

STANDING COMMITTEE ON PUBLIC ACCOUNTS
May 9, 1991

Mr. Chairman: — Good morning. The speaking order I had from last day shows that Mr. Lyons is next.

Mr. Lyons: — Well thank you, Mr. Chairman. I was just very interested in the comments of Mr. Baker. Unfortunately he's not here today. In regards to the, on the . . . perhaps what I'll do is I'll wait for him to come and then I'll . . . No I won't. I won't wait for him to come. He's going to be here shortly.

I'd like to . . . based on his comments and the agreement in terms of the creation of capital budgets and operating budgets, I wonder if I could move the following motion for the committee's consideration.

Mr. Chairman: — Do you want to do that now or are you going to wait until he's here?

Mr. Lyons: — Well, why don't I wait until he's here. Yes, I'll stay in my order in the line until Mr. Baker comes.

Mr. Anguish: — I guess my other discussion is from the previous days, Mr. Chairman. I'd like to put forward a motion in regard to the auditor's report, if that's in order at this time. Or are you still on the questioning?

Mr. Chairman: — No, it would be in order.

Mr. Anguish: — Then I would move:

That this committee recommends to the Legislative Assembly that the Legislative Assembly call upon the Government of Saskatchewan to follow the recommendation of the Provincial Auditor with respect to loans that are recoverable only from future appropriations and accordingly follow the guide-lines of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants and furthermore, as recommended by the Provincial Auditor, write off the existing \$555 million loan from the government to the Saskatchewan Property Management Corporation.

Seconded by Mr. Lyons.

I have some copies for the committee.

Mr. Chairman: — Have you got copies for everybody?

Mr. Anguish: — Yes.

Mr. Chairman: — Oh, good. Doug, do you want to speak first on this? Okay.

Mr. Anguish: — Mr. Chairman, I put forward the motion because I think it's consistent with the discussions of the committee in terms of giving a fair and acceptable accounting of the accounts of government that . . . I'm sure that most members of the committee, or all members of the committee will support the motion. It corrects the situation, I think, in regard to the auditor's concerns about the money that is given to the Saskatchewan Property Management Corporation.

And I think I'll leave it at that. And if there is controversy about it, then they can come back on the speaker's list again.

Mr. Swan: — I wouldn't say there's a controversy but I think the approach is perhaps not the best to rectify the problem over long term. This would deal with one issue. And I think we would be far better in our report to draw attention to this item and ask that the Department of Finance and the comptroller deal with the auditor to try and amend the accounting system of the province to take into consideration this issue.

But I don't think it's really to solve one loan is the problem here. I think it's the ongoing accounting process that they want to change. I think it needs to be discussed with the Department of Finance and the comptroller and the auditor and to come up to a solution so that ongoing records are kept that are going to be satisfactory to the auditor and to the province.

So I think it will achieve the same thing as what Doug's motion would in a long range, but would likely do a better job if we just do it in our report and the report then gets addressed by those people. So I'd ask, if we're agreeable with Doug, maybe he would just amend this motion or change his motion so that it would say something just a little different, or leave with no motion and let it be part of our report. That's the better route, I think.

Mr. Rolfes: — Mr. Chairman, I wasn't here the last day when this discussion went on so I don't want . . . I hope I'm not asking some questions which were answered last day.

My first question is: has this procedure, this auditing procedure been in effect in Saskatchewan for a long, long time, or was there some change that brought this about, or was this in effect for a long time?

Mr. Strelieff: — Mr. Chairman, Mr. Rolfes, I think the question pertains to the \$555 million to SPMC (Saskatchewan Property Management Corporation).

Mr. Rolfes: — Yes, right. I mean why are we concerned about it now? I mean is it . . .

Mr. Strelieff: — Our office has raised this concern over the last two or three years since SPMC was created, so the practice, the problem came about once SPMC was created.

Mr. Rolfes: — Okay, what you're saying to me is if . . . Let's just . . . hypothetical. If SPMC had not been created, what would be the recorded debt of the province? Would the 555 million still be there or would the debt be that much? Would it be higher by 555 million, or what are you saying? I don't quite . . .

Mr. Strelieff: — Mr. Chairman, Mr. Rolfes, my understanding of the practice is, prior to SPMC is — and maybe Mr. Kraus would like to correct me on it if I'm wrong — that the practice was to write to recognize as an expenditure all the costs of the capital program in the year the capital program was undertaken and there were no

loans recorded similar to the SPMC loans. So if that's the case, the net debt of the province would have been about \$555 million higher than it is now stated.

Mr. Kraus: — Could I just speak to that then? I will confirm what the Provincial Auditor said, that had the prior method of accounting for these capital assets been in effect, that's right, the net debt would have increased by 555. But the government, part of their reason for creating SPMC was in fact to be able to spread the cost of capital over the useful life.

But I want to just raise one point. And I understand the members understand these terms too but they do get mixed up. And the net debt, another term for it is accumulated deficit. It's probably easier to understand if you talk about deficit, because it doesn't . . . If you put the auditor's recommendations into effect, you don't increase the debt. The debt has already been incurred. The government has had to borrow money to provide this cash to SPMC. But it does affect the accumulated deficit if you write it down.

But it does get confused because even the media will get those terms interrelated. And I did talk to one of the *Leader-Post* reporters about it the other day, and they had indicated in one article that the debt would go up by \$3 billion if the auditor's recommendations were put into effect. Well if you put his recommendations into effect, the debt would go up by just the pension liability, not by the SPMC loan because we already incurred the debt for it. It's just that the accumulated deficit or the net debt would go up by 3 billion but not the total debt. Do you follow that?

Mr. Rolfes: — No, I don't follow that. I really don't care whether it's the accumulated deficit or whether it's the net debt. What I'm interested in, do we . . . I mean are we recording at the bottom line that we owe \$555 million less or are we saying that no, we never incurred the darned thing. That's what I want to know.

If we had continued with the same auditing procedures as we did prior to 1987, would the deficit be \$555 million higher than what it's recorded today?

Mr. Kraus: — The deficit would be higher by 555 but the debt would be the same.

Mr. Rolfes: — That's what I want to know. Okay, I understand what you're saying.

Mr. Baker: — Probably . . . are you finished, Mr. Rolfes?

Mr. Rolfes: — Yes, I'm finished.

Mr. Baker: — Probably a better term for the shortfall in the pension fund is probably . . . it's a contingent liability, and what column do you put that in? I mean the liability is there, but not necessarily . . . like if we happen to have a massive outbreak of diphtheria and all those folks didn't make it, like the contingent liability factor would then dissipate . . . (inaudible interjection) . . . so it's debt. But really . . .

Mr. Swan: — Liability is based on very long-term debt . . .

Mr. Baker: — The contingent liability yes, it's a debt but yet it's a . . . (inaudible interjection) . . . In business terms I think we'd call that a contingent liability factor.

Mr. Rolfes: — No, no, not contingent.

Mr. Baker: — I guess contingent liability is when you have signed on the line and . . .

Mr. Strelieff: — Mr. Chairman, Mr. Baker, the difference between a liability and a contingent liability . . . Contingent liability usually in my profession relates to a legal case. And that is there's a legal case out there, that if resolved, means that the government or the corporation might end up owing X millions of dollars, depending on the resolution of a legal case which we don't know yet. So it's contingent upon something happening in the future.

A liability is just our best estimate of what we owe based on what's happened in the past, and that's . . .

Mr. Baker: — But if you come in my shop and buy an airplane off me and you can't make . . . if the mortgage company or the finance company says, I don't think you can pay for it, and I said I think you can and I put my name on the line, that's a contingent liability to my company.

Mr. Strelieff: — When you buy . . . Mr. Chairman, when you buy something and you owe the supplier some money.

Mr. Baker: — No, no. That you as a customer coming through my door, if I am in the retail business, and you want a line of credit and whoever is backing my paper says, no, we can't carry this, and I kind of talk to them and say, well look, I'll put my name on the line; I'll guarantee it if he doesn't. That's a contingent liability.

Mr. Strelieff: — In our language it's a guarantee. You've guaranteed someone else's debt.

Mr. Baker: — But anyway, we're getting off the topic here.

Mr. Lyons: — Mr. Chairman, Mr. Strelieff, I mean there is a difference in terms of how a perception of what an unfunded liability is. That fact is is that the government has guaranteed these pension benefits will be paid. It's not a question of being unfunded because the funding source is somewhere off in the future. Right?

And it's more like, as Mr. Baker said, or as you said, it's the guarantee, that this will be guaranteed. And I think . . . I know from dealing with union pension funds and involved in that, that there should be a different method of recording that guarantee — what we will have to guarantee in the future as opposed to some current accounts, you know, sort of liability in a current account. That's I think the point Mr. Baker's making.

Mr. Strelieff: — Mr. Chairman, and Mr. Lyons, in terms of the pension liability, you're distinguishing between what we need to pay off next year versus what we have to pay off say 20 or 30 years from now. For example, right now I think some of the debt of the province doesn't have to be

paid off for 20 or 30 years, just like some of our liabilities to employees don't have to be paid off for 20 to 30 years for services already provided. Not future services; for past services. Is that . . .

Mr. Lyons: — No, just borrowing those 20-year bonds, for example, right. There's been borrowing carried out, there's an actual obligation incurred in relation. With pensions it seems to me that one can make some argument that pension liabilities have to be argued differently than going out in Geneva and picking up some paper and \$200 million, say, liability on the bond issue — that there is a real difference actuarially.

But you know you're going to have to pay that back. Geneva is probably going to be there 20 years from now, right. On the other hand, Mr. Kraus may not be, right. And we don't know whether . . .

A Member: — Oh.

Mr. Lyons: — Well that's what we're talking about. And Mr. Lyons may not be, either.

A Member: — Are you not well, sir?

Mr. Lyons: — I used Mr. Kraus as an example.

Mr. Chairman: — Could I just maybe interject for a moment and just remind the members that we're discussing the motion of Mr. Anguish, which is specific as to the point of the SPMC loan. It may well be that members will want to get into a discussion on the pension plans. That's not to say that in discussing the SPMC loan that you would not want to refer to the pension liabilities, but I just wanted to remind you that's the motion that we're on.

So let's just say if you're talking about one thing and make a reference to another, that people might misunderstand what's happening, such as the press will go out of here now and have a headline saying that MLA calls for diphtheria to end, you know, pension crisis . . . (inaudible interjection) . . . Lyons's not a well man.

Mr. Baker: — While we're discussing this . . . The way this is worded and I don't . . . (inaudible) . . . in one specific area. I would rather see us as committee go back and draft something that we could recommend a change . . . (inaudible) . . . something that's closed. I'd like to see it expanded just a little further about reaching a resolve by Finance and the Provincial Auditor and private sector and government, to find a different way to deal with the whole method of accounting, that we could get an agreement that yes, that this would be proper rather than picking out one piece of it because — like I understand what's happened here, and most folks do — it's just simply a procedure problem.

I mean I would like to see us draft a motion collectively here that dealt with the global problem that we have with our accounting. And I think we could do it if we . . . You're close, Bob, but not quite. I mean there should be a little bit more in there.

Mr. Strelloff: — Mr. Chairman, Mr. Baker, in terms of

your concern for a more general recommendation, one that I certainly strongly encourage and support — that is a more general recommendation — and that is that the Government of Saskatchewan follow the recommendations of the Canadian Institute of Chartered Accountants when they are preparing their financial statements.

By law I am required to audit in accordance with the standards of the Canadian Institute of Chartered Accountants. Those standards require me to assess whether the financial reports of the province are appropriate. When I make that assessment, I have to look to the standards that are set by my profession, the Canadian Institute of Chartered Accountants. So that's what I'll be auditing to; that's how we do audit to. And if the government was following the same standards, then the issues would tend to go away.

Mr. Baker: — Well then maybe what we should be talking about as a recommendation is that we get the brighter heads together to solve the capitalization and the . . . (inaudible) . . . and the way we do business and set something in place that can conform with what the national chartered accountants are saying.

The way it is now you're dealing with apples and oranges so, you know, we have to solve two problems at the same time is the way I see it. I mean we have to clear up the capital side and the long-term side. And then if we clear that up, then we clearly solve a lot of the other problems that you're having. And if we could draft something that would . . . And I think that it's time that governments move. I think Ontario just made some kind of move — Nova Scotia has — to recognize the dollars, the taxpayers' dollars that are spent in capital projects and how you'd catalogue it — I don't know. I mean you really don't own it; the folks own it. But mind you, we don't own anything here — the folks own it. They have the debt.

So I would rather see us do something really constructive with this discussion that we're into that gets to the root of the problem. And we're not going to solve it or have the right solution, but we could turn it over to a working committee that involved private sector, yourself, and this committee, and whoever may be on it to try and see if it could work out a mechanism that made sense so you could do your job properly and with clearer guide-lines so that it would clearly be easier to follow.

Mr. Britton: — Thank you, Mr. Chairman. Pretty well everything that I wanted to say has been said.

I do support the idea of trying to resolve the larger problem. I talked with the auditor last year. What bothers me is the difference in the accounting procedures of the two. And I think if we, as Mr. Baker said, let those groups decide what is the proper way, I think we could go along with it.

Certainly I would support anything that would make the job easier and also more clear. And for us to try to do that by just fixing one problem, I don't think fixes your problem. So I think I support that idea.

The other thing I would like to ask you, sir — SPMC was

recently formed — do you disagree with the concept of the SPMC idea, or is it something you can live with if you get these other problems more or less lined up?

Mr. Strelloff: — Mr. Chairman, and Mr. Britton, the creation of SPMC is a government decision to manage resources. It's a vehicle that the government uses and that's their decision. So I live . . . That's your jurisdiction.

In terms of the general solution to this in terms of resolving how the government should account, there is a group at the Canadian Institute of Chartered Accountants that debates these kinds of issues day in, day out. And they produce what I account by and audit by, a handbook on public sector accounting and auditing recommendations. And this is . . . When we form our opinions on whether the government's financial reports are appropriate and when we decide how to audit, here's our reference guide. And by law, I have to follow that reference guide.

Where we get into disagreements is that there's nothing that says that the government should follow the same kind of rules. So when they choose not to, then there's an automatic disagreement, and away we go.

Mr. Swan: — I wonder if Mr. Kraus could speak to that same issue.

Mr. Strelloff: — And also just one last comment. The representation on this committee includes people from across Canada — legislative auditors, me, comptrollers, deputy ministers of Finance, people from the private sector, public accounting firms, academics, and a whole network of people right across Canada who debate issues like pension, pension liabilities, and accounting for physical assets and loans and all sorts of issues like that and say, okay, in our best wisdom here's what we think should happen. And that becomes the standards that I have to follow.

And the same standards exist for the private sector as well, the same kind of mechanism. But only in the private sector circumstance they're required by law to follow the recommendations of the CICA (Canadian Institute of Chartered Accountants). So the general recommendation that would go a long way to resolving many of these issues would be just to recommend that the government prepare their financial reports in accordance with the recommendations of the Canadian Institute of Chartered Accountants, just like I have to audit in accordance with the recommendations of the Canadian Institute of Chartered Accountants.

Mr. Kraus: — The only thing I'd want to point out is that the government does set the accounting policies for each jurisdiction and the CICA is making recommendations that they think government should follow, but they don't have the force of the law or anything like that. Each jurisdiction establishes their own policies, their own laws. And so while the CICA may be putting forth what they think are the best accounting policies, the best reporting practices for government, it doesn't mean by any means that each jurisdiction feels that those accounting policies and reporting practices are appropriate for it.

You have to keep in mind that these recommendations have been developed over the last 10 years or thereabouts. It isn't as though they're tried and tested for 30 or 40 years. I've made some of these comments the other day that I do not believe that what is accepted today is necessarily going to be the accepted practice tomorrow; ideas change. Some of the things they're recommending now, the province didn't prior to 1957. It was decided in '57 that was not appropriate. They adopted something different. The things change back and forth. If a government decides to account exactly the way the CICA recommends then in some ways — and yet you can argue whether it's good or bad — they would give up in part I suppose their ability to set policy that they think is appropriate for themselves.

And the pensions is a good example because I've heard . . . there seems to be concern about the recommendations that the auditor is making about the pension liability. And both sides of the committee . . . even though we're talking about capitalization of assets and so on. And if you were to adopt their recommendations then you would have to book the liability and you would have to recognize a higher deficit each and every year. As I said the other day, a deficit or your surplus would have been lower depending on the year. That would go back 60 years in fact. So you'd have to know what you're adopting here if you agreed to something like that.

Mr. Chairman: — There's something that I can't figure out or haven't been able to sort out. You've told us like you're a member of this committee of the Institute of Chartered Accountants, right?

Mr. Kraus: — Well, I am a chartered accountant but as far as this committee goes, one thing, I am asked for my advice as they make these recommendations. We're asked for input and so we make comments on it. I also served on the committee from 1982 to 1985.

Mr. Chairman: — On this public sector auditing and . . .

Mr. Kraus: — Yes. And at that time the rules of membership are is that you don't represent your government or your jurisdiction. You come as a professional accountant, make your best . . .

Mr. Chairman: — Free vote.

Mr. Kraus: — Free vote, yes.

Mr. Chairman: — And it was at that time that the committee established a standard that we're discussing here?

Mr. Kraus: — They've evolved. My name may be on one or two of the earlier recommendations. I don't know if it's on any that we're talking about right now. I don't think it would be.

I'm not just sure what else I can add to it except that these people are trying to make a case that government should account in a consistent and uniform way across the country. And this is their attempt to get there. In essence quite frankly, they're expecting the auditors to take a fairly strong role in doing this, in strongly persuading the

governments to change.

They don't have the force of law even though the auditor may say, by law he must use these things as his guide-lines. There's no compulsion on us by law to follow those recommendations at all. And so he then is the one who is to persuade Saskatchewan and so on across the country.

And the pension liabilities is a good case. The auditor feels very strongly about that issue in Saskatchewan. They may in other jurisdictions but . . . and where that might lead us to, where it might lead governments to, I guess, remains to be seen.

Mr. Chairman: — But I just want to make it clear that you talk about the committee evolving guide-lines over the years and that there's an evolution of the things that we need to account for and how we account for that. I agree. I guess that's the same in most professions that you evolve as you get greater understanding of issues before you get asked how to deal with them.

But nevertheless, you do at some point and say, here's the guide-lines. Even though we may change them in five years, this is the standard by which we should judge ourselves today.

Mr. Kraus: — Today, yes. The thing is though is that most of us who are CAs (chartered accountants) have had our training in the private sector and most of the people . . . And I would say the accounting principles essentially were evolved and developed in the first place for the private sector.

And that's why something like . . . you capitalize your fixed assets and you spread them out over time. You put them on your balance sheet and you spread them out over time so that you spread the cost out as those assets earn revenue for the entity, and you match the cost of the revenues. It makes a lot of sense from a business perspective.

But you bring people with those kinds of ideas to the table and you try to develop something for government which is different than . . . government and business are not the same. And it's been a struggle for them to come up with something that they could say is, I guess, this is just perfect for government. And they're still struggling with that capital asset issue. Should it be capitalized or not?

When I hear the discussion today, I'm not sure whether you're saying the committee would like the government to go back to the way it did things before, whether they would like a capital budget, which might, in effect also mean, and you spread the cost out over time. Am I right there? Of course I shouldn't be asking questions.

Mr. Chairman: — That's a conundrum that the committee, I suspect, will be dealing with if Mr. Lyons's . . .

Mr. Rolfes: — Mr. Chairman, I don't want to pursue this too much further. I didn't pursue it with Mr. Kraus before but I can talk with him privately on this.

I think there's also some confusion that I can ascertain when Mr. Kraus answered my question in regards to the net debt and the accumulated deficit. I don't think you can do on one side and not affect the other side. I mean, if you take it off your net debt or increase your net debt, then somewhere someone else has to take account for it, so it has to go on your accumulated deficit.

Mr. Kraus: — Yes. Yes, I agree.

Mr. Rolfes: — Okay, I didn't get that before.

Mr. Kraus: — I'm just saying the debt doesn't change. But the net debt, which is the same term as accumulated deficit, changes.

Mr. Rolfes: — Okay. Now I want to . . . I don't want to spend too much more time on this personally. I think we are within two or three months of an election and the government may well change, and I don't think anybody's going to make any changes in the next two or three months.

I just want to . . . The reason I say that, the reason I want to say that is because I got a letter here that was written by the member from Regina Victoria, who is the chairman of this committee, but he wrote as an individual member to the Minister of Finance on this very thing. And I just want to read one paragraph from his letter which I think is the operative paragraph:

This dispute (referring to the \$555 million) was discussed at the November 26, 1990 meeting of the Legislature's Public Accounts Committee. As the attached verbatim of Pages 345-350 of that session show, your Deputy Minister undertook to sit down with the Provincial Auditor and attempt to resolve this dispute.

Now that was November 26, 1990 and I have not heard whether or not the deputy minister sat down with the Provincial Auditor to try and resolve that dispute. And secondly, the answer that the Minister of Finance gave, I think, clearly indicates — and I'm not making any accusations here — that they feel that they have as much merit on their side of the argument as the Provincial Auditor has on his side of the argument, and therefore I don't think that they are going to resolve it.

A Member: — They're both right though.

Mr. Rolfes: — No, I don't think they're both right. My biggest concern is this and I don't care about . . . my biggest concern is what is happening right across this country. I mean every government seems to be changing the accounting procedures to suit themselves. And this has been going on for aeons, I'm sure. No one can tell when Alberta says they've got a net debt of this many billions and B.C. has a net debt of this many billions; you can't compare the two because their accounting procedures are different.

I like the recommendation made by the Provincial Auditor that we follow the guide-lines of the Canadian Institute of Chartered Accountants. I like that recommendation. So then when you look at the debt of

each government across the country then you can say: yes, we can compare those, and yes, our debt is 1,300 or 3,000 per capita or 10,000 per capita, and we know what we're talking about. Right now you don't, and that's what really concerns me about that.

I thought this particular motion that we made this morning was a good one. We come to grips with one particular item. If there are other items, let's make recommendations on those, but obviously we're not going to get that through the committee. So if there's some other motions that we can put forward to resolve this very quickly, I would be in favour of that.

I think we should have the vote on this one and then proceed to something else. It's up to the chairman.

Mr. Swan: — Well I think we've been around the piece on this one three or four times. I don't expect that you can really come to a conclusion that's going to satisfy everybody at the table. And if on every issue that we come across going through this book, we're going to deal with motions and amended motions and that process, we're going to be an awful long time trying to process this and at the end we won't have anything really that's concrete.

So I think what we should do is ask for the chairman and the deputy chairman to sit down with the Clerk and write an item that we would put into our report back to the legislature. Bring that item back to the table next day and we can all hear it, and if it's satisfactory, let it go.

Mr. Lyons: — I have an amendment based on what the members opposite ... the objections of specificity. So this is within the realm of generality. I would move that all words after the word "respect" in line 4 and up to the word "and" in line 5 be deleted ... up to the word "accordingly", pardon me, be deleted ... (inaudible interjection) ... No, no, so that the motion would read:

That this committee recommend to the Legislative Assembly that the Legislative Assembly call upon the Government of Saskatchewan to follow the recommendation of the Provincial Auditor with respect to following the guide-lines of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants, and furthermore, as a consequence, (and add the words "a consequence") as (add that word) recommended by the Provincial Auditor, write off the existing \$555 million loan from the government to the Saskatchewan Property Management Corporation.

I put that amendment forward for it deals with the members opposite's concerns as to generality. It's the feeling of the committee that we want to follow the guide-lines as recommended by the institute with the understanding though is that guide-lines are precisely those; that they form a framework within which the standards are set, and that individual cases must be examined on their merit — for example, the question of pensions, the question of capital budget, all those kind of things enter into the mix of the discussion — but that the guide-lines, as developed by the institute, be those guide-lines within which these problems are solved.

And the second part dealing with the \$555 million loan from the government to the Saskatchewan Property Management Corporation, as a consequence, the standards would in fact more truly reflect what that net accumulated deficit of the province is. And I'll leave it at that.

Mr. Hopfner: — Thank you, Mr. Chairman. Mr. Chairman, I guess probably I don't have any problems the way anything's being ... with about what anything is being said here in this meeting. I guess probably what we have to do is come up with some sort of a consensus and some sort of a recommendation eventually from this committee on an accounting procedure for this province.

I think probably ... and I question all accountants because I guess probably because there are so many different accounting systems in this country. And accounting systems is just that: to account for expenditures of dollars be it through governments, be it through private industry or private initiatives, wherever. But regardless of accounting procedures, when an accounting is being done on any kind of a ... be it government or whatever, and the dollars are there and they're accounted for, then I believe the accounting system is what you'd call adequate.

Now the arguments come where one feels that it should be in one different column to another or whatever it is. But when people can be satisfied that the dollars are accounted for, I guess that, in my mind, is the most important thing as a MLA, as a person representing people in the province.

But I guess where I am confused myself ... and I'd be perfectly honest with the Provincial Auditor and it's the reason why I have been wrestling even with the questionnaire that you had sent to me is just this: because I believe the Provincial Auditor is searching for information as well as to how to better his accounting procedures in the province and to get feedback from people such as myself or others.

And I don't feel that the Provincial Auditor himself is maybe ... I guess in one way ... or any auditor or any accountant is satisfied within themselves as they work from daily routine because of the types of questions that I had received from your office to answer to the best of my ability. And I've been wrestling to fill it out, but really — the questionnaire that I'm speaking of — but I have difficulty with it because there's so many similarities and yet there are some differences. And yet everything is based on options, even in your questionnaire, Mr. Auditor. When I look at the questionnaire you gave me, I have many options that I could put down. So who's to adopt what? When you're questioning me as a committee member ... well maybe I could give you some example.

A Member: — What questionnaire are you talking about?

Mr. Hopfner: — I presume you gave the chairman a questionnaire like this as well. So maybe if you get a copy from him. But this is a planning questionnaire from the Provincial Auditor's office ... (inaudible interjection) ... No, but I'm just trying to give an indication of how I have

a hard time being able to just pass a motion in this committee, okay, because I'm struggling with this.

I believe that everyone should be accountable. I think the question is not the government being accountable or a business being accountable or anything else like this. I believe what this committee is trying to decide really is not the fact that no one has been accountable or not, it's the accounting procedure only. And for me to just vote in favour of a motion when the questionnaire like this is very vague and has a lot of different impressions, then I cannot vote just on a blank . . . I mean on just a motion such as this. I mean it would be too precise without me getting the answers for this and the interpretation on this.

So I think, Mr. Chairman, I know I've confused some people on the committee because of this questionnaire that I have on hand. But I think probably that I'd like to see this motion turned down and give us an opportunity to come back with, as Mr. Swan had indicated, give you and I the opportunity to come back with a recommendation to this committee, because I think you and I should share this here article or this questionnaire paper from the Provincial Auditor and then come back to this committee with more discussion.

I honestly believe we're not doing this committee any favour by just passing a motion like this and blanketing everything. So I would tend to think that we should not support the motion and come back with a recommendation between you and I.

Mr. Chairman: — If I just might take the prerogative of the chair, that my sense of this issue is that we have some members saying that there needs to be further discussion. Other members are saying there has been opportunities for discussion, it hasn't resulted in any resolve, and there now needs to be some action. Having said that, I'm sure that the vice-chairman and I will do whatever the committee wants us to do. We had the original motion which you all have.

Mr. Lyons wants to amend that so that the motion then reads:

That this committee recommends to the Legislative Assembly that the Legislative Assembly call upon the Government of Saskatchewan to follow the recommendation of the Provincial Auditor with respect to following the guide-lines of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants and furthermore, as a consequence, as recommended by the Provincial Auditor, write off the existing \$555 million loan from the government to the Saskatchewan Property Management Corporation.

Negated

Mr. Chairman: — Now we're back to the original motion. Are you ready for the question? Is it the pleasure of the committee to adopt the motion?

Negated

Mr. Anguish: — . . . (inaudible) . . . that innocuous amendment that Mr. Lyons put up there to make it more palatable to you . . .

A Member: — The issue is finished.

Mr. Anguish: — It's over. You don't have to explain your vote.

Mr. Britton: — I'm not trying to explain my vote. How would you like to explain your presence?

Mr. Chairman: — There was a suggestion earlier that perhaps Mr. Hopfner and I might meet on this issue and I think Mr. Hopfner and I are quite prepared to do that. We're not prepared to take the whole weekend and spend it together, but we're prepared to take such time as we can fit into our busy schedules to do this.

But again, I would encourage members to consider that we have somewhat of an impasse and that Mr. Hopfner and I may not be able to resolve this impasse between us. And there needs to be then some flexibility.

Mr. Hopfner: — I'm very flexible, Mr. Chairman.

Mr. Chairman: — Anyway, Mr. Hopfner and I will meet to discuss this and we'll talk.

The committee recessed for a short period of time.

Mr. Lyons: — Mr. Chairman, thank you. I want to move the following motion, seconded by the member for Saskatoon South, Mr. Rolfes, and that the motion read:

That the committee recommends to the Legislative Assembly that the Legislative Assembly encourage the Government of Saskatchewan to consider the implementation of an annual capital budget in addition to the current annual operating budget as part of an overall review of its budgeting and accounting procedure.

I've got a copy of the motion for other members of the committee with the exception of the last sentence. If members would add "as part of an overall review of its budgeting and accounting procedure." "Procedures" — make that plural.

Mr. Chairman: — . . . so that members can write it down once they get it.

Mr. Lyons: — Yes, "as part of an overall review of its budgeting and accounting procedures."

Mr. Chairman: — As part of an overall review of its budgeting . . .

Mr. Lyons: — And accounting procedures.

I want to say that we've had discussions on Tuesday of this motion, or of this notion, and it's pretty well self-explanatory. The basis of the motion is that such a division of the budget into capital and operating portions makes it easier for the people of Saskatchewan to see how the money is being spent, where it's going. And in terms

of its long-term liabilities, as part of the long-term liabilities of the government, we'll deal with the questions raised by the Provincial Auditor, and particularly in regards to a format of developing where, for example, you account for physical assets of the province and so on and so forth.

I'm not suggesting a particular format because I think there's some options in terms of the format in which the capital side and the operating side can be put in place. But I think, based on the problems that we've encountered of the operation of SPMC, it seems to me that SPMC has been a half measure, if you like, in terms of dealing with it. And so I'd like some discussion again based on what we've talked about previously. That's all I'm going to say.

Mr. Sauder: — Could you just read that last sentence again to make sure I've got it right?

Mr. Lyons: — The last sentence, Mr. Sauder, is that after the words "current annual operating budget" put in a comma and add "as part of an overall review of its budgeting and accounting procedures."

And the addition of those words is to allow the government to put into place this review without specifying the nature of the review or being specific on that level. It obviously has the intent of encouraging the government to review the accounting procedures and budgeting procedures.

Mr. Baker: — I would assume that this motion? . . . I would assume the motion really in our report would be viewed as a recommendation from the committee. I could support this motion even though I think it's not probably a broad enough motion that really gets a complete handle on some of the problems or to get to the crunch of the problem. But I believe it lays out some sort of an intention as to we recognize that there is a problem and it's a start.

So I don't have a problem with it excepting that I think that if Bob and I were to get into the back corner, we could probably draft something that was . . . probably enlarge upon this, but I could accept and support this type of a recommendation as part of a larger problem.

Mr. Chairman: — There's no one else on the list. If I might just from the speaker's chair . . . I spent six years in local government, and one of the aspects of local government that was unique as distinct — and there are many others — but that was distinct from the provincial government is the whole concept of not only a capital budget, but a capital program. In fact municipalities are required to have a five-year program of expenditures on capital projects. It's part of their condition of operating in Saskatchewan. That means then that the jurisdiction has to go through some open process about where we go as a jurisdiction, what kinds of liabilities we undertake in the future.

I know that the motion doesn't deal with that specifically as to where we go five years down the road. It doesn't deal with the program, it deals with, you know, the upcoming year. But it's a start. Personally, I would like to see governments, like municipalities, begin to think of

five-year programs so that there can be an ongoing discussion among the people of the province as to what kinds of capital commitments we're going to undertake in the future and so that everyone understands what it is that government proposes. And if there's changes, why there should be changes so that the whole question of capital construction is not tied solely to election campaigns as has been the case so much in the past.

I think that, you know, there are problems with the capital budget. I think Mr. Kraus mentioned one that governments may see it as an opportunity to camouflage or otherwise run up deficits. But, you know, municipalities had a threshold in terms of total capital borrowing, total size of capital program, a threshold that related to — I think in the case of municipalities — to their assessment base. I don't know if . . . My understanding is that legislated threshold is no longer there simply because it hadn't been passed. But one of the things that we may need to do as a province is to define a threshold for the province so that capital borrowing doesn't get out of hand and that we run up the deficit. Pardon me?

Mr. Baker: — Is the Local Government Board not in place anymore?

Mr. Chairman: — The Local Government Board can review individual requests for borrowing and can review the financial operations of any city or any jurisdictions. But the threshold that used to be there in legislation, that is that your total borrowing for capital cannot exceed X percentage of your assessment base, is no longer there. That's been deleted. That was put in place — my understanding was — subsequent to the '30s where the number of municipalities were in trouble and it was felt that we should have some threshold. But that hasn't been the case in Saskatchewan. We may need to, as a province, look at thresholds like that.

Any questions? Is everyone clear as to the motion? Okay, you ready for the question?

Mr. Muller: — Well I thought that we had this kind of resolved at the beginning of the meeting when Mr. Swan said that the recommendations should come not through motion but through our report to the legislature that the auditor and Mr. Kraus and the Department of Finance sit down and look at the accounting procedures. And I don't see why it has to be done through a motion. I mean, it can come into our report.

Mr. Chairman: — Can I just clarify it. My understanding of this motion and the previous one is that this is not the subject of some special report that's going to go to the legislature, but this is something that would be part of the report of the whole discussion of this year's auditor's report in the *Public Accounts*.

Mr. Muller: — Well I think it would be better dealt with through our report to the legislature.

Mr. Chairman: — It would be.

Mr. Muller: — I don't see it having to go there in a motion. It can be just dealt with without a motion of this committee.

Mr. Chairman: — Maybe if I just might back up. Our report — if I can point to last year's report — will for the members of the Legislative Assembly point out areas of discussion that we've had. It will also, in some instances, point out areas of agreement or recommendation that the committee wants to make.

Mr. Muller: — Certainly, and that's what Mr. Swan said, was that the Clerk and the chairman and vice-chairman could sit down and . . .

Mr. Chairman: — Well not on this one, I'll tell you.

Mr. Muller: — Pardon?

Mr. Chairman: — Not on this one.

Mr. Baker: — They can't say that the committee pass the motion in favour of this. It'll say the committee recommended . . .

A Member: — Well certainly it will.

Mr. Baker: — That's the first question I asked when I came in to support it was what form it was coming down in.

Mr. Muller: — It's come down as the committee moved a motion to . . .

Mr. Lyons: — No, no. It's part of the overall recommendations from the committee or report from the committee . . .

Mr. Rolfes: — Mr. Chairman, if you look in the past reports that have gone to the legislature, this is not a precedent. This has been done a number of times in the past where the committee agrees to recommend to or encourages the Government of Saskatchewan . . . I mean the committee agrees on it. It doesn't have to go into a report that we moved the motion. But the committee . . . one of our recommendations will be, and the government then can chose to act or not act on it. It's up to them.

Mr. Chairman: — At this point the report to the legislature, whenever that's produced, following our review of the auditor's report and the *Public Accounts* for the year ended, would simply indicate that the committee had a discussion on the question of capital budgets, period. If it's the wish of the committee to go further than that and to say to the Legislative Assembly, in addition to discussing it, there's some consensus here on the part of the committee that the government should be looking at this or that or the other thing, then, you know, the committee should be passing some motion.

We don't identify areas of agreement or consensus or recommendations in our report unless they're agreed to by the members of the committee. We can't do that. So that's . . . Is there any further discussion? Are you ready for the question?

Agreed

Mr. Chairman: — I agree with the motion so the motion is carried.

We're back to discussion on chapter 1 of the auditor's report.

Mr. Rolfes: — Mr. Chairman, how far did you people get last time? Was that to section 7 . . . or chapter 1, section 7? Is that as far . . . is that where you were at?

Mr. Chairman: — We've been . . .

Mr. Rolfes: — But were you jumping around or were you . . .

Mr. Chairman: — To some extent we've been jumping around, but I think we've dealt now . . . or it's subject to a meeting between Mr. Hopfner and myself, the question of the disagreement with respect to the loan to SPMC.

Mr. Rolfes: — Well, Mr. Chairman, I had a couple of specific questions that I . . . These things have been bothering me for a number of years. And I was wondering if the Provincial Auditor could recommend some . . . or make some specific suggestions. For example, in section 3 . . . zero . . . point 03 . . . Am I calling them correct? Are they sections or what I should I refer . . .

A Member: — Paragraph.

Mr. Rolfes: — Paragraph 03. You say that the *Public Accounts* are late. In page 2:

One of our major priorities is improving the usefulness of the main financial statements now provided to the Legislative Assembly and the public. Those statements (called the Combined Funds statements) are confusing, incomplete and often issued late.

Can you make some recommendations or have you got some suggestions that you could put before this committee to make certain that they aren't issued late? I mean, what recommendations do you have?

I believe, as you have indicated, the government is trying to co-operate to bring these things in earlier. Do you have some specific suggestions to make as to how we could bring them in on time? Well when I say on time, I mean within six months at the end of the fiscal year. I think that's about reasonable. Maybe not, but I think that's probably a reasonable time limit.

Mr. Strelloff: — Mr. Chairman, and Mr. Rolfes, the Department of Finance and our office are working together to try to get the main financial statements of the province publicly ready by the end of August. We're working together on that and we've been setting our schedules, our reporting deadlines, and our audit work schedules so that that will happen.

But the government still will have to decide whether they then issue the statements. But for our department and Mr. Kraus's department, we're trying to make sure that it's all ready to be made public. Now the decision on whether it does get made public would still rest with the government.

Mr. Rolfes: — Oh sure.

Mr. Strelieff: — You know, I recognize that.

Mr. Rolfes: — But what you're saying is there is nothing presently that should prevent us from issuing or making public the statements within six months of the fiscal year?

Mr. Strelieff: — That's what we're working for, toward, and it looks like it's attainable.

Mr. Rolfes: — Okay.

Mr. Kraus: — Mr. Chairman, financial statements is what we're talking about — audited financial statements — with the *Public Accounts* to . . . I think there's amendments now in the House to change legislation that would require the *Public Accounts*, the whole *Public Accounts* to be completed by November 30. But I did want to point out that . . .

Mr. Rolfes: — Did you say completed or made public? There is a difference.

Mr. Kraus: — Yes, it would be tabled if the House is in session. Yes, if the House is in session.

Mr. Rolfes: — Mr. Chairman, there is the real problem — if the House is in session. But if the government at the time doesn't want to have them tabled they simply don't call the House into session. And that's a real problem. So consequently we may not see the accounts, not in November, but we may not see them till the following May or June.

Mr. Kraus: — I would have two comments I would like to make. To make at least a comment on fact here is that the government does provide more information than they're given credit for. And I refer to the Saskatchewan Economic and Financial Position paper or the white paper. When they get that out in the summer-time — and they did in August 1990 — they're not audited, but they do have financial statements in here for five years — '86, '87, '88, '89 and to March 31, 1990.

So in some regards the financial statements are presented as best as they can be, even in the summer-time. And so I'd make that comment about the financial statements of the province. In a way they've been coming out in some form earlier through this white paper.

Mr. Rolfes: — My memory might not serve me well, but that's been done for a long, long time.

Mr. Kraus: — Yes.

Mr. Rolfes: — What I want is — is there any impediment of government that would prevent them from making public the *Public Accounts* or the auditor's report within six months or the end of the fiscal year?

Mr. Kraus: — The practice has been that they would be provided to the legislature — that they would be provided to all the members at the same time in the legislature.

Mr. Rolfes: — But that was not the question; my question

is there any impediment that they could not be ready and then published? I mean, the only impediment is that right now to make them published, from what I gather from you, is that they are presented to the legislature.

Mr. Kraus: — The practice has been to provide them to the legislature.

Mr. Rolfes: — Yes. But is there any impediment that they can't be ready within six months?

Mr. Kraus: — No. Well we're picking November 30 — now that's six or seven.

Mr. Rolfes: — That's six or seven, that's fair. let's take November 30.

Mr. Kraus: — Yes, there is no impediment.

Mr. Rolfes: — There's no impediment. Okay, thank you. I think that's answered then for me.

I think then the politicians have to, and the government have to, look at how we make them available to the public at that particular date, whether it is through a fall session or whether we have to find some other mechanism to do it.

I don't think it's fair that government should have within their prerogative to not make public *Public Accounts* simply because there may be some embarrassing situation. And that refers to all governments. I think when they're ready, we as a committee and as members of the Legislative Assembly should have access to them — period.

And so I'd like to see some way of us doing that and I'd like the committee to confront that issue as to how we do it, and make some recommendations. I think that is imperative that that be done.

Mr. Lyons: — Mr. Chairman, I've been listening to the concerns raised by the members, some other members of the committee, in regards to future reviews and so forth of the committee.

I wonder if I could move the following motion:

That this committee recommend to the government that the legislature empower the Public Accounts Committee to establish a review committee to oversee a review of the accounting and budgetary procedures of the province, and that this review committee would consist of, but not be limited to, the Provincial Auditor, the comptroller, the chairman of the Public Accounts Committee, the vice-chairman of the Public Accounts Committee and any other members deemed necessary.

And I'm looking for a seconder. Anybody willing to second it?

Mr. Chairman: — You don't need a seconder.

Mr. Lyons: — Oh, okay.

Mr. Britton: — Mr. Chairman, while we're waiting for this, I have a question in relation to what Mr. Rolfes was talking about, of the comptroller. Could I just do that while you're getting the motion prepared?

Mr. Chairman: — No, I had the motion . . .

Mr. Britton: — Okay. It's okay. I just . . .

Mr. Chairman: — The motion before the committee, I assume you don't want to take it as read, is:

That this committee recommend to the Government that the legislature empower the Public Accounts Committee to establish a review committee to oversee a review of the accounting and budgeting procedures of the province, and that this review committee would consist of, but not be limited to, the Provincial Auditor, the comptroller, the chairman of the Public Accounts Committee, the vice-chairman of the Public Accounts Committee and any other members deemed necessary.

Ready for the question? Mr. Lyons, do you want to . . .

Mr. Lyons: — Are there any members who have any questions maybe that they . . .

Mr. Chairman: — I had a speaking list of Mr. Swan and then Mr. Britton . . . (inaudible interjection) . . . Yes.

That this committee recommend to the Government that the legislature empower the Public Accounts Committee to establish a review committee to oversee a review of the accounting and budgeting procedures of the province, and that the review committee would consist of . . . (etc.)

Mr. Swan: — Well, Mr. Chairman, to begin with, I think this goes beyond the authority of this committee to establish this type of a committee. I don't agree with it at all. I think if we're going to go the route of having someone take a look at what happens in the accounting of government, we want people that are very, very qualified.

I don't think that all members of the Public Accounts Committee are very, very qualified in accounting. So I would suggest that we defeat this motion. We have recommended in the earlier motion that they take a look at the accounting. And I believe that they should bring in the best qualified accountants that they can find if they're going to make changes, use the people from the Department of Finance, people from the comptroller's office, people from the auditor's office.

But I believe to stick people from this committee on that particular review committee would not serve well as far as the future accounting of this province. So I certainly don't agree with supporting this motion.

Mr. Britton: — Mr. Chairman, my comments were not on this motion so I'll pass down.

Mr. Sauder: — Mr. Chairman, I have a couple of other comments. I first of all agree with what my colleague had to say earlier about the qualifications and expertise to deal with some of it because it's a very major decision to get into something like this. The other thing I think that we're . . . we've been going through this report, we've been jumping from one section to another and back and forth again, and on every particular issue instead of dealing with this whole complete section and reviewing it and then coming up with a recommendation as how we should do it, we've been trying to deal with each specific as part of a recommendation.

And I would just on that basis not support this motion, particularly at this time. Not suggesting that that shouldn't be looked at, but I would think that it should be dealt with at the conclusion of our review of this part of the auditors' report; that we would at that time consider what we would like to recommend as a method to deal with it. Because he has number of specific issues and we're just trying to deal with each one as an entity unto itself, and I don't think it's the proper way to be going about it.

Mr. Lyons: — I'm really surprised, Mr. Chairman, at the remarks made by Mr. Swan and Mr. Sauder on this. I mean I don't know whether maybe they don't understand the motion or they didn't listen to the motion when it was read out. The intent of it is to put together an expert . . . a committee of experts with participation by members of the Legislative Assembly because there's that aspect of input which is needed in terms of accountability to the legislature itself.

But if you notice, the motion reads that it "would consist of, but not be limited to," and it's precisely that "not limited to" that I refer to. Obviously we would want to get other input from the chartered accounting sector, from the financial sector, from Treasury Board, so on and so forth to develop that review.

That's what that motion says and that's what it envisions. And I actually take exception at the comments that Mr. Kraus and Mr. Strelloff haven't got the expertise to be able to sit on the committee. I mean these are some of the best brains in the province that we've got right here in the committee in terms of government financing and government accounting, and we'd certainly want their participation on it, whatever review committee.

And quite frankly — I say this to the members on the opposite side — that there will be a review of the accounting procedures should the government change, that the comptroller will be on it and so will the Provincial Auditor, so will the best financial brains that the province can round up in terms of undertaking that review.

So it seems to me that all the concerns that you had raised previously, they're either genuine concerns or they're nothing more than sort of some political camouflage. I suspect the latter because this motion deals with every concern that you, Mr. Swan . . . Mr. Chairman, that Mr. Swan has raised, that Mr. Sauder had raised previously, and the member from Shellbrook-Torch River had raised.

Precisely that kind of committee in which the . . . that committee of experts that they have been talking about

with the question of accountability, because there is the question of accountability to the public of Saskatchewan. And that means that members of the Legislative Assembly would have to be involved in this one way or the other. Just for technical terms, who's going to present the report? Where is the report going to come from? I mean, it has got to come through some body of the Legislative Assembly. And it seems to be in all the interests of the people of Saskatchewan that we would have that kind of input. As well it would be a bi-partisan committee in the sense that you'd have the participation of the vice-chairman and the chairman from different political organizations. I just don't understand the logic behind what Mr. Swan said other than it's . . . and everything he's said before has just been political rhetoric.

Mr. Chairman: — The committee ready for the question? Is it the pleasure of the committee to adopt this motion?

Negatived

Mr. Chairman: — We're back to the chapter.

Mr. Britton: — Mr. Chairman, if you would allow me to go back to pick up on what Mr. Rolfes was talking about. I'm a little bit interested in that too. And I would direct my question to the comptroller. If after the financial statements are audited and are ready, is there anything that stops a person like Mr. Rolfes or myself or indeed an individual to get a copy of that before it is presented to the legislature, if he was to request it?

Mr. Kraus: — What has happened in the just recent past was that the government made the decision that as soon as the audited financial statements were ready they would release them to the public. If you remember in December, the Minister of Finance released this document. What I'm leading to is that the financial statements would not be distributed in advance of some public presentation so that the idea is that when the financial statements are ready, audited financial statements are ready, they would be provided even in advance of the *Public Accounts* being provided. But I don't think it would be fair for me to say that the Minister of Finance would distribute them, say, to a few members unless he was going to provide it to the public at large.

Mr. Britton: — Mr. Kraus, the document you're holding is an unaudited, do I understand that?

Mr. Kraus: — These look very similar. There was the white paper that was released in August 1990 which has economic and financial information in it. This is a new thing that was released. It is the audited financial statements and the minister released it in December.

Mr. Britton: — Well I understand you saying you wouldn't distribute it but I could ask for that and get it? That's the question I ask.

Mr. Kraus: — I guess until this was released in this fashion the minister wouldn't. But once it was released in this fashion, yes of course it could be provided.

Mr. Britton: — That's what I wanted to . . . Thank you.

Mr. Rolfes: — Mr. Chairman, I just want to follow up, not in any criticism of what the member opposite has said, that was not my point. My point was this. When the Provincial Auditor's report is finished and the *Public Accounts* are finished, we have no right to access those until they are tabled in the legislature, presently. That's what the law says. But I want them changed. No, that's what the law is right now.

Mr. Britton: — Well, Mr. Chairman, that was what I was trying to clear up because . . . and I understand from what Mr. Kraus said is after they're audited that you can . . .

Mr. Rolfes: — No. That's the difference he's making.

Mr. Kraus: — There's several things here. First, is that the government did make a decision that when the financial statements — and only the financial statements which is just part of what's in volume 1 — when that is completed they will release it early.

I think though, I may be mistaken here, but I don't believe there's a law that governs when these things shall be tabled. I think that's more a matter . . . I'm sorry . . . that they should be tabled. I think that's more a practice of the legislature and the way the government has provided documents over the many years.

Mr. Chairman: — The Financial Administration Act the minister says, shall table the *Public Accounts* as soon as practical after they've been received from you.

Mr. Kraus: — Yes, it does, but if we want to get into it, I give you an example where that was not followed one year.

Mr. Rolfes: — Well let's hear it.

Mr. Kraus: — Well I believe it was in '84 or '85, the government decided that it would provide the *Public Accounts* in between because they had wanted to release it in December. They weren't available that year, quite frankly, and so they released them after consultation with the Legislative Assembly who said you'd probably better to follow due course because then all the members get them at the same time and they're sent a form to ask questions and answers.

It can be referred, if you want, to the Public Accounts Committee again in proper form for questions and answers, but the minister felt that he would like to provide them to the members as quickly as he could. Now this is . . . what happened is that . . . and I will use a person who I do not believe is a member of either party but I can recall that there was some TV clips where a member of . . . there was just a few of these people in this particular group too. They weren't . . .

Mr. Chairman: — '74-75?

Mr. Kraus: — No, '84-85. It was in that neighbourhood. And the individuals, it appeared, was having sort of an impromptu Public Accounts Committee meeting with the press. I think it was in another city. It might have been in the city of Moose Jaw, for example. And it demonstrated in part what the Legislative Assembly Clerk and the staff

had told us, was that it should be released in a way as though that it can be then distributed to a proper form for questions and answers.

And I think after that experience, I think the government would be reluctant to table it or rather provide it in between, unless they knew they had an established practice like they do in Ontario. I think they have one there when it's provided it goes directly to a Public Accounts Committee that sits all . . . that sits I think, even in between sessions.

Mr. Chairman: — I think that was the Sveinson Public Accounts Committee, '84-85 I believe. A person of the gone persuasion.

Mr. Rolfes: — Yes, Mr. Chairman, I'd like to ask the Provincial Auditor then, to explain to me what this is meant. I haven't got the Provincial Auditor's report here but it says right at the beginning of his report:

I have the honour to submit my Annual Report for the fiscal year ended March 31, 1990, to be laid before the Legislative Assembly in accordance with the provisions of Section 14 of The Provincial Auditor Act.

What is meant by that statement if it is not required of the Provincial Auditor to lay it before the Legislative Assembly? I mean to submit it to the Speaker who then lays it before the provincial . . . the Legislative Assembly. Is that not required of you, sir?

That's the authority that I used for my argument. Maybe I've misinterpreted what was there.

Mr. Strelieff: — Mr. Chairman, Mr. Rolfes, the letter does set out my responsibility. And then I go to section 14 of The Provincial Auditor Act which says:

. . . the provincial auditor shall submit to the Speaker, as soon as is practicable, his annual report (prepared pursuant to section 12, etc.) . . .

So that is my responsibility: to present to the Speaker my annual report.

Mr. Rolfes: — Okay, why are the other words then included, sir, which say to be laid before the Legislative Assembly. I mean is there nothing then to prevent the Speaker to make it available to us?

Mr. Strelieff: — Okay. 14(b) says:

. . . the Speaker shall, as soon as practicable, lay before the Legislative Assembly each report received by him pursuant to clause (a).

Mr. Rolfes: — Well that's the point. Thank you. That's what I thought it was. So that prevents him from making it available to us unless the House is in session, and that's the problem. That's the point that I was trying to make — that there's got to be some other mechanism whereby the public and the members of the Legislative Assembly have access to it as soon as it is submitted to the Speaker; that that's the point that I was trying to make.

Mr. Swan: — The auditor's Act would have to be amended just as soon as possible.

Mr. Rolfes: — Yes, certainly. That's why when I spoke to the changes to the auditor's Act that's one of the amendments I'm going to be making in the legislature.

Mr. Chairman: — On that, does the committee have any feeling on the question of this Act that's before the legislature now? That's the Act to amend the auditor's Act.

It's traditional in the case of Saskatchewan, that when a Bill goes to committee, for it to be considered by a committee of the whole House. But there's nothing to preclude the government, in fact there is some precedent in Saskatchewan, to refer the committee . . . or to refer the Bill for committee consideration, to the Standing Accounts Committee for their consideration, which gives the Standing Accounts . . . the Public Accounts Committee the option of reviewing the Bill with the auditor, comptroller, and any other officials they thought were appropriate, and I suppose the minister too, and then to make recommendations back to the Legislative Assembly.

I would point out that in 1983, I believe, the Finance minister at the time made some changes to the Act governing the Provincial Auditor and referred the Bill to the committee, to the Public Accounts Committee for review. I wonder if members of the committee have any thoughts on that. I know it's an aside to what we're discussing but . . .

Mr. Muller: — It's a different issue than what we're discussing. I certainly have no problem with the Bill coming before the Public Accounts Committee. We can bring the Bill here any time we like and certainly and discuss it. We don't even have to have anything from the Legislative Assembly saying that we are discussing it. The Bill is tabled. We can bring it in here and discuss it. I have no problem with that. We could certainly make recommendations through amendments to the Committee of the Whole after we've discussed it here if anyone so wished. But I have absolutely no problem with that.

Mr. Chairman: — We're talking maybe about two different things: one is just we do our informal review of the committee, not being asked to do so by the Legislative Assembly.

Mr. Muller: — But the other way . . .

Mr. Chairman: — But the other is for the Legislative Assembly to refer the Bill to this committee for a clause-by-clause study.

Mr. Muller: — I have no problem with that. I have no problem with that either as long as the amendments are made in the House.

Mr. Swan: — I don't think there's a precedent on that . . .

Mr. Muller: — I don't recall it because I wasn't on the

Public Accounts Committee then.

Mr. Chairman: — In 1983, when there were a number of changes to the Act governing the Provincial Auditor, the Bill was referred for clause-by-clause study, not to the Legislative Assembly in committee, but was referred to the Public Accounts Committee for a clause-by-clause study.

Mr. Muller: — I wasn't on the Public Accounts Committee then.

Mr. Swan: — I wasn't on the committee, I was the Speaker at the time, so I don't recall that.

A Member: — None of us were on the committee at that time.

Mr. Chairman: — But I don't sense that there's any opposition to that idea, to have it referred here for . . .

Mr. Baker: — Do you have some concerns about it . . .

Mr. Chairman: — No, I think that an act such as that, in which this committee has a particular and a special interest, might appropriately be referred here. We have, I think, far better opportunity in this committee to put questions directly to the auditor as to how the Bill affects him, have far more leeway and flexibility to consider additional amendments, such as Mr. Rolfes was talking about, to this committee. And to also, you know, get questions answered by Mr. Kraus or anyone else in the Department of Finance. And if we felt it was appropriate, we could also call in the minister.

But I think there is just more flexibility to consider a Bill such as that in which we have a very particular interest at this committee, as opposed to Legislative Assembly doing it, that's all.

Mr. Muller: — I was wondering if we could get the Clerk to maybe get the verbatim for us from that 1983 *Public Accounts* where they did consider the Provincial Auditor's Bill before the Public Accounts Committee.

A Member: — I don't recall it at all.

Mr. Muller: — None of us that are here now were on the committee at that time. I wasn't and none of us were.

Mr. Sauder: — I don't have any problem at all with what you're suggesting doing. I just ask if it was referred to this committee for clause-by-clause study, did that preclude the House committee dealing with it as well? No.

That's what my concern was, that there are likely other members who will want to have some input into it, and because it came here did that mean that they had to appear at this committee to have it? No. Because I don't have any problem with it coming here. As a matter of fact I think . . .

Mr. Chairman: — The Clerk can get that for us and advise us on that. If you could get that for the next meeting.

Mr. Baker: — All you have to do is put that on the agenda

for the next meeting.

Mr. Chairman: — Yes, we'll get the Clerk to check that out and bring the information back to us. We'll also continue with the discussion that you'd started in terms of timeliness and so forth.

Was there anyone else that wanted to raise any matters before we adjourn for the day?

Mr. Lyons: — Mr. Chairman, I understand that the objection to the motion that was previously defeated, the last motion that was previously defeated, was based on the precedent of having the motion put forward in a formal sense.

And I was wondering if maybe all members would like to consider the content of the motion and perhaps . . . for the establishment of the review committee, that perhaps through discussions between yourself and the vice-chairman and maybe all members, we could reach some consensus as to its inclusion in the report itself from this committee, and not necessarily by way of motion.

Because this touches on the same topic that we're talking about, which is basically an expanded role for the Public Accounts Committee and for an expanded role of individual members of the Legislative Assembly in the sense of the delegation, if you like, the terms of delegation of . . . I hate to say responsibilities but of ability, a greater role for the committee.

Mr. Chairman: — Well I would certainly encourage members to continue discussions of interest outside the committee room, and to do that at all times because who knows what that might result in in terms of positive moves for the committee.

Having said that, I think we should adjourn until next Tuesday.

The meeting adjourned at 11 a.m.