report now, or are you going to set the rest of the agenda?

Mr. Chairman: — No, we would start on this now. And Mr. Hopfner and I will meet to discuss the departments and what order they should be brought before us. Also recognizing if I might, before I get into that, that the auditor tabled this morning a brief report which outlines some of the matters that have already been resolved since the report was tabled before the Assembly, which will assist Mr. Hopfner and I and of course members, to determine whether or not a department name may or may not be called.

But hopefully Mr. Hopfner and I will have some agenda, whether it's complete or whether it's an interim agenda to put before you either this Thursday or certainly by next Tuesday.

In chapter 1, the question of the main financial statement, are there any comments you want to make on that, on the fact that they're confusing, incomplete, often issued late. Are there standards from other provinces where these statements are somehow less confusing, more complete, more timely?

Mr. Strelieff: — Well, Mr. Chairman, our first chapter has a general theme to it, and that is that we think the legislature and the public need a better accounting of how the government is managing the public's money.

And in the first chapter we identify three main issues that we think need to be addressed. The first is that the legislature needs a more useful financial report of the state of the province's finances. The second issue is that we think the legislature and the public need more information about the activities of Crown corporations. And the third general issue discussed in the first chapter is that we think that there should be more information about whether value is being received for money spent.

And then we also identify that the government is proposing some action on each of these issues, including some important legislative changes, and we think that that's a very important first step

Mr. Rolfes: — Mr. Chairman, I have a few questions on just — sort of questions in general. What is stopping us from taking action on anyone of those right now without legislation? I mean, we don't need legislation to do what you are asking that should be done, do we?

Mr. Strelieff: — Well I think, Mr. Chairman, on the main financial statements of the province, certainly as far as I know there's no legislative change required, and that would be an important step, to have a more useful financial statement of the state of the province's finances.

Mr. Rolfes: — Let me just ask you a more definitive question. On the timeliness, and this was . . . The previous provincial auditor brought this up and I think it was brought up, if I remember correctly, when we were the government. He was under the opinion that there is no — I would paraphrase, I think, what he was saying — that there's really no reason why the Provincial Auditor's report and the *Public Accounts* — if the department has adequate staff and resources — that those should not be finished, completed, and in the hands of the public and the MLAs (Member of the Legislative Assembly) within six months after the end of the fiscal year.

Is that a reasonable time limit; or is that too short a time limit, do you think, for the public to have access to *Public Accounts* and to the Provincial Auditor's report?

Mr. Strelieff: — Well one part of the *Public Accounts* is the main financial statements. Now they were made available by the government in December of this year, which was an important first step, and we're working with the officials in the Department of Finance to try to get that main financial statement out by the end of August of this year. So that's within your six-month deadline.

I think that the government is also proposing legislation to require the *Public Accounts* to be prepared and ready for tabling by November which . . . as you know, they were made public I suppose last week. So that's an important, more timely piece of action that's happening.

Mr. Rolfes: — See this, if I recall correctly . . . and I don't know if any other members were here. No, I guess not. If I recall correctly, we used to have fall sessions and it was always in the fall session that the *Public Accounts* and the Provincial Auditor's report were tabled, because the law said within 15 days of the sitting of the House you had to table these. And they were tabled I believe at that time if I remember correctly. And so I don't believe there's anything that would prevent government from doing it right now.

Yes I agree the Provincial Auditor has to have the resources, staff, in order to do it. I certainly for one . . . I don't care who forms the government the next time around, we've got to have those . . . (inaudible interjection) . . . No, I don't care who forms it because you guys won't have to worry about it.

But you know, really the cynicism that is out there, of the public, we deserve, as politicians, every bit of it, as what we have done — and this is right across Canada — concealing information and not making it public when

it's ready has simply not . . . you know, I think this is simply unacceptable, and all governments have done it. All governments have done it, of all stripes. And I think the public out there is simply saying, hey look, make that — if it's finished, table it.

Now what I want to . . . I haven't looked at the legislation in detail but I don't think there's anything in the legislation which enables your report or the *Public Accounts* report to be made public if the House is not in session, even though they may be ready, they may be finished. I don't think there's anything in the legislation that says that we will have access to it. I think that's an important matter if that is an omission in the legislation. And I may be wrong. As I said, I haven't studied the legislation in detail. But I've glanced it over and I didn't see it there.

Mr. Strelieff: — Mr. Chairman, as far as I know, our Act requires our report to be tabled when the House is sitting, so it cannot be made public in any other way. So that would require a legislative change. I think maybe you should ask the officials at Department of Finance about how the *Public Accounts* can be . . .

Mr. Rolfes: — Well that's what I'm saying. Can we not have that amendment in the new legislation?

Mr. Kraus: — I believe the approach has been that it's best if it's provided to a forum where questions and answers can be raised, and that is why it's being left that it should be tabled in the House and not just provided to the members in between sessions.

My knowledge of what happens in a few other jurisdictions that may provide it when the House isn't in session is limited, but it may occur in one or two instances. And that may be where the Public Accounts Committee meets on a very regular basis.

And number two, what the *Public Accounts* is, varies from jurisdiction to jurisdiction. For example, I believe Alberta, some years it may provide its *Public Accounts* when the House isn't in session. But the interesting thing is that their *Public Accounts* would be the combination of what we call volume 1 and volume 2. They call volume 3 supplementary information and they don't provide it till the spring, and on a limited basis to the members.

So I mean you always have to know I guess what the other jurisdictions mean when they say they might provide their *Public Accounts* early, but that is provided to a Public Accounts Committee that I believe meets on a regular basis. The same may happen in Ontario. I'm not totally sure. But I just wanted to . . .

Mr. Rolfes: — Mr. Chairman, another question here. What impediment . . . I mean, so other jurisdictions don't table theirs, but what impediment is there? Is there something that prevents us from tabling those *Public Accounts* with the chairman of the, let's say, with the chairman of the Public Accounts Committee, when they are ready. And the same with the Provincial Auditor's report.

Mr. Kraus: — All I could say is, I believe it would be what

the practice is in the particular jurisdiction that would govern it. I don't think there's anything legal or illegal . . .

Mr. Rolfes: — Okay that's what I wanted to know.

Mr. Swan: — You know that it's a little bit difficult sometimes to have the information given to the public before the House is open. I think Herman will remember that yesterday, there was an issue of a particular item yesterday, that was brought as a very negative by one of your members; that information was being provided to the public before it was being provided to the members.

So if we do that during the time when the House isn't in session, then it's going to be somewhat difficult I think. And members may find that they are not being given the opportunity to have the information in their hand before the press gets it. So it's a bit sensitive. I think we would have to address that.

Mr. Rolfes: — Mr. Chairman, I've got a real . . . and please, gentlemen, this is no criticism. I don't want this to be seen as a criticism. The problem I have with it is this: *Public Accounts* are ready — and I'll take 1987 as an example — the Provincial Auditor's report was ready, the *Public Accounts* was ready. We couldn't get access to it because the House wasn't sitting. The government refused to call the House.

As you people know, we'd been sitting to June, so we couldn't get access to the information because the government couldn't table it, the legislature wasn't sitting. That's the difficulty I have with the present system.

I think when the *Public Accounts* are ready and the Provincial Auditor's report is ready, we should try and set up a mechanism so that it can be tabled. If we want to table it with the Speaker and the Speaker informs all the members on such and such a day it's tabled and he will release it to all the members, then we have access to it — not the public first, we have.

And I think that as soon as the accounts are ready, they should be available to the members, and we should set up some mechanism to make it available to the members. And we shouldn't allow the government to be able to sit on it because it won't call the legislature, or else . . . well I don't want to reconvene the legislature just so they can be tabled for that one day. I mean, that would be a way of doing it. But we could officially call a meeting of the Public Accounts Committee where the Speaker or the Provincial Auditor presents the Provincial Auditor's report and the *Public Accounts*.

I just believe that we can't allow the public not to have access to it when the information is ready and it's just sitting there and the government doesn't release it for whatever reason. And it can't have it both ways. It can't on the one hand say, well I can't release them because the House isn't sitting, or we won't call the House because we don't want to call the House. And I don't think that the government can have it both ways, I don't care who the government is. And I think we should try and have some remedy for it.

And I'd like to . . . and I've always agreed with Mr. Lutz on

this, that the timeliness of the information . . . And we all agree from time to time if somebody makes . . . oh well that's 19 months ago or two months or two years ago, who really cares any longer.

I think if we want to go through this information and we want to make absolutely certain that the moneys are spent according to the legislation that exists, then I think we need to have it done quickly and we have to have access to it.

Mr. Chairman: — If I might just on this point . . . and I guess the question is a bit academic at this point because none of us have any knowledge of what future committee might look like or who's going to be involved or any of those kinds of things.

One of the keys to what you're saying in terms of release of information on a timely basis and the opportunity for members to review that material as opposed to just having it entered into the public domain might well be the question of the Public Accounts Committee and its meetings intersessionally.

One of the realities of the last number of years has been that the . . . it seems that the Public Accounts Committee has been very much an organization or a group that has met while the legislature's in session. And it takes extraordinary effort and agreement, it seems to me, to get the Public Accounts Committee to sit intersessionally. And perhaps we should be reversing the thinking on that, and that is that we look upon the Public Accounts Committee as a body that sits more intersessionally than it does sessionally to deal with business.

All of us as members I think have other duties, responsibilities, obligations that we probably all would like to attend to while the House is in session. And all of us will likely have more time — you know, harvest and so on notwithstanding — would have more time during certain times of the year to meet intersessionally and perhaps, you know, better opportunity to review things in greater detail.

The question is that — well I guess I'm just throwing that out — is that the direction that the Public Accounts Committee and this whole process should go in the future? If so, how do you get any government to take the view that Public Accounts Committee should be meeting more intersessionally as opposed to during the session? I just throw that out. Any thoughts on that?

Mr. Britton: — Well other than the extra cost of bringing the people together, I think that was part of the reason we try to work while we were in session was that we were all here anyway. I have no problem with the concept if we can accept the extra cost at this point in time. I think we're all worried about cost, but I suppose you're thinking in terms of continuing committee rather than a . . . you're probably right, and other than the cost I have no problem with your idea.

Mr. Swan: — I still think that we have to make a decision whether a point of privilege is going to be raised immediately if we come to the point where we're going to give out the information for this committee at times other

than when the House is open.

And I know that from the time that I was a member, going back to 1978, there has never been a time until this year that we had an opportunity for this committee to meet when the House was not in session. It just didn't happen. This summer was the first time, or this last fall, first time that I know of since I've been a member that there was that opportunity. It never happened in the years that I was chairing the committee or any time since until this year, not once.

Mr. Rolfes: — Mr. Chairman, I'd forgotten that you were here in '78, but that's right. But I think, Herb, we did sit in '78 in the fall and . . . we may not have.

Mr. Swan: — Not any time when the House was not in session did this committee meet, it didn't meet at any time.

Mr. Rolfes: — Oh okay. But the accounts were tabled, they could have met.

Mr. Swan: — I don't have the exact dates . . .

Mr. Rolfes: — I just want to agree with John on this. In principle I have no difficulty with that, it's a matter of costs and the public perception out there. I just want to make a response to Herb on this.

Herb, if we're going to do this, then we have to incorporate it in legislation; we have to empower the legislature in The Provincial Auditor Act or in The Tabling of Documents Act, that these documents shall be tabled in such a fashion. We certainly wouldn't do it without legislation, because then someone could raise the point of privilege as you have indicated.

But that's the point that I was making it for. We have this legislation before the House now, and should this committee possibly recommend to the minister that we want to have a method of the tabling of the *Public Accounts* and the Provincial Auditor's, now that the legislation is there.

I spoke to that in the House the other day when I spoke in second reading. But I think we've got to find some vehicle of tabling these documents now, other than what we have done in the past. That's why I was bringing it up this morning.

Mr. Swan: — I might just say to you that in 1978 the House, like there was an election in the fall of '78, but there was no session until the end of February.

Mr. Rolfes: — That's right. We had the election in . . .

Mr. Swan: — October, there was no session until late February.

Mr. Rolfes: — No.

Mr. Swan: — Yes, exactly. I remember, because I was supposed to go to China and I couldn't get away because of you guys calling the House together.

Mr. Anguish: — I remember that too.

Mr. Chairman: — Could I just . . . a question for Mr. Swan or for Herman, I guess, being the two people that have the greatest experience in these matters. When the legislature sat two times a year, like prior to, I guess, 1987 the legislature tended to sit more in spring and in fall. Would the committee have sat both in the spring and the fall to do its work?

Mr. Rolfes: — I recall we never sat in the fall. The documents were tabled, we had an opportunity then when the House was in recess to study the reports. And very often the chairman then, I remember, held press conferences and I think legitimately had good press conferences and criticized the government on where it went wrong in the *Public Accounts* and the Provincial Auditor's report.

And government was very sensitive to that. I know there were some members who thought maybe we shouldn't be tabling them so soon and give the opposition the opportunity to go through them. But I thought it was a good practice because you had a golden opportunity to go through them all while the House was in recess. And when you came to this committee, you were well prepared.

You try and study these now when the House is in session. I think all members know it's a very difficult task to do. Well I think I've made my point.

Mr. Chairman: — Could I just make one more comment on this. It applies less to the *Public Accounts* than to a change in the auditor's Act, and that is that the auditor will have in the future additional responsibilities, and that is the value-for-money audit. And I anticipate that the auditor, in addition to the report that he puts before us, will have some extensive reports on value-for-money audits that he has conducted, recommendations that he will make which will place an obligation on the committee to review the reports and these additional reports of the auditor to get its own handle on what it is that the auditor has said.

My feeling is that some of these issues may be complex and not well handled, perhaps intermittent to our sessions or whatever it is that we have during the session. I just throw that out. I don't know; maybe you have more experience.

Mr. Strelieff: — Mr. Chairman, in general I certainly support having our annual report ready as soon as possible and made available to the Public Accounts Committee as soon as possible. If that means going to the . . . tabling it with the Speaker and then having the Speaker direct it to the Public Accounts Committee, if the end result is debating the issues sooner, that's to me a good result.

Mr. Chairman: — Is there a . . . Just let me rephrase this. I look back on one auditor's report that I had from the province of British Columbia where, in addition to the attest and compliance function, their auditor very clearly has a value-for-money audit.

Mr. Strelieff: — That's right.

Mr. Chairman: — And I note that in this particular year he did a value-for-money on privatizations that raised some very interesting and also very complicated questions about some complicated transaction that had taken place. And looking at that, I felt that, gee, this would be very difficult information to begin to deal with in the way that we meet which is, you know, for a couple of hours intermittently, and wondered how the British Columbia committee was able to digest that and deal with that information. Any thoughts on that, whether the value-for-money reports are going to require more of the committee than has been the case?

Mr. Strelieff: — Mr. Chairman, you're right; the issues will get more complex. And for this committee to deal with them, they will have to, or future members will have to spend more time discussing them. And there will be more issues to discuss, so it certainly would be worthwhile to meet more often and also to have the reports available to you in a more timely basis. It just makes sense in terms of holding the government accountable.

Mr. Hopfner: — Well I think, if I just add a little bit to what Mr. Rolfes and Mr. Swan were talking about, I guess Mr. Britton hit it; it's a dollar and cent figure that is probably more so styming this committee from operating earlier than anything else. And I can remember going into that kinds of debate when we were trying to sit out of session is that the cost of the factor.

So I guess we're going to have to decide maybe one day amongst this committee whether we're prepared to go and ask for that particular kind of funding to allow it to be done, for this committee to sit out of session. And if so, I think the public is only being served properly by having that happen.

But again, in these times of economics, how do you . . . You know, the public are asking for more information; that's what I heard. But the public are not willing to pay for that information; that's what I heard. So I'll leave it at that.

I was going to want to get into some more direct questioning regarding chapter 1 here and stuff like this.

Mr. Britton: — I want to just go back a bit. It takes me a little while to digest some of this stuff. I'll direct this to the auditor.

You suggested that we would need more time because the value-for-money process would be more complicated. Is that what you said?

Mr. Strelieff: — Mr. Chairman, the issues that our reports would be raising would probably be more complex than now. It would be equally important . . . we're raising important issues now, but there will be more complex issues in the future.

Mr. Britton: — But the whole program itself will be simpler, won't it? The value-for-dollar auditing, the whole concept will be simpler, won't it?

Mr. Streliaff: — Simpler for our office?

Mr. Britton: — Yes.

Mr. Streliaff: — No. It won't be simpler at all for our office. It'll be a big challenge for our office to conduct these kinds of examinations. Luckily there's about 10 to 15 years of experience across Canada that we can draw on, and we're doing that now in terms of assessing the approaches that we should follow. But as a challenge for our office, it's going to challenge our people immensely.

Mr. Britton: — I just want to get into my head is why . . . (inaudible) . . . So what you're saying really is that it's not simpler but it's a better system in your mind.

Mr. Streliaff: — Yes.

Mr. Britton: — Okay. That's fine.

Mr. Hopfner: — I wanted to get into this chapter 1 on public accountability a bit more because I have some questions I'd like to have cleared up in my own mind. And I guess what I hear a lot of times in public, and I may be understandably . . . could probably with what I hear accept the fact that other members are hearing the same thing.

The public probably in a lot of cases feel that the members no longer have genuine powers, like from the private member right through to the minister. The bureaucracy has become so large and so dense that it's hard for anyone elected person to have much of an impact in government any longer.

And that's where I have some questions as to . . . and I guess we'll talk about this as well. I've been researching some of this information that you're out seeking to get and everything else, and that's why I've got to visit with you. But just because this is a . . . a group of us are together and these are maybe some of the questions we should all be asking and discussing amongst ourselves.

I see here that your office is looking for some definite increases of power, power in enabling to, I think, and I hope you can correct me if I'm wrong, powers of being able to direct government as to whether taxes should be increased or decreased or whether we can afford programming — I'm just going through this here kind of structure that you've put down in front of me here — or how we are going to be maintaining our infrastructure.

So if I look at that and I say, okay maybe we should give this to the auditor's office and then I don't have to worry about it as an elected representative anymore, because you're going to be my watch-dog for me. You're going to be my decision maker for me. You're going to tell me whether it was right or wrong. And I'm just going to sit here like a bump on a log and listen to you tell me whether this is right or wrong.

So what I would like to know from you is why do you want your department to reflect to the public whether taxes need to be increased or decreased, for instance, just on that particular point.

Mr. Streliaff: — Mr. Chairman, the role of our office is not to make those decisions that you were referring to. What we're pointing out in our report is that we think that legislators and the public need more information so that they can make those decisions — not our office. But just trying to make sure that you have a better financial report so that you can make those key assessments, so that you have more information from Crown corporations so you can make those decisions and assess decisions made by the governments as well.

Mr. Hopfner: — But as I read it here, though — and I just got to get it clear — as I read it here:

As a result, legislators and the public are not provided the information required to understand and assess the tough questions faced by our Government.

So they say:

. . . do taxes need to be increased or decreased?

Mr. Streliaff: — Those are questions faced by you. We're saying that you're not getting the information you require to assess and make those kinds of decisions. Those are really difficult decisions. Our role is not to make those decisions, it's to make sure that you have the information that you need.

Mr. Hopfner: — But in order to assess that particular point, something tells me that you're going to have to assess every department as you're assessing them today, or you should be assessing every department today for accountability. And that through those particular audits you should be able to indicate to us whether that dollar, as you have pointed out down here, of 555 million loan or whatever it was, for instance, that . . . Let me catch my thought here.

Okay if there is not proper spending, okay, with these particular departments and there is proper accounting, and say there was an overexpenditure in departments and stuff like that, that would automatically either have a reaction for a government to increase, because now they've overspent, so they'd have to maybe either increase taxation or else carry a deficit for a certain length of time. Right? Are you following what I'm trying to say? Because what I'm trying to say . . . because what you're indicating here to me is you're going to be telling the public whether taxes needed to be increased or decreased. And that's the way I'm interpreting it.

Mr. Streliaff: — We're certainly not . . . that isn't our role, and maybe we've expressed it in not the clearest manner possible. What we're trying to say is that we think you need better information so that you can make and assess those kinds of decisions.

Mr. Hopfner: — All right.

Mr. Streliaff: — That's your responsibility.

Mr. Hopfner: — Okay, I'll leave that go. Then I get into the value of money spent. How do we come to a value for

money spent? How does anybody accomplish that?

Mr. Strelloff: — These types of examinations for our office would involve examining whether . . . examining economy efficiency issues, that once you've made the decision to build a road to wherever you think the road should be built and have instructed the government to build it in the best manner possible. That's the policy decision; that's your decision.

And then what we do is find out whether, let's say for example, the gravel is purchased at the best price in the right quantities at the right time, that the resources allocated to building that highway are used in the best manner possible, they're using the right tendering processes — just whatever means that Highway people use to build a highway in the best manner possible are being used and are being reported back to you so that you can adjust or not adjust according to what's happening. So we're looking at economy efficiency types of issues.

Mr. Hopfner: — Don't you do that now?

Mr. Strelloff: — No, we don't.

Mr. Swan: — You're talking about a change to comprehensive auditing.

Mr. Strelloff: — That phrase, comprehensive auditing, people use it to describe three kinds of audits: one is the financial statements, which we do; the second one is compliance with legislative authority, which we do; and the third one moves into economy efficiency effectiveness issues, which is the direction that we're proposing to go. And the three together is referred to as comprehensive auditing. The one component, the economy efficiency effectiveness type examinations is referred to as value for money. That's just a phrase that seems to . . . many people use it to describe that type of work.

Mr. Hopfner: — Well yes, okay. So then you're telling me that every time a department makes a purchase of — well let's use Highways, for instance — a load of gravel, that they're going to want to make sure that the auditor's office is satisfied that that is the best possible price and the best quality gravel and everything else that they're getting for that money because they're certainly not going to want to be doing anything without ending up in this book.

I mean, we're going to have nothing but a . . . you're going to need a massive amount of people in your office to be reacting to each department and Crown corporation in this province.

Mr. Strelloff: — I think on the issue that you raise, the key thing that we would like to see is that there's a method or a system in place used by the Department of Highways to ensure that all purchases are being made at the right price at the right time in the right quantities. So it's looking at the system used by the department, not every transaction.

Mr. Hopfner: — All right. I just want to follow this up. We've picked on the Department of Highways for some reason. Your office must feel that they are not doing this if you want to move into that kind of accountability study.

You must not feel that these departments have been accountable over all these years. You must feel that, for example, they are not getting the best gravel for the buck or the best pavement for the buck or whatever.

There must be a reason why you're asking us to move into this kind of accountability. And because next thing you're going to be doing, you're going to be asking us for a major, major increase in funds to be able to move into this type of accountability.

Mr. Strelloff: — I think the main reason that we're proposing to move into these kinds of examinations is watching the practice across Canada. In the rest of the legislative audit offices, the experience there is that legislators and public accounts committees value this kind of examination by their legislative auditor. And in fact the trends in terms of what proportion of their offices are devoted to these kind of examinations compared to financial statement compliance with legislative authorities type of examinations, the trend is to move more and more into economy efficiency issues. Because the stakeholders that the legislative audit offices report to, the public accounts committees and the legislators, want them to move into that direction.

Mr. Chairman: — If I might, it also gets back to the point you raised at the outset, and that is the question of effective control of the provincial administration by elected people, and a feeling that you expressed that perhaps politicians, the elected people, don't exercise a degree of control over the administration of the public dollars and the administration of services and programs as effectively as one might like.

Is a minister, for example, expected to know at all times that there's a loss of public money in the northern Saskatchewan economic development revolving fund, controls over this and that? You know, should a minister who's a policy person be expected to know all those kinds of details? Or is it, as you say, has the bureaucracy, the administration taken on a life of its own? And how do you bring to heel and how do you begin to get them to address questions of economy and efficiency?

How do you get them to address, for example, a practice within the Department of Highways that may go on for 20, 25 years because one foreman decided one day that the best way to get our gravel would be to get it in such and such a fashion, and that becoming the standard operating practice for the Department of Highways, notwithstanding the fact that there may be a more economical way of purchasing the gravel, or getting that gravel, but no one forces him to look at that.

The minister's not in a position to begin to address all those kinds of issues. But it does require some outside group such as the auditor, and perhaps members, to begin to address those questions and to force the administrators and the civil servants who in fact administer the money and spend the money that is voted to them by the legislature. It forces them to begin to look at some of these questions.

And I think your question goes back to the point you raised at the outset. How do we make sure that some of

these people who spend the money for us are doing it economically and efficiently? How are we making sure we're getting the best bang for the buck? We as the legislature said, here is the objectives; here is the things that we want you to do; here is the legislation; here is the budget. And how can we make sure that you're in fact doing it the way we want you to do it, making sure that the taxpayers are getting the best value for their dollar here?

Well we don't really have a very effective way of doing that, other than if you've got some minister who's exceptionally interested in that kind of pursuit of administration. Most ministers aren't; they're not trained in that way. And we don't have the resources.

I mean, we get into those questions here in this committee from time to time but not in any substantive way, and that's more value for money, I think. You know, if the auditor begins to do that, it begins to make a difference, not that he's going to do every department every year. It's not possible.

Can we take a break for a few minutes?

Mr. Anguish: — I won't be coming back after break, if that's all right. I have another meeting at 11; I have to do some preparation work for it.

Mr. Chairman: — Okay. Even for those that aren't inclined to want to go for a smoke break, I'll tell you as your chairman, I wouldn't mind a break for five minutes.

The committee recessed for a short period of time.

Mr. Hopfner: — Mr. Auditor, I'd like to ask you . . . I guess we cleared some of the things up during coffee break so I won't ask some of the same questions, but the value for money spent is definitely an impression of one's mind. Would you agree with that or not?

Mr. Strelloff: — You'd have to provide me a little bit more information.

Mr. Hopfner: — Well okay, like what I'm saying is I may value one item differently than what you may value that one item at. And in order to determine that true value, there may be a difference of opinion say. So I use your office and I use a government office. And the government says, no I value this, and I accept that, or we accept that value whether they purchase or sell or whatever. And you say no, that's not right. Now who determines after that?

Mr. Strelloff: — The true value?

Mr. Hopfner: — True value.

Mr. Strelloff: — I think the value judgements are the legislator's responsibilities and then the public. We're just trying to make sure that the information is on the table.

Mr. Hopfner: — Well, okay. But if you're giving me a value audit — right? — if you're giving me information . . .

Mr. Strelloff: — That phrase is a poor. It's used all the time — value for money — but it's really a poor phrase in

terms of what exactly happens. We're looking at whether goods have been purchased at the best price, not whether it's valuable, it's worthwhile to build a highway to Swift Current. That's where the value judgements are and that's the elected representatives' responsibility.

Mr. Hopfner: — Okay, so you wouldn't point out in your auditor's report then that other than the fact that if the Department of Highways — we're back on Highways again — if the Department of Highways put out their tenders and the only thing you'd point out is if they did not accept a low tender, right? That's what you're telling me?

Mr. Strelloff: — Low tender.

Mr. Hopfner: — Like if they're tendering and they don't necessarily pick the lowest tender, if they pick a middle-of-the-road tender, okay. They left because there was some . . . they didn't feel good with the lowest tender, about the lowest tender for some reason or another. You could report in your *Public Accounts* that yes, Department of Highways, in your mind, did not take the particular gravel for the lowest tender.

Mr. Strelloff: — Well I think what we would do, Mr. Chairman, is look at the tendering process itself. Well let's go to . . . The Department of Health probably will have a tendering process. Now there will be no doubt an industry standard for how to tender and then there will be the department's method of tendering. Now you compare the two and say okay, here's the normal industry standard for developing a well run tendering process in the industry.

Now here's the process used by the Department of Health. Does it meet that standard? Where it does, point it out. Where it doesn't, ask questions, find out why, and if we think it's an important issue to bring to the attention of the Legislative Assembly, bring it to the attention. So it's looking at the process of handling purchasing.

Mr. Hopfner: — Is there anywhere in this country that has this kind of accounting going on?

Mr. Strelloff: — In terms of legislative audit offices, our office is the only one now in Canada that is not carrying out these kinds of examinations. So there's, as I said before, there's about 10 to 15 years of experience out there, worthwhile experience that we can and are drawing on.

Mr. Hopfner: — But I was listening to our Finance people indicating that there are two different systems. We table everything at one given time, and Alberta tables separately. Like I mean . . .

Mr. Strelloff: — But I thought your question was . . . I guess I misunderstood you.

Mr. Hopfner: — No, no. This is the accounting . . .

Mr. Strelloff: — Oh, you're talking an actual statement.

Mr. Hopfner: — I'm talking accountability. This is government's expenditures here, right?

Mr. Strelloff: — Yes.

Mr. Hopfner: — This is government's audit report, right? of this, right?

Mr. Strelloff: — Yes.

Mr. Hopfner: — Okay. So is this not as efficient as is done in Alberta and British Columbia, Ontario, across this country?

Mr. Strelloff: — Efficient in what respect?

Mr. Hopfner: — In accountability, in accounting. Are the departments' accountability, reporting to you all their expenditures . . . because it's got to show here dollars and cents of each department, of what each department has spent throughout that year.

Mr. Strelloff: — Okay. In our first chapter, we say that we think the main statements, financial statements of the province, need to be improved significantly, and then we've listed some issues that need to be addressed. We also note the importance of providing the *Public Accounts* and financial statements in a more timely manner.

Mr. Hopfner: — Okay. But in comprehensive auditing then, is that being used throughout Canada now? Because this is what . . . I mean, Mr. Swan pointed out that this is exactly what this is. What you're determining here is a comprehensive audit. Now is comprehensive auditing used throughout Canada?

Mr. Strelloff: — Used in the other legislative audit offices in Canada, yes, assuming that when you say comprehensive auditing, you mean auditing financial statements, auditing compliance with legislative authorities, and auditing systems and procedures used to ensure economy and efficiency. That's a general definition of comprehensive auditing, and all of the other legislative audit offices in Canada do use it.

Mr. Hopfner: — Which one of those three that you pointed out to me are we not using here?

Mr. Strelloff: — Well, it's examining systems and procedures to ensure economy and efficiency. That's where we're moving towards.

Mr. Hopfner: — That was the third item that you pointed out.

Mr. Strelloff: — That's right, and some people call that third item value-for-money auditing.

Mr. Hopfner: — Okay.

Mr. Strelloff: — But a more generic description is just the systems and procedures to ensure economy and efficiency.

Mr. Hopfner: — Okay. It's going to lead me into .06 here. It says that "Our benchmark will be the recommendations of the Canadian Institute of Chartered Accountants." So that's really what their bench-mark is, is comprehensive

auditing?

Mr. Strelloff: — Well in paragraph 6, I'm addressing the information that goes in the financial statements of the province. And our bench-mark for evaluating what goes in the financial statements and how to account for transactions will be the recommendations of the Canadian Institute of Chartered Accounts.

Now the institute also establishes standards for examining financial statements, compliance with legislative authorities, and systems and procedures used to look at economy and efficiency issues. That's on the auditing side.

Paragraph 6 deals with the accounting side. But they also deal with the auditing side as well, the standards of our profession.

Mr. Hopfner: — Actually I have a tough time sometimes comprehending what an audit and an accounting . . . I mean accounting and auditing are basically the same thing, right?

Mr. Strelloff: — Well, no. An accounting, in a financial statement sense, is here's how much money we spent. The auditor comes along and adds some credibility to that statement. He'll say or she'll say, yes you can rely on that statement, that yes that's how much money was spent.

Mr. Hopfner: — Yes, no — I understand that. But I'm saying is like, okay, if I took . . . Okay, let's get back into this. You're the Provincial Auditor and let's say there's a private auditor. A private auditor is any firm that has a CA (chartered accountant), right? A certified accounting company in the province can be appointed an auditor, right? Or be hired as a private auditor, right?

Mr. Strelloff: — A public accounting firm of chartered accounts, I think even, and certified management accountants and certified general accounts, all of those can be appointed for a private audit.

Mr. Hopfner: — Yes, I think actually they've . . . they're all knitting; in fact we might even see an amalgamation in years to come by. But there's not always an agreement there amongst the profession, right?

Mr. Strelloff: — Agreement on what?

Mr. Hopfner: — On accounting procedures. One might feel comfortable doing an accounting one way, and another may not feel comfortable with that kind of accounting system. So they may do it another way, right?

Mr. Strelloff: — In many accounting issues there are judgements brought to bear. And when judgements are brought to bear, there can be differences of opinion.

Mr. Hopfner: — Yes, and those get worked out. Those get worked out — how? Through the professional . . . you kind of have a professional jury that sits there and decides whether one professional is right over the other professional?

Mr. Strelloff: — So when there is a disagreement . . .

Mr. Hopfner: — Yes, what happens then?

Mr. Strelieff: — Well, if the disagreement is within a public accounting firm, a private accounting firm, or within our office, we have to debate it out.

Mr. Hopfner: — Yes, and what's the final outcome? I mean who decides the final outcome?

Mr. Strelieff: — When there's a debate internally or . . .

Mr. Hopfner: — What I'm getting at is if it's in the public eye, okay, who decides whether say you as an auditor is right or that firm out here as a private auditor is right? Who decides? Who decides that? Is there a professional jury that sits back and says . . .

Mr. Strelieff: — That's a tough question. In the context of our work, our Provincial Auditor Act requires our office to form its opinions, weigh, sift through all the information and the evidence and hear from all the different groups involved and form an opinion on whether something is presented in the best way or not. And I suppose that the ultimate judge on whether we've done our work and formed our judgements well is the legislature. It's really . . . (inaudible) . . . our office.

Mr. Hopfner: — So then it would fall back into the legislature then and it would be bantered around in the legislature too. I mean what I'm saying is if you get two professional identities disagreeing and they're each qualified, where does that leave the public? Just to sit back and accept that there's a disagreement, and take one side or the other? Because really, I look at it as the Provincial Auditor, for instance in your case, that you have the last word. You're like a newspaper reporter. They have the last word — ink and paper, right?

So then the other fellow that you've disagreed with doesn't have that right, see? So then I get this in the legislature and, holy smokes, I say to myself, 500 — in .07 — \$555 million loan, and you're in a disagreement with the way the government decided on its value, okay?

Now I'm saying we have professional disagreement here. We have one professional saying to government, you can do it this way. So the government says okay, we'll do it this way. You come along and you say no, we're not in favour of this kind of accountability or value for dollar spent or how you're ever . . . wherever you're putting this on the fact sheets. So then I'm Joe Public and I'm sitting listening to all this, and then I see opposition members in the House and they can say, oh gosh, government's wasted \$555 million. And the way it was worded, I would have taken it like somebody ran off to Hawaii or somewhere with \$555 million.

So I ask you the question. I ask you the question, and I have, but I ask you the question, how does the government or that professional person get a proper hearing because they're not the last person with the ink and paper. You were. And then how does one, because there is a professional dispute, settle it? And how does one now with some people clear it up, other than yourself saying that the \$555 million is there? Because I asked you

if it was there and you said, yes it was there. But how do I explain that to every Joe Public out there that may not be listening to the radio or TV but might have read, listened to that particular medium out there.

Mr. Strelieff: — Well one of the key things you've identified, Mr. Chairman, is that, how do we determine what the proper accounting treatment should be? And in paragraph 6, I explained what my bench-mark is and will be in the future. And that is the recommendations of the Canadian Institute of Chartered Accountants which has established a forum for discussing what should be the proper accounting methods.

And when we look at the financial statements of the province, including how that \$555 million asset is reported, we look to the recommendations of the CICA (Canadian Institute of Chartered Accountants) and say okay, how do they recommend that, on how this transaction should be reported. And then we say, well it should be written off — the \$555 million is not properly accounted for and we report accordingly.

So our standard of performance is not just an individual sitting in his office thinking about what should be done, it's the recommendations of the profession in general. And that group includes legislative auditors, and senior financial officials, and public accounting firm people from across Canada who are sitting down and saying, okay now what makes sense in terms of financial reports by governments. And in paragraph 7 they said this doesn't make sense.

Mr. Hopfner: — But still when you say that \$555 million was not accounted for, that tells me that \$555 million . . . Well I mean you can take it both ways, you can take it . . . But for somebody that doesn't understand it, even my first impression is, holy smokes we lose \$555 million somewhere. It wasn't recorded properly is what you should have been saying.

If that was the case, I mean with your last words, on a fax sheet. But the \$555 million was accounted for, right? For actually being there, right? But the impression in the headline thing is that it's been wasted, or I mean left it hang out there like a cloud, you know, saying that it's just gone astray, it wasn't properly accounted for — it can be taken two different ways.

Mr. Swan: — I thought I'd like to ask the comptroller what his thoughts were, like the comptroller is the person that the government will go to first, and then the auditor comes. So if the comptroller approved of the method of this \$555 million loan, what is your feeling as this shows up in the auditor's report? Have you resolved the difference of opinion between you and the auditor?

Mr. Kraus: — This issue seems to be one that I don't think we can resolve. The government's position on this was, I think, pretty clear from, maybe it was 1987 or the spring of '86 or '87 when it was decided this would be done. They thought that since these capital assets provided services over many years because they were buildings, whether they were university or hospital buildings or in some cases, I suppose they might be government office buildings, they thought it made sense to recognize the

benefits over a number of years. So they are in fact spreading the cost of these assets over 10, 20, 30 years, whatever — 10 or 20 years I believe — depending on circumstance.

Mr. Swan: — Well you're trained as an accountant, the same as the Provincial Auditor is trained as an accountant. In your opinion is the 555 million a legitimate loan or not?

Mr. Kraus: — I think, Mr. Chairman, and Mr. Swan, there are options available on this one as to whether or not you should write them off or not. This is not a first. Whether or not there's an exact situation like this somewhere else in Canada, I can't speak to that. But I know there are other situations, there have been and there are, although I can't give you . . . I can't define it for you, where governments do make arrangements where cost of capital is spread over time. They feel it's . . . because obviously then what they're doing is they are recognizing it as a budgetary cost. It's just not in the year the moneys were spent, but over as I said, 10 or 20 years.

Whether or not that's appropriate for government is a matter of debate. Some would argue, governments being what they are, given that they have a considerable requirement to develop capital assets or provide money for capital assets, that they should expense it as they go. Some make the case that it's legitimate to spread it out over a period of years.

In fairness or just to . . . I believe the Public Sector Accounting and Auditing Committee and the recommendations that Wayne is referring to, I'm sorry, the Provincial Auditor's referring to, would I believe support the position that the auditor is taking. They lean on the side of issued expense, your capital assets as you go. But as I say there are different ways of doing this.

There is another project under way — and this thing can get pretty complicated and I try to keep it fairly straightforward — but there is another study taking place that is looking at whether or not government should try to take those capital assets and put it on their balance sheet.

Now I won't give you my personal opinion on that one. I can't give you my personal opinions, I just would say that they are looking at that in terms of whether government shouldn't be trying to include some component of depreciation in the annual costs of programs. I think the auditor's office has probably raised that issue here themselves in the last year or two. And where that might go, I don't know because what you could end up doing is that . . . We had Ken Dye do a study and he made recommendations that had financial statements, if I'm not mistaken, that gave you two pictures.

One picture was with these capital assets being spread, the cost being spread over time and you had sort of, I guess, a deficit on that basis. And then it backed it all out again and said, but here's what it would look like if you were accounting for things on a cash basis, give you two books. I think the auditors would agree that that was where he was coming from.

I guess I don't feel I can give you my personal opinion on

this but I can say that there is some debate over how these things should be accounted for.

Mr. Swan: — It sounds to me like your accountants are very much like lawyers. If you have three, there are three opinions and nobody can make up their mind solidly either way. It just doesn't seem the right way to do it.

Mr. Strelieff: — One point on that, the Auditor General of Canada does support, or the former auditor general of Canada, does support what we've said in paragraph .06, where we use as our bench-mark the recommendations of the Canadian Institute of Chartered Accountants. And the current Auditor General supports it as well.

Mr. Hopfner: — I guess probably . . . are you finished, Mr. Swan?

Mr. Swan: — Yes, go ahead.

Mr. Hopfner: — Thank you. I guess probably the reason I was raising this kind of questioning is, how do I, and how do we expect the public, to interpret what you've written about the \$555 million loan if there's a disagreement amongst professionals?

Because you have the pen in hand and the ink in hand and it is your report and, by gosh, it's like the Provincial Auditor is the doctor and the doctor knows. And at least we would like to know that the doctor knows if we're sitting in the office and we're looking for a treatment of some sort or that.

So, instead of big huge headlines in these . . . you know how newspaper people are, they're not even reporters really a lot of them, they're editorialists and they editorialize instead of report. So they don't give the public both views. They just say, oh yes, the Provincial Auditor, he said this and it must be true, he's the doctor. And we don't care what that other guy says because that's not going to sell newspapers.

So I think our method of reporting then, or I think that you, as a Provincial Auditor, should clear that up publicly as to that stigma out there that is being . . . because I'll tell you, some people in my travel have asked me about this 555 million. And I have to tell them that actually there is proper accountability for it, because there is, according to some professionals.

Do you see what I'm getting at? Like oh, then that money's not missing? Oh no, some think it was missing. Huh . . . (inaudible interjection) . . . Oh, no okay you can.

A Member: — I know what you're saying.

Mr. Hopfner: — Yes. It's difficult. And it's the same as municipalities. We get examples of governments in this province stretching dollars over the years. Local municipalities do it every year in towns. And they're governments, they're elected. Local municipalities, if they're going to build a water plant or if they're going to build a town storage building for their equipment or things like this, and they don't have the cash in hand to do it, they will spread that. They'll go to the bank and borrow the money, pay interest on that money, and they will

build over the years. And they are audited year to year. And they have value placed on that. They've got depreciation on their building, they've got everything else.

Why is big government not allowed that same practice?

Mr. Strelloff: — Well on one of your, Mr. Chairman, one of your first comments was related to the press, and my office can't do anything there.

Mr. Hopfner: — Yes, I don't . . . you can do though is educate the public — that's what I meant. Like we spoke over coffee time, and I'll put it on record. A lot of people in the public figure the Provincial Auditor works for the tax department in the province of Saskatchewan. I tried that out on some people in my riding and asked them if they knew what the role of the Provincial Auditor was. Oh yes, they go and audit books for companies and people for the tax department and that's . . . I couldn't believe it. But you know, like I guess I really didn't know what the role of an auditor was until I got elected either, so I just took it for granted.

Mr. Strelloff: — One of the, to me, the best ways of resolving some of these issues that come in paragraph .07 is to just recommend that the government follow the recommendations of the Canadian Institute of Chartered Accountants on how to prepare their financial statements. And then there's a set of rules that the Department of Finance can follow and that we can follow.

Mr. Hopfner: — But surely you can follow the government. And surely that if there is a disagreement among professionals in accounting, as long as the dollars are accounted for, as long as the value is there, as long as there is nothing done deviously by anyone person, why such a big stigma about the dollars?

Mr. Strelloff: — Well in paragraph .07 we address a situation where the government says it has a loan of \$555 million, which I think most reasonable people would think, well if they have a loan of \$555 million, I guess that money can be used to pay off debt or finance future operations; it represents money. And when we look at that loan, there's nothing there. The only way that the loan can get repaid is if the government gives the people who owe the money sufficient money so it can pay it back. So there is nothing there.

Mr. Hopfner: — Over time.

Mr. Strelloff: — But there's no loan there. So the financial statements in our view are not telling the right story. And we think that that's important information that the Legislative Assembly needs to know. And also you've asked us to provide you that kind of information and opinions.

Mr. Chairman: — I wonder, maybe just on this one — I don't want to interrupt but . . .

Mr. Hopfner: — But you will. I'll let you.

Mr. Chairman: — But I just note that the auditor explains

his reasoning or his reservation of opinion with respect to this \$555 million loan to SPMC in chapter 17 on Department of Finance, at which time we would have the deputy minister of Finance and any of his officials who feel inclined to express the government's viewpoints in this matter. That could certainly be brought before us.

If it's not Mr. Kraus or . . . (inaudible) . . . perhaps other officials who are the ones that advised the government as to its position on this. That we might then have a more substantial discussion in terms of what it is that the auditor is saying, what it is that the Department of Finance is saying, so that members can draw their own conclusions about the position that they feel is right and appropriate.

I know what the Minister of Finance's position is because I've written to him on it. But then also if there's press people available, then they might get a further idea of what this issue is all about. Because I don't think that anyone has ever said that there has been any suggestion of impropriety or the like, you know. It's accounting principles and accounting decisions that are at stake here, but very significant ones. So that without getting into the details of it at this point, would it be better to perhaps wait until the Department of Finance people are here to discuss that one?

Mr. Hopfner: — Well it is part of the introduction and it is chapter 1 and I was, before getting with the department, I was just trying to find out some answers. And I guess if you people want to move off of that . . . I mean I don't want to stymie this but I would like to see if we can't come to some sort of maybe even agreement then from the Provincial Auditor that he explain the issue to the public then in one form or another, other than leaving it dwell out there for the editorialists of newspapers to . . . And I don't think that they really understand the issue either, and they haven't explained it properly to the public.

Like if it would have been properly reported upon, I think it would have needed two pages of a paper to explain the fact that there are questions amongst the profession, for one thing, about accounting, and there are disagreements like there are in law and everywhere else, and I just really . . . I think it was double standard in the meaning of the way the printing took place in certain articles. And I actually . . . I think that if there . . . somebody's got to referee this thing, and I think it's incumbent that when you have the ink, the pen in hand and the paper to write on, that it should be clarified more than what it was.

And now if you go into the recommendations of the Canadian Institute of Chartered Accountants, when you go along with their recommendations, do they have new recommendations from year to year to year?

Mr. Strelloff: — They're working on . . .

Mr. Hopfner: — Different accounting?

Mr. Strelloff: — . . . different transactions, different things that come to their attention from time to time.

That's the same process that is followed in the private sector as well, for setting the standards for presenting financial statement information to users of those financial

statements. And the same kind of mechanisms are established for both sectors — the public sector and the private sector. And they work on issues from time to time.

Mr. Hopfner: — Then I have a question to the comptroller then. Like do you accept these recommendations as well, in Finance's accounting? I don't know. If there's a disagreement, do you accept them?

Mr. Kraus: — We use them as a guide but they still are relatively new. They've been coming out I suppose since the early middle '80s and so on, and they've been added to over time. So as I say, we use them as a guide but they're not universally accepted. I doubt it'd be news for the committee members that the governments tend to have their own accounting policies. Each jurisdiction has its own, and some are the same, many are different. And this group is trying to get uniformity and trying to get consistency and I guess they're having a little success, but I wouldn't say they're having a lot. So as I say, we use it as a guide but definitely Saskatchewan hasn't adopted everything that they've recommended by any means. Some we have, some we don't.

Mr. Rolfes: — Well I just wanted to ask for some clarification for next day, because I had a few questions I want to ask on that. And I wonder if the Provincial Auditor could answer for next day, two questions. One, what would happen if tomorrow the government decided there would be no more loans from the Consolidated Fund to SPMC? What would happen to that 554 million that is referred to in .07? Would it be an asset? Would it be a liability? Or would it just disappear? That's the first question I'd like to have answered for next day.

Number two, could you provide for us just one example as to how this works. I mean the 554 million. I don't want the whole 554 million. Just give us a hypothetical case — all right, this is how it works. Here is a project. Money comes from the Consolidated Fund. I want a concrete example to show why you are reasoning the way you are, or the chartered accountant's association make their statement the way they do. I think that's easier then for us to see.

We're not chartered accountants and maybe if you give us an example, a concrete example as to what actually happens, then we can see it for next day and say oh, that's the difference of opinion, or okay, that's why you're saying it has to be this way.

Mr. Hopfner: — Can we add to that and ask for another example as to how the government had set it up then and . . .

Mr. Chairman: — I just wonder then, should we maybe perhaps be bringing in Department of Finance at that point? Try and bring them in early. Because they're really the people that . . .

Mr. Rolfes: — No, we'll get to that later on. There's lots more questions that I want to ask of the Provincial Auditor before we have any departments in.

Mr. Hopfner: — Yes, I've got some more questions.

Mr. Rolfes: — No, I have other questions I want to ask of the Provincial Auditor next day — not on this particular, on other issues.

Mr. Hopfner: — No, I asked the comptroller to give me an example of how they account for it properly, what they feel is accounted for properly and stuff as well.

Mr. Chairman: — Having said that, the meeting's adjourned and we'll meet again on Thursday at 9 o'clock.

The meeting adjourned at 11 a.m.