

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**January 6, 1992**

**The Vice-Chair:** — Mr. Swenson, as you know, had to be away this afternoon. He's asked me to take the chair. I just want to run through a couple of housekeeping items if I could.

**Mr. Anguish:** — Just on a point of order, Mr. Chairman, before you start the agenda for this afternoon. I noticed on the door this morning — and I apologize I wasn't here at the start of the meeting. Maybe it was explained — but it was an *in camera* meeting, as I understand this morning.

But yet I noticed the only people that didn't seem to be coming in were the media people. And I thought in the past it was customary for the committee that was meeting *in camera* that there would not be a verbatim transcript, which I saw there was a reported verbatim transcript this morning. There was staff from the Minister of Finance's personal office here. There was a security person from the building was here. And I wonder why, if the meeting was *in camera*, everyone could come and go and there be a verbatim transcript and yet the media weren't allowed to attend.

**The Vice-Chair:** — I think you raise an excellent point, and I think that in future the committee is well advised that if we move *in camera*, the committee should discuss that before proceeding *in camera*.

**Mr. Anguish:** — For example, is the transcript running now? I don't know why that's happening. If we're *in camera*, we're *in camera*. And if we're not *in camera*, we're not *in camera*. I don't understand why this is happening, and I don't want to set a precedent for in the future. It's not a big issue for today but I think we should have that clarified now before we go on.

**The Vice-Chair:** — I think you raise a good point. And it's my feeling, and I'm not sure to what extent the committee's ever formalized this, but that if we move *in camera* then we should move that and do that consciously and talk about doing that, if there's some reason to do that. Otherwise we should assume that the committee will be open and that signs should not be put on the door excluding people unless we agree that that's what we want to do, that there's a reason to do that.

And if we go *in camera*, there should be a motion to do that.

**Mr. Anguish:** — How did we get *in camera* then? As I say, I'm sorry I wasn't here . . .

**The Vice-Chair:** — I think we got *in camera* just simply because people put things on the door, without the committee consciously making any decision. But I guess the point is that no one should put anything on the door about us going *in camera* unless the committee specifically orders that that be done. And I think you raise a good point.

Having said that, I wonder then if we might remove the sign from the door at this point. I may ask whether you want to move *in camera* for a specific item before we call the Department of Finance officials in, but we'll do that at that point. Is that agreed? You can remove the *in camera*

sign from the door.

**Mr. Anguish:** — There's one other very important item I'd like to bring up before we proceed, Mr. Chairman.

**The Vice-Chair:** — Yes.

**Mr. Anguish:** — Where's the coffee?

**The Vice-Chair:** — That's a very important question to which I do not have an answer. And if you bear with me, we'll consult with the Clerk in this matter.

**Mr. Anguish:** — I just want to get on the record today in case I didn't get a chance to . . .

**The Vice-Chair:** — The Clerk advises me that he will undertake such consultation as is necessary to resolve this matter.

**Mr. Anguish:** — Thank you.

**The Vice-Chair:** — I wonder if I might just . . . if you bear with me on a number of housekeeping matters.

This morning, Mr. Wright answered a question that he believed was . . . that we were holding our meeting *in camera*. He offered answers to that question, and only after the fact was he aware of the fact that his comments were being transcribed. He's asked whether these comments of his might be struck from the record, and these were comments with respect to interest rates. Mr. Wright, I guess, believes that he was offering privileged information which should not be made public at this point in time, and therefore he's asked that these comments be struck from the record.

**Mr. Anguish:** — Mr. Chairman, it may be in order that since, for all intents and purposes, people assumed we were *in camera* because the sign was on the door, that maybe it would be more appropriate if the other members of the committee would agree that there be no record at all kept, that the tapes be erased and no verbatim transcript be kept from this morning's meeting.

**Mr. Vaive:** — Mr. Wright was aware that the committee was being published and printed. Having said that, I agree that perhaps members as they come in, they saw the sign on the door, spoke more liberally than they would have otherwise. But Mr. Wright, with respect to that motion, Mr. Wright was aware that the meetings was being transcribed and ultimately published.

**The Vice-Chair:** — So your suggestion is that there be no verbatim published of this morning's . . .

**Mr. Anguish:** — Well I would suggest that, if members of the opposition side would agree to that. I don't want to get into a long debate because I'm not hard pressed on it one way or the other. But if members of the opposition would agree, then I think there should be no verbatim transcript from this morning. The tapes should be erased and stop the printing.

**Mr. Muirhead:** — I guess we could do that but if . . . I

didn't even see the sign . . . (inaudible) . . . I didn't see it either way. But that's . . . (inaudible) . . . up and around. If he just asked to have that portion removed, I don't see why we couldn't just maybe remove the portion he's asked him about. Nobody's asked to have anything else removed out. Or is it . . . I could understand why . . . I couldn't understand why he said what he did, but I think he was standing up there and kind of thought he was talking off the record. I don't think he really . . . at least he wasn't thinking when he said what he . . .

**Mr. Anguish:** — The point I'm trying to make . . . I don't want us to be setting a precedent here today. Like for all intents and purposes, people had to assume that walked in this room — even though we don't always read the signs and understand it, but the sign was on the door — that the meeting was *in camera*, and I think that we want to be consistent with what we do. And I think that the verbatim transcript should not be kept from this morning's meeting because of the impression that it was an *in camera* meeting.

**Ms. Haverstock:** — Well I think . . . My point of view is that it was . . . my understanding was that it was a general meeting with the Department of Finance this morning, personnel. I see no reason why we couldn't keep all of the information. I think it's of value for people to read, and . . . with the exception of what Mr. Wright has requested. And I see no reason why we shouldn't keep that information for other people.

**The Vice-Chair:** — Can I go back to my original question? Is it . . .

**Mr. Johnson:** — I'll move it. That puts it on the table.

**A Member:** — You have a motion there.

**The Vice-Chair:** — I do.

**Mr. Anguish:** — Who has a motion?

**The Vice-Chair:** — I have a motion which reads that the committee authorize the deletion from this morning's verbatim of John Wright's response to a question asked by Wayne Strelioff respecting interest rates.

**Mr. Anguish:** — Who's putting forward the motion? You are?

**The Vice-Chair:** — Mr. Wright has asked that this motion be put forward.

**Mr. Anguish:** — Well, so the motion is not on the floor. There's been a request from the deputy minister of Finance that this be put forward as a motion. Has somebody moved that motion?

**The Vice-Chair:** — I think Mr. Johnson has just indicated that he'd be . . . It's been moved by Mr. Johnson.

**Mr. Johnson:** — Whichever way you want to talk about it then.

**The Vice-Chair:** — I have a motion by Mr. Johnson. Will the committee take the motion as ready? Any discussion

on the motion? Any further discussion?

**Mr. Anguish:** — I would ask the members of the committee to defeat the motion. I have another motion that I'd like to put forward.

Again I go back to the point about the meeting being *in camera*. There is no reason for anyone to believe that didn't walk in this room that the meeting would not be *in camera*, and an *in camera* meeting dictates that there be no verbatim transcript kept of the meeting. And I think it sets a bad precedent.

If some time down the road a member of this committee wants to move *in camera*, we could be caught up in an argument for a long period of time because there is now a precedent which I don't think we could find any other precedent in the past where in fact a *in camera* meeting there was a verbatim transcript kept of that meeting. And now how do we choose as a Public Accounts Committee that one little piece of that information, because it was mentioned by the deputy minister of Finance, be plucked out of that verbatim transcript.

I disagree with the motion and I think if anything is deleted, the entire package of information that was put together from this morning should be deleted and the tapes erased so that there is no transcript from the meeting this morning because this morning was an *in camera* meeting. In fact when I was out for a break during the meeting I saw at least two journalists approach the door. They said oh, is it *in camera*? The people outside said yes, it was *in camera* — the security staff at the door—and so I assumed as well that it was an *in camera* meeting. And I ask members to defeat the motion and there's a more appropriate motion I think to be put forward.

**Ms. Haverstock:** — I think first of all if there were going to be some question raised about this it should have been raised this morning at the beginning, and I'm wondering who it was that came to the conclusion that this was an *in camera* meeting and was it in fact the security personnel who put the sign on the door?

I don't think that anyone in this room raised this as an issue through the entire morning. And I think that the information that came forward from the Department of Finance was of some value today. I don't think that, with the exception of Mr. Wright's request, that there's anything that should not be available to people. And if anything that should be considered for the future, it's to ensure that the decisions made about whether we're *in camera* or not *in camera* is made by this committee and not by the security people.

**The Vice-Chair:** — Any further discussion? Are you ready for the question?

**Mr. Muirhead:** — Would this be an improper thing for us to do, to exclude a portion of the transcript?

**Mr. Vaive:** — Mr. Chairman, no, there are precedents where this can be done. The committee is at liberty to expunge any part or all of the verbatim. It's been done even as well with respect to verbatim *Hansard* in the House as well. There's one precedent to that effect.

**The Vice-Chair:** — The question then is to delete Mr. Wright's comments with respect to interest rates. Are you ready for the question?

**Mr. Anguish:** — Mr. Chairman, before you do that, I was wondering if you would accept . . . view it as a friendly amendment if at the end — I think the mover of the motion would have to agree of course—that and all other verbatims transcript not be transcribed.

**The Vice-Chair:** — I would accept that as an amendment. It's in order.

**Ms. Haverstock:** — What are we going to be voting on then? I think that they're two different things.

**The Vice-Chair:** — First we'll be voting on an amendment to the motion. The amendment, as I understand it, is to delete — I haven't seen in writing yet — but it's to delete all of the verbatim which then, if passed, will obviously take care of the motion too. Welcome to the world of the Public Accounts Committee.

We don't have an amendment yet. Do you want to give us your amendment?

**Mr. Anguish:** — How does that one end, the motion?

**The Vice-Chair:** — This motion reads:

That the committee authorize the deletion from this morning's verbatim of John Wright's response to a question asked by Wayne Strelieff respecting interest rates.

If it's your intention to move an amendment which would delete the whole morning, you could just simply say that the committee authorized the deletion of this morning's verbatim, period.

**Mr. Anguish:** — So you want a new motion?

**The Vice-Chair:** — No, I would take that as an amendment.

**Mr. Anguish:** — Can I see the motion, please?

**A Member:** — If I made the amendment, which one would be voted on, the first or the second amendment?

**The Vice-Chair:** — If you make a further amendment to the amendment, then it's in order, and we will deal with the amendment to the amendment first.

**A Member:** — Then I'll make another amendment.

**The Vice-Chair:** — It's certainly your right to do that. Yes, the amendment's got to be moved first.

**Mr. Anguish:** — Mr. Chairman, I would put forward an amendment to the motion by the member from Turtleford that at the end of his motion a further sentence be added stating that:

and further that the verbatim transcript from this

morning's meeting not be transcribed and that the tapes be erased.

**The Vice-Chair:** — The motion reads:

That the committee authorizes deletion from this morning's verbatim of John Wright's response to a question asked by Wayne Strelieff respecting interest rates.

That motion has now been . . . It's proposed to be amended by a further motion of Mr. Anguish to add the words after all of the motion:

and further that the verbatim transcript from the morning meeting not be transcribed and that the tapes be erased.

Are you ready for the question on the amendment?

**Mr. Muirhead:** — Well before I talk about another amendment, let's just discuss this a little bit more. I'd like to ask the question, seeing that I was late this morning: was it discussed at 10 o'clock that . . . was this part of the discussion at all?

**The Vice-Chair:** — No.

**Mr. Muirhead:** — So it wasn't discussed at all.

**The Vice-Chair:** — No.

**Mr. Muirhead:** — So aren't we setting an awful precedent that after the fact we start just saying we're going to erase the proceedings? Couldn't it have been discussed before that we're going to have an in or no camera meeting, or whatever and discuss it?

I think it's getting kind of out of hand, this thing. We get a motion. Then we get an amendment. Then I can make another amendment that would just erase all the amendments and leave it the way it is. Where are we going to go here? We know that we'll get out-voted. If they all decide to go together, we may not. But I mean this . . . let's just think of it seriously. Maybe I'm wrong. They'll be setting a dangerous precedent just to be fooling with it at all.

**The Vice-Chair:** — I don't know if there's any strong precedents to guide the committee in this respect except that the committee is the author of its own proceedings and can choose to, as the Clerk indicated earlier, expunge whatever it wants to from the record. I think in fairness some members of the committee may have been under the impression, or were under the impression, that this was an *in camera* meeting, and therefore that any and all comments of the meeting would not be recorded and transcribed, and have found out since then that it's proposed to be transcribed and therefore feel that in fact because it was *in camera* should not be.

**Mr. Muirhead:** — What was the reason that it was *in camera*? Who made the decision to have it *in camera* meeting?

**The Vice-Chair:** — No one made the decision that it go *in*

*camera*. It's something that was raised at the outset that as a committee we need to be mindful of that, and that if we move *in camera* it should be done as a conscious decision of the committee, as opposed to someone simply putting a sign on the door and saying that the committee's meeting *in camera*. So the committee did not make any conscious decision to go *in camera*. It's simply the security guards, I guess, assumed that we were meeting *in camera* and the sign was on the door.

**Ms. Haverstock:** — I would like to raise my concern that someone who came into the meeting late is now proposing out to retroactively change what went on this morning, and I think that if there are concerns, that these are the things that should be raised at the very beginning. And I would hope that the members of this committee would see fit to in fact set a precedent that we should be much more cognizant of issues that may be forthcoming at the very beginning of meetings, not somehow retroactively changing things.

**Mr. Sonntag:** — I just wanted to say when I came in I saw the sign on the door, and being new to this committee I just assumed that it was a briefing and it was *in camera*. I acknowledged this other lady sitting up there but it never clicked. So I assumed everything that was done this morning was *in camera*. So I strongly support the amendment and I would urge anybody else here as well. I had no idea that everything was being taken verbatim, and I acknowledge it was ignorance on my part that obviously it was.

**Ms. Haverstock:** — One last comment if I may. I too saw a woman who was doing the recording this morning, and given that I spent a great deal more time than most other people raising questions this morning, I was very aware every moment of the day that she was doing a job. You did not raise any issues this morning so you will not be in the verbatim.

But I would like to strongly urge people that the questions that were raised I think can be of some value to some people along the way, and I see absolutely no reason why they shouldn't be there. And if we wanted to make this different, then it was the responsibility of this committee to change it from the beginning.

**Mr. Muirhead:** — Well I have to say that I agree with Lynda. I was late too, but then after I was here, the only one doing any talking was herself and myself and some answers from here. And I think it would be a little unfair just to up and say she's all naught. I think it's very unfair. The two opposition members would be outvoted by the majority, which is democracy, but we're the only ones talking this morning, and maybe we want it on that.

I'm sorry, Doug, I thought when we started into this it was only talking about just deleting what was asked to be deleted. That's all we ever got into. Now we got into something we shouldn't have got into. We've had a gentleman ask to be deleted, just his statement. If we want to delete just his statement, why don't we just, you know . . . why delete what Lynda and I were talking about this morning? Maybe we want it on, we want it there.

But that means that when I ask a question . . . if you're in

the legislature and you decide you've said something in that *Hansard*, or says something in the record you don't like and you have the vote of the legislature to strike the *Hansard* for the day?

**Mr. Vaive:** — The legislature is master as well.

**Mr. Muirhead:** — So they could do it.

**Mr. Vaive:** — It can so order.

**Mr. Muirhead:** — Well that's a terrible precedent. If the government has a bad day in the House or the opposition has a good day in the House, we don't want it there, and they want to have her strike it. I never heard of such a thing before.

**Mr. Anguish:** — I never heard the legislature sitting *in camera*.

**Mr. Muirhead:** — It might do it.

**The Vice-Chair:** — Are you ready for the amendment? Do you take it as read? Is it the pleasure of the committee to adopt the amendment?

Agreed

**The Vice-Chair:** — We now have the motion as amended. Are you ready for the question? Is it the pleasure of the committee to adopt the motion?

Agreed

**The Vice-Chair:** — So accordingly, the verbatim transcript of this morning will be erased.

Can I just raise a couple of other points. Prior to calling in the officials from a department, it's been customary for the committee to review the auditor's comments and to ask the auditor specific questions about what it is that there might be in the auditor's report with respect to a department, and to do that *in camera*. And I know that the auditor would appreciate the opportunity to review, that is in this particular case, any comments you might have with respect to the Department of Finance *in camera* prior to calling in the departmental officials.

I want to ask for your guidance in this matter. Is it your wish that you proceed in this manner, which then I would assume that there be no transcript of the discussion between yourself and the auditor prior to calling in Finance officials. Is this how you wish to proceed with respect to . . .

**A Member:** — Is there need for a motion, Mr. Chairman?

**The Vice-Chair:** — A motion to sit *in camera* without any record or without a verbatim, to enable committee members to ask questions of the auditor with respect to specific departments, would be helpful for future committee deliberations.

And I might say that that's a practice that's been done in the past.

The Clerk feels that in light of the discussion we've had that it probably would be helpful if we had a specific motion at the beginning of every department, that we do that.

**Mr. Anguish:** — *In camera*?

**The Vice-Chair:** — *In camera*. But it's up to you. You may not want to do that.

I might say that it's my recollection that we've done so in the past, that we've had an opportunity before the officials were called in to ask the auditor some comments, allow him an opportunity to make some comments as advice to the committee prior to calling in the departmental officials.

**Mr. Johnson:** — I'll move that we . . .

**The Vice-Chair:** — Can I put your motion on hold for now, okay? I'll just explain some other things. I just wanted to raise that.

Once the officials are called in, I might point out that witnesses appear before committees do so under the protection of parliamentary immunity, as anything said by witnesses in committee cannot be used against them as the subject of liable action or criminal proceedings. Members should therefore be sensitive in this respect not to adversely name, involve, or affect third parties during questioning.

A witness must answer all questions put by the committee if the committee so decides ultimately. Questions must address matters in the year under review. Some information from departments may not be available at the meeting, but may be submitted in writing by the department at a subsequent meeting.

At the conclusion of the examination of a department, the committee or the chair and or the chair will identify the issues and any recommendations which it wishes to be included in its report to the Assembly, that is, in addition to any agreement or comments that may be related to the committee by the officials or by the auditor.

I'd like to just review a couple of points with respect to the functioning of the committee which were adopted by the committee in 1989: (1) and that is political, partisan discussion is to be excluded from the questioning of witnesses; (2) subsequent to questioning the witnesses, there will be a motion to deal with concluding the hearing of that department subject to recall.

And the Clerk normally prepares a standard motion. That is to say, for example in the case of the Department of Finance, that the hearing of the Department of Finance be concluded subject to recall, if necessary, for further questions.

Political, partisan debate may occur only after the above motion is presented.

Role of the chair: the chair is to move out of the chair to make any partisan, political statements on a motion.

I just wanted to bring that to your attention, so that we will try to keep the politics out of questioning the witnesses or to avoid making political statements and to reserve those for when we debate what has in fact taken . . . what we've heard.

I've asked the the Clerk to distribute . . . or I ask him to distribute an excerpt from *Guidelines for Public Accounts Committees in Canada*, which is a publication of the Canadian Council of Public Accounts Committees. And I circulate this for information.

And it's chapter 2.6 entitled, "Ministerial Responsibility and Public Service Accountability." And I would ask him to distribute that in light of the discussion we held this morning about the role/function of the committee, role/function of officials as opposed to ministers and the like. And I want to commend that to you for your reading.

Normally in the committee when witnesses are called before us it's asked that as a first order of business that we consider the comments that the auditor has had to make in his report, recognizing that it's . . . The auditor's report has been referred to us by the Legislative Assembly for our consideration. *Public Accounts* have also been referred to us. But it would be helpful in terms of framing a report back to the Legislative Assembly, that as a first order of business when officials are called before us, that we go through the auditor's comments and wind those up. That if members have questions they want to ask the officials about other items which are not included in the auditor's report, be done after we've concluded our consideration of the comments that the auditor has had to make. This would greatly facilitate the preparation of reports to the Legislative Assembly from this committee.

And it's also normal for the chair to ask the opposition, especially if there's any lead questioners on their part, to begin this process. Although the chair has in the past, if the opposition members or any of the members don't seem much inclined to want to ask questions about what the auditor has had to say, for the chair to do that and stick to that and make sure that that gets covered.

You should address all your remarks to the chair. I know that there's a temptation that when the official is there to look in that direction and to put comments to the deputy minister and to get into a direct exchange with that person. And the chair will provide significant latitude to enable you to get into a free-flowing exchange. Having said that, you should address your comments to the chair.

I can't think of anything else that I particularly wanted to relate to you at this point. Oh yes, one other thing . . .

**A Member:** — I mean, you can't talk to me, Doug, you've got to talk to him to speak to me.

**The Vice-Chair:** — That's right. Talk to the chair, Mr. Anguish.

There has been a change to your agenda. The Executive Council, which was scheduled to be dealt with this afternoon from 4:30 to 5:30, will now be considered tomorrow afternoon from 4 to 5. In the place, instead of, the Department of Parks and Renewable Resources.

At this time it is not proposed to call Parks and Renewable Resources. Having said that, if any member of the committee feels that it's important we do so, that can be arranged.

**Mr. Johnson:** — Mr. Chairman, can we have that basically set to the bottom of the list so that if there is time it shows up automatically?

**The Vice-Chair:** — Yes, we can do that. Are there any other questions? At this point then I would like to . . . if someone wants to move that we go *in camera* to hold our discussion with the auditor prior to bringing in the officials from the Department of Finance, I would certainly entertain a motion at this point to do so.

**Mr. Johnson:** — So moved, Mr. Chairman.

**The Vice-Chair:** — Moved by Mr. Johnson:

That the committee sit *in camera* to discuss with the Provincial Auditor issues respecting the Department of Finance.

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

Agreed

**The Vice-Chair:** — I would then order that the committee meet *in camera*-, that we stop the transcripts at this time.

#### Public Hearing: Department of Finance

**The Vice-Chair:** — Before I ask Mr. Wright to introduce his officials, I might point out for committee members that the placement of officials signifies nothing. It's not like the Kremlin wall where you can sort of see who's who in the pecking order.

Mr. Wright, might I ask you to introduce the officials that are here with you today.

**Mr. Wright:** — I'm more than pleased, Mr. Chairman. I'm John Wright, the deputy minister of Finance. To my extreme right is Bill Jones, associate deputy minister of Finance; Bill Van Sickle, executive director, administration. To my left you know, or may be aware of knowing Gerry Kraus, the Provincial Comptroller. Behind me, left to right, is Doug Matthies with the Saskatchewan Pension Plan; Brian Smith with the Public Employees Benefits Agency. And I believe that's all we have today.

**The Vice-Chair:** — Thank you very much. On behalf of the Standing Committee on Public Accounts, I want to welcome you here this afternoon. I want to make you aware that when appearing as a witness before a legislative committee, the testimony is privileged and that it can not be used against a witness as the subject of a libel action or of any criminal proceedings. Witnesses examined before a legislative committee are entitled to the protection of parliamentary privilege in respect of anything said by them in their evidence.

However, all that is said in committee is published in the

minutes and verbatim report of this committee and therefore is freely available as a public document. A witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, I ask that 20 copies be submitted to the committee clerk who will distribute the document and record it as a table document. You are reminded to please address all comments through the chair. Thank you.

**Mr. Sonntag:** — Thank you, Mr. Chairman. My first question deals with sections .1, .2, and .3 of the audit report, where the department paid a supplier for printing 1989 budget . . . the budget address to the estimates, etc., directly and not through the director of purchasing. And the first question would be why was this done?

**Mr. Wright:** — If I may, Mr. Chairman, this question was presented to Finance officials previously and is recorded . . . the answer that I gave is recorded in the Standing Committee on Public Accounts, Minutes and Verbatim Report, No. 20, Monday, November 26, page 345. To summarize, in fact the Department of Finance was in error; Finance did not go through the director of purchasing with respect to the production of '89-90 estimates. It was an extremely difficult year; time frames were wrong. We were in error. That error has been corrected.

**Mr. Sonntag:** — Supplementary question, Mr. Chairman. There are safeguards then in place to ensure that this won't happen again?

**Mr. Wright:** — Mr. Chairman, we have struck an arrangement previously for the '90-91 budget speech and for the '91-92 budget speech with the director of purchasing. There is . . . I can assure the members of the Public Accounts Committee that Finance is adhering to the correct method of dealing with the budget address.

**The Vice-Chair:** — Can I just ask on this . . . like when you did this . . . that was a deviation from the process that you had used in the past. Right? That you didn't go through the director of purchasing.

**Mr. Wright:** — I don't have an honest answer for you or I don't have an answer for you which is, of course, an honest answer — sorry, Mr. Chairman — with respect to prior budgets.

Now my understanding, Mr. Chairman, is that we had been following practice as per previous years. We hadn't been doing anything different. But this was noticed by the Provincial Auditor and he did report on it.

**The Vice-Chair:** — Okay.

**Mr. Sonntag:** — A supplementary question, Mr. Chairman. I don't know if this is in order or not, but I would be curious what those expenditures were — the exact amount of the expenditures.

**Mr. Wright:** — In terms of total cost, we had carry-overs from the production of the '89-90 budget address totalling \$267,423.47. In terms of costs associated with the 1990-91 address that were paid in 1989-90, the year

under question, those totalled \$309,355.54.

**Mr. Sonntag:** — Thank you.

With respect again to the auditor reports, to the commitment controls, section .10 through .15 refer to the commitment of 113 million to be repaid '91 through '96. The Legislative Assembly won't have the opportunity to approve this and/or discuss these expenditures until '91-92 estimates are presented. My question would be, how could this happen?

**The Vice-Chair:** — Before we do that, in terms of process, if members want to jump in like on a specific item or feel like we're going over something and they want to go back to it and get that dealt with, please let the chair know and we'll do that. I'm assuming that by going ahead to paragraph 10 here that we're satisfied with . . . that we don't have any questions or comments with respect to paragraphs one through nine. I'm making that assumption. In terms of process of the committee . . .

**Mr. Anguish:** — I just have one question. The special warrants that are mentioned in the Provincial Auditor's report, .05 to .09, have they in fact received approval from the Legislative Assembly yet through the supplementary estimates?

**Mr. Wright:** — In my understanding, no, is that '89-90 special warrants, in terms of wrapping them together for supplementary estimates, has not received approval of the legislature. I may stand corrected in that regard though.

**Mr. Anguish:** — Has that been forwarded to the Minister of Finance with recommendation to have approval?

**Mr. Wright:** — Please bear with us, Mr. Chairman, I'm sorry. These are events that in certain circumstances are well over two years old and so on, so it's a matter of recollection here as to whether or not certain things have been brought before the legislature. Our understanding, and again I stand to be corrected, Mr. Chairman, is that we have not brought forward the special warrants in terms of supplementing estimates and that it is our intention to do so at the first available opportunity.

As I do recall, the Minister of Finance has been made aware of this situation, and that I'm sure, without wanting to put words into his mouth or indicating that he has definitively made a statement to me since, these will in all likelihood be coming forward upon the presentation of the government's next budget.

**Mr. Anguish:** — Mr. Chairman, through Mr. Wright, why would these not have been brought in to supplementary estimates in the budget that never ended up being a budget when the previous government left the legislature in June without having the budget approved? Why would these not have received approval or been put forward for approval at that time?

**Mr. Wright:** — Mr. Chairman, we may be out a year here in terms of indicating whether or not the special warrants have come forward and again I'm just trying to deal with a recollection. Certainly I can state that the 1990-91 have

not been approved — not to get into that fiscal year but have not been approved. I am having trouble recollecting with respect to '89-90. And it would seem very odd to me that they have not at this point in time received review of the legislature.

**Mr. Anguish:** — Could you, Mr. Chairman, through you to Mr. Wright again, could you provide us in writing then as a standard procedure with the committee whether or not the 437 million have been put forward to the legislature for legislative approval. And if not, why were they not included with the budget documents for the budget that was introduced for the fiscal year that we're in currently, the 1991 fiscal year?

**Mr. Wright:** — Absolutely, Mr. Chairman. We'd be more than pleased to undertake that endeavour in writing.

**Mr. Anguish:** — I have no further questions.

**The Vice-Chair:** — Are there any further question with respect to the section on special warrants.

**Mr. Sonntag:** — Would you prefer, Mr. Chairman, I repeat the question?

**The Vice-Chair:** — Yes, I think you should repeat the question.

**Mr. Sonntag:** — Thank you, Mr. Chairman. My question is with respect to the commitment controls, sections .10 through .15.1 refer to the \$113 million to be repaid . . . our commitment, I should say, to be repaid '91 through to the year '91 through '96. The Legislative Assembly won't have the opportunity to approve or discuss this expenditure until '90 . . . '91-92 estimates are presented. My first question would be: how could that happen?

**Mr. Wright:** — Mr. Chairman, I understand that what the individual is referring to deals with the drought payments whereby the federal government paid the total cost of drought payments in '89-90. By agreement with the federal government we will be paying, as the individual points out, our share of those costs over the 1991-92 through to 1995-96 fiscal year. That is as per the federal-provincial agreement.

That is not necessarily an anomaly. It is not usually the way in which business is conducted vis-a-vis federal-provincial agreements, but you may from time to time have federal government undertaking activities up front, front end loading is what it may be referred to, of its costs. Alternatively the province may do it in terms of us up front loading. I agree with the individual that it would not be until — and it has been — 1991-92, which we have just prepared a financial report to the legislature which included our share of the costs in there.

So the first available opportunity was in the budget estimates discussed there and then supplementary discussed as part of the financial report.

**Mr. Sonntag:** — A further question then, Mr. Speaker. I would ask what could be done to improve the spending controls so that this may not take place again?

**Mr. Wright:** — I think, Mr. Chairman, this is an interesting area in terms of federal-provincial agreements. Agreements cover the waterfront as it pertains to alternative arrangements. I think the question is, most appropriate, is it appropriate that at the time a federal-provincial agreement or a provincial-municipal agreement is entered into, should that go to the legislature for ratification?

That's a bit of a rhetorical question here. And with respect, more directly to the individual's question, I think that that is part of the nature of the federal-provincial arrangement. If there are suggestions for ways in which to improve or to enhance the accountability in the reporting of those, we would be pleased in the Department of Finance to consider those.

**Mr. Johnson:** —The reverse would also be true, as to this, is that some agreements that are signed where the federal government would be providing funds to the province? They do not show up anywhere as having been made, although there'll be payments over a period of years?

**Mr. Wright:** — There are a number of different types of federal-provincial agreements. Some are, for example, a cost-shared agreement whereby federal funds are provided on . . . we make a dollar expenditure, they share 50 per cent of the cost. And those are received either during that fiscal year or afterwards.

There's other types of agreements whereby they will undertake an activity and we will cost share or pay to them over a specified period of time, as was the case with respect to these drought payments.

There are also other types of federal-provincial agreements, not to belabour the point here, but whereby the federal government will undertake certain spending provided we undertake certain spending on a separate item.

The long and the short of all of this is that there are many, many, many different ways of structuring intergovernmental agreements. And at the time as pertains to this one, this was deemed to be by the administration the most expeditious and desirable way of entering into the federal-provincial agreement.

**Mr. Sonntag:** — Well unless somebody else has a question on that section, I would perhaps move on to . . .

**Mr. Anguish:** — I have a question on this section to the Provincial Auditor. I think that he'd be the most appropriate one to ask, Mr. Chairman.

If an individual in society or an entity in society breaks the law, they can be prosecuted. In this case it seems to me quite obvious that the government broke the law in The Financial Administration Act, at least that's what's indicated if I read correctly what you're saying, because they did not have the authority to commit these payments into the future, which was in contravention of The Financial Administration Act, which is a law.

Other than being defeated at election time, is there remedy that the public have in the safeguard of the public

purse to find remedy through civil action or to penalty imposed by an Act?

**Mr. Strelieff:** — Mr. Chair, we've identified many instances of noncompliance, and the government isn't taken to court for them. I guess the final judge is the electorate.

On this one our key way around, or the problem here, is that the federal government on behalf of, I suppose, the provincial government gave the farmers a \$113 million in one year. Now the only time the Legislative Assembly gets to decide whether that's good or bad is in future years when they have to repay the \$113 million. They don't have a choice but to repay, or you won't have a choice but to repay the \$113 million.

We think that the transaction should have been approved in the year that the money went out.

**A Member:** — As a special warrant?

**Mr. Strelieff:** — As part of the normal budgetary process.

**Mr. Anguish:** — What about telling them to do that. If an individual did that they'd be breaking the law. In the case of a government doing this then they're not breaking the law and you're saying that they ought to be dealt with at election time.

But being committed into the future to pay that amount you also point out that the federal government could in effect force collection by delaying payments due to the province of Saskatchewan.

So if this was to come about, is there not a law that is broken by governments not following the proper procedure?

Are there any penalties that can be imposed upon government other than the election date and a government gets defeated?

**The Vice-Chair:** — Well witnesses get to appear before the Public Accounts Committee.

**Mr. Anguish:** — Is that penalty enough?

**Mr. Wright:** — Yes, Mr. Chairman.

**Mr. Muirhead:** — Mr. Chairman, the member from North Battleford is making some pretty serious accusations here, and he's wondering if somebody can be charged or if it's fraud, or whatever. I suggest that there's no lawyers or judges or whatever in this room, it's not a court — that maybe he should go outside this here building and take it to a lawyer and take it to a judge and take it to court and see if he's right or not.

And maybe he'll find out that it is right or it isn't right and then maybe it'll bring to light some of the things that I found out in 1982 that the past government did, like purchasing potash mines without special warrants in the House, or special permission from the House, which they did.



**Mr. Anguish:** — And isn't that why you're asked those questions in the Public Accounts Committee?

**Mr. Muirhead:** — I've got the floor, Mr. Chairman. The member from North Battleford and myself have sat here for quite a few years and neither of us have really learned to keep quiet when the other one's talking. And I guess I'm no better than you, so I excuse you.

Anyway I just say that my suggestion is that's what he does and not start asking . . . putting the Provincial Auditor and the staff on the . . . ask him questions. If you can answer it, answer it. But if you can't, take it to a lawyer and take it to a judge. Don't make accusations in this room.

**The Vice-Chair:** — Mr. Anguish did put a question.

**Mr. Anguish:** — All I was doing was asking the questions. I made no accusation whatsoever.

**Mr. Strelieff:** — Mr. Chair, if it is a legal question, perhaps you could refer the question to Mr. Cosman.

The other point is, Mr. Wright was looking for help in terms of improving management in the future. And one improvement would be to book your liabilities in the period that you incur them, in terms of an accounting change, which is what the private sector would do and it's also what standards for government accounting would recommend. And that certainly would make sure that when a liability is incurred, the legislature has a chance to . . . or when a liability is proposed to be incurred, the Legislative Assembly could have a chance of debating it.

**Mr. Johnson:** — Mr. Chairman, if this occurred after the budget came down, the decision, because it's a drought — it's very hard to tell you have a drought in April; that usually shows up later — occurring after that, the accounting procedure that you would be recommending is what?

Because what you've said is that if it was something that you knew about that you were doing while the budget was coming down, then it should be a liability. Occurring after that, I ask whether it should be a special warrant or something then that shows up in the next year's . . .

**Mr. Strelieff:** — Mr. Chair, if the House isn't sitting, a special warrant would be the case, and at the end of the year it would show up as an expenditure of the period.

**Mr. Johnson:** — So then the deficit of that particular year would be greater than what . . . it would be increased accordingly?

**Mr. Strelieff:** — That's correct. In that year, \$113 million.

**Mr. Sonntag:** — Mr. Chairman, a question with respect to section .17. The disbursements referred to in that section were recorded as assets of the Consolidated Fund as opposed to expenditures as recommended by the auditor. And my question again would be: why was that so recorded?

**Mr. Wright:** — I believe you're referring to SPMC

(Saskatchewan Property Management Corporation).

**Mr. Sonntag:** — That's correct.

**Mr. Wright:** — With respect to that again I would indicate, Mr. Chairman, that there was a rather lengthy discussion of this issue, and I just raise it, Mr. Chairman, for the individual's attention, again dealing with the minutes of the verbatim report of the Standing Committee on Public Accounts, no. 20 from Monday, November 26, 1990 during which time as I recall we spent the better part of an hour or so dealing with this issue.

In summary form, Mr. Chairman, again this is not a new issue, that the Consolidated Fund financial statements has had the same qualifications since 1986-87. What this deals with is the way in which capital assets are purchased and funded. As I understand the auditor's interpretation, is that loans to SPMC are not financial assets to the Consolidated Fund since SPMC must receive its funding from the Consolidated Fund.

The previous administration did not share the concern of the Provincial Auditor with respect to this, and through the period 1986-87 through to and including the recent financial report continues the practice, and as I understand the auditor continues with this qualification.

I would finally point out, Mr. Chairman, that this is one of many aspects under review by the current Financial Management Review Commission.

**Mr. Anguish:** — Mr. Chairman, before we leave this section — maybe I don't understand the process well enough, but would the Provincial Auditor, other than through this committee, be recommending to the Minister of Finance that they change the accounting system within SPMC as it pertains to the concerns and the your reservation of opinion between .17 and .25 in your report?

**Mr. Strelieff:** — Could you just restate that question please.

**Mr. Anguish:** — You have some concerns about the accounting procedure that pertains to Saskatchewan Property Management Corporation. I know that we've dealt with it many times within this committee.

Do you have another forum or do you have another procedure by which you bring this information to the attention of the Minister of Finance, either from your officials to Department of Finance officials, or you directly to the Minister of Finance. Is there another forum for you to get your concerns aired, other than through this committee?

**Mr. Strelieff:** — Mr. Chair, Mr. Anguish, there's at least two other mechanisms that we have. One is that we do prepare management letters that we provide to the minister responsible for the department which would explain our position or our concerns on issues. We also provide an audit opinion on the financial statements of the province and other government organizations which become public documents in a different way than through this committee.

**Mr. Anguish:** — Have you sent management letters, in this case to the minister responsible for SPMC and the Minister of Finance? What I'm getting at, Mr. Strelieff, is that I want to know whether — it's a concern that I have as well and I think that members in committee should share — but I want to know if you have done anything from your office other than bringing it up in this committee by reference through your annual report.

**Mr. Strelieff:** — Mr. Chair, Mr. Anguish, in our management letter to the Minister of Finance, we would have brought this issue up. In the audit opinion on the financial statements of the province, which are a public document, the minister responsible for the SPMC would have therefore had that information.

In our management letter to the president of SPMC, I don't think we would have brought this issue up because it doesn't pertain to how SPMC prepares its financial statements. As you see in one of the other chapters, it has its own peculiar problems. This relates to how the financial statements of the province are prepared which is done through the Department of Finance.

**Mr. Johnson:** — Mr. Chairman, there is a statement in here that says net debt, and I am assuming that refers to the province as a whole. It's on section .17, second paragraph, towards the bottom on page 61.

**Mr. Strelieff:** — Mr. Chair, Mr. Johnson, the phrase "net debt" refers to the accumulated deficit or the difference between the government's liabilities, total debt, compared to its financial assets, but only pertains to the financial activities carried out through the Consolidated Fund and the Heritage Fund. It doesn't include the financial activities carried out through a whole array of other kinds of government organizations.

**Mr. Johnson:** — Okay, agreed. It says the net debt would have increased by the half a billion dollars. Okay, how does that change then . . . how does a loan, which I'm assuming is internal, increase the net debt? I can see that it changes where the money is in different locations and what occurs there, but I can't see how it changes the overall picture unless somehow something gets siphoned off into some other segment of it.

**Mr. Strelieff:** — Mr. Chair, Mr. Johnson, the item changes the net debt in this matter in this way. The net debt is determined by taking the total liabilities of the Consolidated Fund and combined fund less the recorded assets of the Consolidated Fund and the combined fund, equals the net debt of the province. So if you decrease the assets by \$500 million, the net debt increases by \$500 million.

**Mr. Johnson:** — Okay. And this only occurs because previously, before the Property Management Corporation was established, the province did not maintain basically an asset structure in its books.

**Mr. Strelieff:** — Mr. Chair, Mr. Johnson, before, I guess before SPMC was created, when the government purchased a hospital or a college or something, they wrote the cost of that hospital off in the year they bought it.

**Mr. Johnson:** — Right.

**Mr. Strelieff:** — And therefore there was no loan set up.

**Mr. Johnson:** — Right. So the assets aren't recorded. What this in essence is doing is what other provinces have done previously where they've operated two separate funds, one which we were mentioning this morning, but since it's no longer in . . . where you have assets and, what is it, general expenditures — or I forget what the term is for it — but anyway, either you have capital expenditures or you have ordinary expenditures. The capital expenditures then are accounted for in a different manner. In Saskatchewan the capital expenditures were accounted for until the province went back into a debt situation in more or less as ordinary expenditures of the year, because they weren't — let's see — where they become written off on a yearly basis over a period of years of use for capital cost allowance or something of that nature.

**Mr. Strelieff:** — Mr. Chair, Mr. Johnson, the discussion this morning I think pertained to the way the annual expenditures of the province were presented into two categories: ordinary, meaning operating expenditures; and capital, meaning expenditures to acquire capital assets. So the annual statement of expenditures could segregate those two and still come down with the total expenditures of the province. This is a way of really deferring the costs of building something over some life period.

**Mr. Johnson:** — And that's what the half a billion dollars is indicating here, is that had it been following as previous without the corporation being there at all, that \$554 million would have been an expenditure of the year. So we should be looking at a higher deficit in this year as well.

**Mr. Strelieff:** — Mr. Chair, Mr. Johnson, yes, that's correct.

**The Acting Chair:** — As chairman, I'm going to recommend that we go have a smoke and maybe a walk down the hall for five minutes, do you think, Harry, or ten?

**A Member:** — Sure, five minutes.

**The Acting Chair:** — Five minutes.

The committee recessed for a short period of time.

**Mr. Anguish:** — Thank you, Mr. Chairman. I'd like to ask a question of the auditor pertaining to sections .26 to .30 concerning the timeliness of information to the Legislative Assembly through this committee. And I understand when we're here studying report for the year ended March 31, 1990, we're almost two years behind the time.

I'm wondering what you find to be the reasons why the public accounts system, the accountability system, is dragging and what can be done to bring it up to speed so that the information that the Legislative Assembly and this

committee are dealing with in fact are timely.

**Mr. Strelloff:** — Mr. Chair, Mr. Anguish, that's a good question, a very good question.

**Mr. Anguish:** — This is your opportunity to say you need more staff.

**Mr. Strelloff:** — The *Public Accounts*, which is the three big volumes, or four volumes, came out this year in December. I don't see any reason why they couldn't come out in October, and to make sure that happens, put in The Financial Administration Act that the *Public Accounts* shall be made public or provided to the Speaker and made available to all members in the public by no later than October 15, by law. If you don't have it written in law, then it's a matter of policy decision on when we should issue the *Public Accounts*.

Put it right in the law that the main financial statements of the province which we refer to which are in volume 1 of the *Public Accounts*, I can't see any reason why they shouldn't be public by the end of August at least. Put it in the law — The Financial Administration Act. The main financial statements of the province which are, that describe them, shall be, may . . . shall be prepared and provided to the Speaker and made available to all the members and the public on that day, no later than August 31 of each year.

And those financial statements shall be prepared using the accounting policies recommended by the Canadian Institute of Chartered Accountants. Then you wouldn't have to debate accounting principles. You'd get the liabilities in the year that they're actually incurred instead of when the cash goes out some time in the future. And then while you're at it, come to The Provincial Auditor Act and say, The Provincial Auditor Act shall be made available to the public no later than — my officials here are looking at me — should be at the same time as the *Public Accounts*. And that's what we're discussing. So if the should be out October 15, so should our report.

But it would have to be written in law and it would also, I think you'd have to somehow . . . Right now these reports have to be made available when the Legislative Assembly is in session. Well to get around that, say that they shall be provided to the Speaker who shall make them available to each member as soon as possible. And that would certainly help speed up the timeliness of the information that you're getting and also therefore the usefulness. And then the Public Accounts Committee itself could decide to meet more frequently or whenever the reports are made available.

**Mr. Anguish:** — Intersessionally like they are now.

**Mr. Strelloff:** — That's right.

**Mr. Anguish:** — Mr. Kraus, or through you, Mr. Chairman, Mr. Wright, Mr. Kraus. I assume the question would be answered by Mr. Kraus. We're dealing with the *Public Accounts* ending for March 31, 1990. When were these *Public Accounts* tabled in the House? Could you recall the date?

**Mr. Kraus:** — I can't . . .

**Mr. Wright:** — We don't have a definitive answer for you but recollection has it that they were tabled in the spring of 1990 . . . (inaudible interjection) . . . The spring of 1991.

Mr. Chairman, the individual asked basically, when were the *Public Accounts* tabled . . .

**Mr. Anguish:** — In the legislature.

**Mr. Wright:** — . . . in the legislature. If I can just by way of background indicate that the financial statements, which is essentially volume 1, was made public in December of 1990. However the actual *Public Accounts* were not tabled — and I stand corrected with respect to my earlier comment — until 1991, spring session. But the volume . . . essentially volume 1 was made available and is dated December 1990. The *Public Accounts* themselves were not made available to the legislature in the form that you see before you until, my understanding is, the spring of 1991.

**Mr. Anguish:** — I stand to be corrected as well, but I'm talking about these documents, volume 1, volume 2, volume 3, *Public Accounts* 1989-1990, they'd be ending March 31, 19 . . . I don't recall receiving these documents until the session we've just been through which was in December of 1991.

**Mr. Wright:** — Mr. Chairman, there are two sets of *Public Accounts* that have been tabled recently. My understanding is in the spring of 1991 we tabled the set that the individual is holding, and in the fall or more recently in the recent session we tabled the 1990-91 *Public Accounts*.

**Mr. Anguish:** — Okay, I stand corrected. So if . . .

**The Vice-Chair:** — Might I add to that, as far as I know, that the *Public Accounts* in fact for '89-90 were ready even prior to the spring but weren't tabled until the legislature was in session.

**Mr. Wright:** — That's correct, Mr. Chairman. If I can recollect on this one again, it's a few days old, but what the minister of Finance at the time did attempt to do was two things: one, respect in his view a parliamentary tradition which is to table the *Public Accounts* in his view when the legislature is in session; however in recognition of the need to get public information out there, did produce for December of 1990 essentially what is volume 1 of the '89-90 *Public Accounts*.

**Mr. Anguish:** — And that's the white book, the financial statement.

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

**Mr. Anguish:** — More than volume 1, what does it refer to the public, is the province of Saskatchewan financial statements, is what anyone picking that document up would know it as.

**Mr. Wright:** — If an individual picked this document up,

Mr. Chairman, what he or she would find in here is essentially the key financial statements contained in volume 1 of the actual *Public Accounts* in a summary form. This was intended to get out the information as soon as possible but at the same time respect the minister of Finance's wishes vis-a-vis parliamentary tradition in this province, which is to table them when the legislature is in session.

**Mr. Anguish:** — In the point that I come to, it ties in with Mr. Strelioff's comments about having a date in the Act. It's my understanding right now that if the Department of Finance turns over the documents to the Minister of Finance, under the current system it's totally at the discretion of the Minister of Finance as to when the Minister of Finance actually tables those in the Legislative Assembly. Is that correct?

**Mr. Strelioff:** — Mr. Chair, Mr. Anguish, I think the wording is, as soon as practicable. So in general it's his decision or her decision to decide. But I think there is a wording that says, as soon as practicable.

**Mr. Anguish:** — And that's at the discretion of the minister, what that term means. The minister can in fact interpret that term.

And therefore you recommend in timeliness to have a date locked into your Act and into The Financial Administration Act.

I'm done on that particular section, Mr. Chairman. I have some other questions on the next section if anyone wants in on the section that we're on right now.

**Mr. Sonntag:** — I wanted to ask a question on section .23. They refer to the Standing Committee on Public Accounts, the recommendation to provide the supplementary report. And it was done from '76 through '84, and that recommendation still stands although that report hasn't been provided since 1984, Mr. Chairman. My question, if that recommendation still stands by the standing committee, why that would not have been done.

**Mr. Kraus:** — Mr. Chairman, what we did was, as you recall, we had *in camera* sessions where the Public Accounts Committee determined what it thought would be appropriate for volume 3, and as I said in the *in camera* session, they did agree on 11 recommendations although they have never yet formally, or your committee has not formally reported to the House.

What it did do was it decided it didn't want this information. And just for your background or understanding, under The Financial Administration Act it's Treasury Board that gets to determine the form and content of the *Public Accounts*.

Now you can argue back and forth whether they should make changes that perhaps have been agreed to by the Public Accounts Committee and recommended to the legislature years ago but they did make that change in the middle '80s which was different from what had been agreed to back in '75.

But anyway, subsequent to all of this, we had those

meetings in June and the *Public Accounts* you received in December did incorporate 9 of the 11 recommendations and the other two will most likely be incorporated into the '92 *Public Accounts*. So this recommendation or this comment of the auditor's really I would expect would disappear. At least we would expect it.

**Mr. Anguish:** — Would this appear with the 1990-91 *Public Accounts* because that's the changed format?

**Mr. Kraus:** — Well I would expect that the auditor — and I should let him speak to it — he may be waiting for the Public Accounts Committee to formally make these recommendations to the legislature so that in his own mind he can see that you have changed what you formally have requested there be a change. However, we just didn't want to wait.

**Mr. Strelioff:** — Mr. Chairman, and Mr. Anguish, in our next report we would compare what the committee recommends to what the government's provided and report.

**The Vice-Chair:** — I just might add that with respect to this particular provision that both sides of the committee, if I can use that term, agreed that this level of detail need not be reported in future *Public Accounts*. Notwithstanding my protestations, both sides agreed that that's what they would do.

**Mr. Anguish:** — Mr. Chairman, to the deputy minister of Finance, I now go to section .31 through section .37 which deals with the comptroller's office. Mr. Kraus may want to respond in that there's some concern by the Provincial Auditor that there's a lack of control over revenue that allows a risk of errors occurring without timely detection. This was reported in the 1986-87-89 report and is now in the 1990 report.

I'm wondering if there's been discussions, Mr. Kraus, between you and the Provincial Auditor to resolve what he views as a lack of control over revenues.

**Mr. Kraus:** — I think, Mr. Chairman, that he's characterizing it that this lack of control allows the risk of errors occurring without timely detection, and he has reported it for a few years.

And as I've said in prior committee meetings, that we are addressing it. I have to say though that we haven't addressed it as quickly perhaps as I would like. But we do have policies and procedures governing the collection and receipt of revenue. And there are a number of activities undertaken to supervise the receipt of revenue.

However, the auditor is not satisfied that we have done a good enough job of documenting and rationalizing the whole thing. I have had my people spend some time on it in the last year. I have to admit we have not completed the task. We put our resources onto some of the other priorities that we've had to deal with. But I would hope I could resolve this.

**Mr. Anguish:** — When do you think you'll be able to make the auditor happy?

**Mr. Wright:** — Well may I attempt to answer that, Mr. Chairman?

**Mr. Kraus:** — I would like to think we could resolve this before the summer is out. I'm hopeful that we're not going to identify any major problems anyway. It's just a matter of having it documented to the satisfaction of ourselves and the auditor so we can demonstrate the risk is not serious; that the procedures we have in place are adequate.

**Mr. Sonntag:** — Mr. Chairman, I have a question to follow up to that. You said you have undertaken several initiatives. Can you be just a wee bit more specific.

**Mr. Kraus:** — Sure.

**Mr. Sonntag:** — What kind of initiatives?

**Mr. Kraus:** — Well, for example, new financial systems that are developed implemented by various departments may involve the collection of revenue. Any major systems, and I do qualify it if it's something very, very minor, but if it's something significant, we do ensure those accounting systems have adequate controls to ensure that the revenues that should be collected are collected and properly recorded.

So that's one way in which we ensure that revenues are collected in an appropriate manner, recorded in an appropriate manner.

We do a . . . federal-provincial cost sharing agreements are audited by my people. So we are ensuring for example that the departments . . . or do some review, some audit, to ensure that the agreements or rather the claims that are submitted by departments are incorporating all the costs that they should so that they maximize the revenue that's collected from the federal government.

Now there are a number of other things that we do as well to facilitate the collection of money. For example, we were talking this morning about electronic banking and the work we've done there. We spent considerable time improving the arrangements whereby revenues collected by departments, put into bank accounts, and come very quickly to the Consolidated Fund bank account. There's any number of things I could talk about.

His concern is that we haven't sat down and documented it from the perspective of saying, okay, here's the areas where most of the money are collected. Here is where the high risk areas are. Are we covering all the bases appropriately? And we have spent time on it, I assure you. But we haven't satisfied the auditor as yet.

**Mr. Anguish:** — Mr. Chairman, if there aren't any other questions in that section I'd like to turn to the Public Employees Benefits Agency, sections .38 to .42. In terms of the dental fund, Mr. Wright, in section .39 it states that:

Our 1989 annual report states that as of March 9, 1990, the audit was not completed for the year ended December 31, 1988.

Can you tell us what the problems are in the delay and

timeliness of that information being provided for the Assembly, and also to the employees that belong to the dental plan.

**Mr. Smith:** — Mr. Chairman, Mr. Anguish, 1988-89 was a period when we had staff turn-over in the agency, and the people involved in the benefit plans left somewhere else and we brought in new staff. And there's a learning curve involved there. On October 15, 1990, we hired a certified general accountant to look after the specific funds, the dental plan, the life insurance fund, and the disability fund. And it was just . . . We were late in getting the activities done. I believe that in the next report, the 1990-91 report, the dental plan is up to date. I think there was no other observations in 1990-91 or may not be for the dental plan.

**Mr. Anguish:** — Who was contracted to help you out in the situation?

**Mr. Smith:** — We did it within the agency, I believe.

**Mr. Anguish:** — I'm sorry. I thought you mentioned someone was contracted.

**Mr. Smith:** — No, we hired a certified general accountant on staff.

**Mr. Anguish:** — Okay, within your own staff then. So in the next annual report this will not be perceived as a problem as far as you know?

**Mr. Smith:** — I believe in the next auditor's report there isn't any audit observations on the dental fund specifically.

**Mr. Anguish:** — Would this be the same case for later on in .40 to .42. It states that:

We observed the required procedures for the year ended December 31, 1988 were not performed until May, 1989 and were not completed until December . . . 1989. The required procedures for the December 31, 1989 financial statements were not performed until July, 1990.

Is this part of the same problem?

**Mr. Smith:** — Same problem, Mr. Chairman.

**Mr. Sonntag:** — I have a question involving that as well. Once the audit was completed then, and I refer back to the year '88, was there any difference or any significant difference at all?

**Mr. Smith:** — Well I think these are the audit opinions here. There was no financial differences. We were late and not timely in getting the work done.

**Mr. Anguish:** — All the funds were accounted for, were they?

**Mr. Smith:** — I believe so.

**The Vice-Chair:** — A few missing teeth.

**Mr. Anguish:** — And I ask you the same. I see that controls over the bank account have been resolved. The auditor has made a note of that, sections .43 to .47. Then .48 to .55 still dealing with the dental plan — would your answer be the same as it has been for the previous two areas that we've questioned?

**Mr. Smith:** — Yes, Mr. Chairman. In addition we are getting reports from the external administrator that we can perform better audits on the claims.

We have an external insurance company pay the actual claims and we are now auditing them and we're getting better reports from the insurance company as well.

**Mr. Anguish:** — Who is the external insurance company at this point in time?

**Mr. Smith:** — Currently, Mr. Chairman, it's Metropolitan Life.

**Mr. Anguish:** — Section .56 to .59 have been resolved as noted by the auditor; section .60 to .63 is also resolved as pointed out by the auditors; .64 to .65 refers to costs of services that are allocated to and recovered from the employee benefit plan. Our 1989 annual report states as of March 9, 1990 we had not completed the audit of the fund for the year ended March 31, 1989. Same problem?

**Mr. Smith:** — Mr. Chairman, the previous . . . March 31, '89 was the end of the first fiscal year for the revolving fund. The same resources were allocated to the benefit statements and this revolving fund. So it's the same situation.

**Mr. Sonntag:** — This section .66 then, Mr. Chairman, again the same question. Is that the same concern there as well? Is this a general reference to budgets and timely financial statements?

**Mr. Smith:** — It's the same situation in terms of our lacking timeliness for the dental fund and the revolving fund, yes.

**Mr. Anguish:** — Mr. Chairman, to the auditor. I notice in the paper that was handed out at the beginning of the meetings it shows that .67 to .73 have been resolved to the satisfaction of the auditor. Should that have actually read .66 to .73? No.

**Mr. Strelloff:** — Mr. Chairman, Mr. Anguish, it didn't say .66 was resolved because at the time you didn't get the financial statements on a timely basis, so it's just a statement of fact.

**Mr. Anguish:** — Okay.

**Mr. Johnson:** — Mr. Chairman, how many people were involved in this that left the department to generate this at one particular time?

**Mr. Smith:** — It just happened to one person who was involved with the financial statements for life insurance, disability, dental, and the revolving fund. So it doesn't take much turnover to create a learning curve problem again.

**Mr. Anguish:** — How many employees do you have that would be working in management and clerical? How many employees would be involved in this component of the program?

**Mr. Smith:** — Mr. Chairman, in the benefits area, there's a staff of five.

**Mr. Anguish:** — And how many of those staff have turned over?

**Mr. Smith:** — Well just that the primary resource is the accountant person, and that's the one that turned over — the one who prepares all the financial statements.

**Mr. Anguish:** — Is that Mr. Wild?

**Mr. Smith:** — No. I can't remember her name, but no. That's the pension area you're referring to, Mr. Anguish.

**Mr. Anguish:** — Okay.

**Mr. Johnson:** — So I think it looks like there's about what? — 50 items that come up under the auditor all for just one staff. Just one person was doing those financial statements. Yes, Mr. Chairman.

**Mr. Anguish:** — Between point .67 and .73 has been resolved to the satisfaction of the auditor. Point .74 is a statement of fact again that's not included. Point .75 to point .78 has been concluded to the satisfaction of the Provincial Auditor.

I now look at the section, Mr. Wright, point .79 to .81 that states that PEBA (Public Employees Benefits Agency) determined that three pensions were overpaid pension benefits in the amount of \$5,677 in the current year and \$12,563 in prior years. The overpayment was caused by Canadian Pension Plan and Old Age Security benefits not being integrated with the pension benefits under the public service superannuation plan for these three pensioners. PEBA is currently collecting these overpayment amounts.

Could you tell us why that would occur? Was it because of reporting by the people receiving the pension benefits or was it because of the lack of control within PEBA?

**Mr. Smith:** — Mr. Chairman, those are our clerical errors. People, when they retire before age 65 under the public service superannuation plan, which the STC (Saskatchewan Transportation Company) plan and the anti-tuberculosis league plan are part of, receive reduced benefits at age 65 because Canada Pension Plan assume . . . they assume it starts. And they also have an optional form that they can take an increased pension today and decrease it at age 65 for Old Age Security.

We know the amounts when a person retires. It's our clerical error. What used to happen is that we would write down that this person becomes age 65 on March 1, 1992 on a little recipe card, and that didn't happen for these individuals. And we have since gone to an automated system that the computer now will catch it. If the person is turning 65 there should be a reduction. And so it was a

clerical error that these three people were overpaid, and we are in the process of collecting these overpaid amounts back.

**Mr. Anguish:** — Are we lucky there weren't more than three? Or is there some reason there were only three? Recipe cards stuck together with a paper clip or what?

**Mr. Smith:** — It wasn't a good system. So now we have changed systems to catch these reductions at age 65.

**Mr. Anguish:** — Were these three people all similar circumstances, or was it sporadic?

**Mr. Smith:** — They would be similar circumstances. The reduction for Old Age Security at age 65 did not happen, so we overpaid them from age 65 until the date that they were caught.

**The Vice-Chair:** — I would just ask him this: is this for all your pension plans, the public service ones, is this in effect, this particular clause that where people have an early retirement, they reach 65, their pension is reduced by the amount of the Canada Pension Plan?

**Mr. Smith:** — Mr. Chairman, for all the "old" pension plans that are in statutes, yes, it is normal for the reduction to occur at age 65 for every employee. The reduction for Old Age Security is an option that each employee can elect. So I think there's both circumstances here. The normal reduction for all employees at age 65, but there was also a couple of people who had elected the optional pension were reduced as well.

**Mr. Anguish:** — Would these be prior to '79?

**Mr. Smith:** — They would be employees hired prior to 1979 that were members of the "old" pension plan.

**Mr. Sonntag:** — Mr. Chairman, with all due respect, I never had one of my educators refer to me as having a learning curve problem, but aside from that — they've been less tactful than that — my question would be to the auditor. The three overpayments here referred to, does that represent . . . what sampling does that represent? Is that 100 per cent?

**Mr. Strelieff:** — Mr. Chairman, Mr. Sonntag, the three are overpayments, I think, that the department itself identified. And our responsibility by law is to bring them to your attention.

**Mr. Sonntag:** — I see.

**Mr. Strelieff:** — And that's just what we're doing. So I'm not sure whether it represents three out of a million or three out of six.

**Mr. Smith:** — Mr. Chairman, there was a \$76 million payroll here so there are quite a few individuals involved. When we had transferred from the old recipe card system to the new system, I think that helped us find some of these issues.

**Mr. Johnson:** — Mr. Chairman, the auditor has just brought up something which is of interest to me in the fact

that these items were found by the department. There was no indication in here as to that nature that I see. Maybe I'm not . . .

**Mr. Strelieff:** — February of '81?

**Mr. Johnson:** — Yes, '81.

**Mr. Strelieff:** — PEBA determined that . . .

**Mr. Johnson:** — Okay. And that's how it's stated, okay. Because I think that that's reasonably important that that be highlighted in that you're receiving support and help and co-operation from the departments on these particular items, any one of them which happens . . . this just happens to be one of them.

Is there a large number of items that are reported to you by the department? Of your report here, what would be, say, the . . .

**Mr. Strelieff:** — Mr. Chairman, Mr. Johnson, when . . . Mr. Sonntag, Mr. Johnson, when the department identifies it, we try to say the department identifies it, but we'd have to go through our reports in the past to determine what the proportion is of compliance problems that are identified by the department or are identified by our office. Regardless, by our legislation we have to bring them to your attention.

**Mr. Johnson:** — I agree with that.

**Mr. Strelieff:** — But we would have to go through the past reports.

**Mr. Johnson:** — Just as a guesstimate or whatever?

**Mr. Strelieff:** — Mr. Chairman, Mr. Johnson, I can't get my staff to give that guesstimate.

**Mr. Johnson:** — Since I'm doing the asking, unless someone else wants to, I'll drop it at that. I won't put you to any further . . .

**Mr. Sonntag:** — This is just a technical question and it doesn't necessarily have to refer to this specifically, but how would the correction on that be made? Or is that an amount of money that's just simply overpaid and left at that? Or is it corrected in subsequent payments?

**Mr. Smith:** — Mr. Chairman, we reduce the future pension by the amount, to recover the payments, over a reasonable period of time. Some of these individuals, we could wipe out their pension for a couple of years, but that is very unreasonable. We approach the individual and work out a repayment schedule.

**The Vice-Chair:** — They're always real happy to find out about these errors.

**Mr. Anguish:** — I'm sure there were a few people who were very pleased by the Public Employees Benefits Agency.

Mr. Chairman, in section .82 to .85 dealing with public employees' superannuation plan, the auditor actually

makes some fairly strong statements in here, Mr. Wright. He says that:

.84) Our audits for 1988 and 1989 are now complete. In our opinion, the accounts of the Funds were not faithfully and properly kept to permit the timely preparation of financial statements. As at the date of this report, the 1990 audit is not complete.

Is this a learning curve?

**Mr. Smith:** — Mr. Chairman, it's a different group of people. We had some definite problems just in terms of timeliness. It's our error.

**Mr. Anguish:** — Tell me about the problems.

**Mr. Smith:** — In 1988-89 most of our systems again were manual systems, and we have since that date gone to an external trustee who handles the funds. We get different financial reporting from the trust company and enables us to, on a much more timely basis, complete the financial statements.

So again we're going from manual systems to more efficient new computer systems.

**Mr. Anguish:** — Who's the external trustee?

**Mr. Smith:** — Royal Trust is the custodian of the funds for the public employees' superannuation plan.

**Mr. Anguish:** — What is the . . . First, who is the board when you talk about the board?

**Mr. Smith:** — Mr. Chairman, for the public employees' superannuation plan there's a board of seven individuals appointed by the Lieutenant Governor in Council: one member from the Saskatchewan Government Employees' Union, one from the communication workers of Canada union, one from the ECWU (Energy and Chemical Workers' Union) — I can't remember the initials — one individual from the Department of Health, the Provincial Comptroller, and formerly the human resources VP from SaskTel, and myself are on the board.

**Mr. Anguish:** — When you turn over the control to an external trustee, what then is the function of the board?

**Mr. Smith:** — The board is to administer the Act.

**Mr. Anguish:** — So prior to you getting the external trustee did the board also take care of the investments?

**Mr. Smith:** — The board was also responsible for the Act. Nothing has changed in terms of the board responsibilities. They were responsible for the administration of the Act, always have been since 1978. So the board has always been responsible. We, the Public Employees Benefits Agency, administers the plan for the board and we've been wearing two hats. The Public Employees Benefits Agency was not timely in getting the financial statements done.

**Mr. Anguish:** — So, Mr. Smith, you feel that the auditor's

observations in .83 to .85 have been satisfied for future years?

**Mr. Smith:** — I think they're very accurate for those period of time and I think yes, we have made substantial improvements for future years.

**Mr. Sonntag:** — Just a point of clarification, Mr. Chairman. Am I understanding that the system was manual until 1989?

**Mr. Smith:** — No, not totally manual. Different information came to us as administrators than the new system of administration. I think I agree with the deputy minister, it's a long time ago. Two years is a longtime ago.

I wasn't personally involved in all the details but there was a lot more manual intervention required in 1988-89 than there is today, so that has improved our efficiency.

**Mr. Johnson:** — Mr. Chairman, this and two or three other things that have been commented about have in effect occurred during a transfer from one system to another, or they have shown up in that particular change. I notice that in some other reports of the auditor, also indicates a change in systems.

Is this change in-house or was there someone with computer experience or that particular aspect of it being contracted from outside doing it? Because there's three or four different places here now and if it's all the same person that's been contracted from outside then there's some questions that I want to ask later on. And if not, then was it being done in-house?

**Mr. Smith:** — Mr. Chairman, both have occurred. I think that no one would recognize the agency today compared to five years ago. Everything has changed dramatically in terms of systems. On the benefit programs, group life insurance, long term disability, dental and those programs, it's all been internal. Where the pension plans, especially the public employees' superannuation plan, it has been external with an actual consulting firm who specializes in pension programs. So we've gone both directions, Mr. Chairman.

**Mr. Anguish:** — Mr. Chairman, on section .86 to section .89 the Provincial Auditor in his observation points . . . I think it's best stated maybe in .86:

The Board and senior management of PEBA should carefully review and supervise the work of the employees to detect breakdowns in control systems. We found this review and supervision lacking.

Have you done something to improve that? And if so what have you done, Mr. Smith?

**Mr. Smith:** — Mr. Chairman, we've requested and received some help from the Provincial Comptroller's staff and department and we have gone through controls with the Provincial Comptroller. And his staff have been invaluable to help us look at the supervision and the methods that occur in the area.

**Mr. Anguish:** — And you're confident that in future



reports of the Provincial Auditor, this will not be an observation?

**Mr. Smith:** — I can't guarantee what the Provincial Auditor would say, but yes I'm hopeful that he . . .

**Mr. Anguish:** — You'd feel confident based on what you've done. You've met the concerns of the Provincial Auditor in this section. Okay.

**The Vice-Chair:** — How much money was involved here?

**Mr. Smith:** — The current assets of the public employees' superannuation plan are around 700 million. Taking it back a couple of years, it would be in the neighbourhood of 500 million, I believe.

**Mr. Sonntag:** — Just referring back, Mr. Chairman, to a statement that was made just a minute ago that Royal Trust is the administrator of those funds.

**Mr. Smith:** — No. They are currently the custodian of the assets.

**Mr. Sonntag:** — Oh I see, okay. Also then who determines who is the custodian? How is that determined? That might show my ignorance here, I don't know.

**Mr. Smith:** — The board tendered the process of who would be the custodian of the assets and Royal Trust won the tendering process.

**The Vice-Chair:** — I didn't hear that, sorry.

**Mr. Smith:** — So, Mr. Chairman, the board tendered the custodian business of the fund and Royal Trust won the tender.

**Mr. Sonntag:** — That would be an open tender, Mr. Chairman?

**Mr. Smith:** — Yes, I think we tendered it to most of the trust companies in Canada. And the short list was I think, I believe, three.

**Mr. Harper:** — Mr. Chairman, how often would this tendering take place?

**Mr. Smith:** — I believe it occurred two and a half years ago and that was the first issuing of that contract and we have not done it since. We haven't scheduled the process yet. But the board will be looking at all of the items that we administer for the board every year. And the board could tell us tomorrow to tender it again.

**Mr. Harper:** — Then there is no set time frame for tendering?

**Mr. Smith:** — There hasn't been on this specific issue.

**Mr. Johnson:** — Mr. Chairman, who was, prior to that, was the custodian or . . .

**Mr. Smith:** — Custodian was the Department of Finance.

**Mr. Johnson:** — So in essence what has happened is that there's been a shift from the public administration of it, of the funds, to privately. Did the Department of Finance at the time put forward any statements as to how they could handle it?

**Mr. Jones:** — Mr. Chairman, if I could just give you some background. During 1988-89 the government decided to look at options to move the investment function of the various pension funds and other permanent funds of the government, as well as the custodial services provided by the Department of Finance. Those two functions were moved out of the Department of Finance at the direction of the government during this time period. The investment and management services went to the Investment Corporation of Saskatchewan. The custodial services went to Royal Trust. So that's by way of background, what happened.

**Mr. Anguish:** — In connection with that, Mr. Chairman, I'm wondering if PEBA has done any kind of a cost benefit analysis, whether there's a net benefit to the fund, or was it done as a matter of convenience during the administrative problems that you've had?

**Mr. Smith:** — Mr. Chairman, and Mr. Anguish, the statutes changed, I think April 1, 1988, and made the board responsible and accountable for the administration of the plan. And the decision, also by government, was that these funds were going to be an outside custodian.

And so the board did not do a cost benefit analysis in terms of dollars or the service back to us as an administrator. But in the tendering process, I think it was the lowest price bidder was the winner of the contract. We didn't do a cost benefit analysis of what we would incur versus what services we were going to obtain from the custodian.

**Mr. Kraus:** — A decision was made that a pension plan like the money, this contributory plan, that the members would pay for the administration of the plan whether that be the PEBA's costs, the cost to invest the money which are incurred by ICS (Investment Corporation of Saskatchewan), or things like someone having to take physical custody of the assets like, for example, Royal Trust will provide that service among other services. They provide several services, Royal Trust. It's not only the custody. They also provide an independent accounting of the investments — what they are, the market values, and so on. And if I'm not . . .

**Mr. Jones:** — If I can just clarify again, Mr. Chairman. I'm sorry to interrupt. It was a policy decision of the government at that time to move these functions outside of the Department of Finance.

**Mr. Anguish:** — I understand that. I think there's a couple of things that come up. And I appreciate your answers. I heard Mr. Smith, I believe, refer to a change in a statute. What statute change?

**Mr. Smith:** — The public employees' superannuation plan which is in The Superannuation (Supplementary Provisions) Act was changed April 1, '88 to give the board

the authority and the responsibility for administration and all of the costs of administration would be charged to the plan.

**Mr. Anguish:** — Do you anticipate that some time in the future that PEBA or . . . I would assume PEBA, would do some kind of a cost benefit analysis with the view as to whether or not it's to the employees who participate in the plan, to their best advantage, or is it more convenience for PEBA and the Department of Finance to have an external trustee for these funds?

**Mr. Smith:** — I think the board is responsible and has to do diligence examination of all of the contracts that it has, whether it's our expenses as the Public Employees Benefits Agency or whether it's Royal Trust's costs in terms of cost benefit. I think that's the fiduciary responsibility that the board now has, that they have to look at those costs on a regular basis.

**Mr. Anguish:** — In the year under review, how much did Royal Trust earn from handling the pension plan?

**Mr. Wright:** — If we could, we would like to take it under advisement, Mr. Chairman, and seek to produce that number. We don't have it here.

**Mr. Smith:** — Mr. Chairman, I know it's a percentage of assets, a very small percentage of assets, is the fee that we are charged. But I don't have the number here.

**Mr. Anguish:** — Even a very small percentage when you're dealing with \$700 million is a lot of money, so yes, if you could provide that to the committee we'd appreciate it. If you could also inform us as to whether or not the small percentage that Royal Trust gets for handling the fund, whether that's locked in into perpetuity, or is it renegotiable at some point? What is that rate, and when and how does that rate change?

**Mr. Smith:** — Mr. Chairman, I know the rate is one-year renewable, and we can negotiate the different rate. In addition to that information, Mr. Chairman, I would also like to suggest that we will give you information as to how much income is earned by Royal Trust. As part of their services they do loan out securities and create income for the fund, and we will compare both the charges that we are paying and the income that we derive from Royal Trust as well. It's part of the same puzzle.

**Mr. Anguish:** — The committee would appreciate that, Mr. Smith.

**Mr. Harper:** — Mr. Chair, would that also include the interest Royal Trust would capitalize on the investment of that money?

**Mr. Smith:** — Mr. Chairman, we can break that out as well in terms of the income we have earned, if there has been any with Royal Trust in terms of short-term accounts.

**The Vice-Chair:** — Can I just ask on this section, if I might, looking at it that year, half a billion dollars and now in the neighbourhood of what? — 7, \$800 million, and recognizing that perhaps we as an Assembly may not

have any say or should not have any responsibilities with respect to employee contributions, still the question of employer contributions forms a not insignificant part of this figure.

And throughout here we have concerns about financial statements being delayed, that is the annual statements, monthly financial statements could not be prepared, board and senior management unable to review and approve, concerns here about the ability of the board and senior management to correct any errors or problems that might be found.

Then I turn to chapter 23, and recognizing that the investment of these funds has been turned over to the Investment Corporation of Saskatchewan, the auditor is not able to gain access to the Investment Corporation of Saskatchewan. My question is, are you satisfied that we're not running into some problems here with respect to public funds? And is there something here that needs to be resolved in terms of future accountability, recognizing that even though the members of the plan, the various plans, might be satisfied, and that is to say the employee members of the plan might well be satisfied as to what's happening with respect to the assets in your plan.

Again, some of those assets or at least half of the assets is a dedication by the province and therefore an expenditure by the province.

I'm not satisfied, looking at this, that we know what's going on with in excess of a half billion dollars.

**Mr. Smith:** — If I may, I'll give a couple of comments. The March 31, 1991 annual report for this specific plan was tabled on December 10, so in terms of timeliness I believe that we are getting more current in points of legislature what is happening with this fund.

The Public Employees Superannuation Plan Supervisory Board has not lost control of these funds. The board sets investment policy, the Investment Corporation of Saskatchewan enacts that policy by buying and selling securities, all kinds of assets. Every transaction that does occur is audited by the Provincial Auditor. All of the transactions are in the financial statements, and the Provincial Auditor has access to all of the financial activity of the plan.

So I'm not sure if I've answered your question, but I think that the board has a fiduciary responsibility to the members, and has to account for all of the dollars, and I believe that is done and is open to the Provincial Auditor for this specific plan and any of the plans that the Public Employees Benefits Agency does administer.

**The Vice-Chair:** — He's raising questions here. I don't know, I guess we'll have to look at future reports to see to what extent those are satisfied or resolved. But it still raises a question in terms of investment.

**Mr. Johnson:** — Mr. Chairman, this shifting that occurred with shift personnel, I would assume there would be less personnel in the Department of Finance or a shift of responsibilities or something to compensate for that. Has there been an occurrence in that nature in the numbers . . .

**Mr. Smith:** — Mr. Chairman, as the administrator of the pension plans, there has not been any change in our role or our staff composition. In other areas of Finance there have been.

**Mr. Johnson:** — What would the numbers be in that regard? I assume that it may not have changed numbers. It may simply have changed. The personnel would have moved to other jobs and then the same numbers have stayed there and it simply . . .

**Mr. Jones:** — Basically, Mr. Chairman, if we go back to I believe it was 1988, prior to '88 or early '89, the Department of Finance, in particular what we now call the treasury and debt management division, fulfilled two functions or two roles for PEBA and other permanent funds. One was an investment management role, and two was the custodian role.

At this point in time if you look at our staff complement, we are about the same if not a little bit higher than we were at that time, primarily because we have shifted away from the investment management pension funds and have focused more on things like debt and borrowing.

So that in short I'm saying that we look at our complement today, we have the same staff level. That staff . . . although the people have changed, some of the people that were with us prior to '88-89 have moved to the Investment Corporation. Those positions were filled or new positions were created which involved borrowing and debt.

**Mr. Johnson:** — And the custodial part now has shifted to Royal Trust?

**Mr. Jones:** — The custodial function. We still perform custodial functions for a number of Crown entities such as the Municipal Finance Corporation, Saskatchewan Development Fund, and some of our own Consolidated Fund activities. So we do continue to operate that service, but not on a scale, a magnitude that we did prior.

**Mr. Johnson:** — Okay, in essence then, someone making a statement that the public service has been maintained at the same size, in essence what's really happened is that there's been a portion of employees that are now contracted through Royal Trust, that had everything stayed the same there would have had to have been an increase in the number of people employed in the Department of Finance.

**Mr. Jones:** — I would agree with that statement.

I think, again if you go back and look what was happening to the pension funds, what we were very concerned with in the Department of Finance, it was the magnitude of the growth in pension funds and the fact that we felt, certainly as officials in the Department of Finance, that the size of the pension funds not only at that present time but projected out five years was growing very rapidly and therefore should be viewed as a priority for additional staff and resources within the department if we were to, number one, continue to provide the investment management services, and number two, to provide the

custodian services.

**Mr. Johnson:** — Okay, I believe this will . . . which some information has been provided to the committee here today that said that the Department of Finance in Saskatchewan is one of the biggest borrowers in Canada and is recognized on the markets of the world as being very effective at doing it.

What would have made the . . . where would the direction have come from to not increase the number of people, therefore increasing the capability, not only to handle the pensions but also to have just a larger group of people, a larger mass of people in order to handle the debt side of it as well?

**Mr. Wright:** — If I may, Mr. Chairman. This was the decision by government. It was a policy decision to provide the custodial services and the investment management services elsewhere, and that is through the creation of ICS. So that was a policy decision made by government.

**The Vice-Chair:** — If I remember there was a paper by James Marshall that looked at a number of options, whether you would carry on as to increase the complement in the Department of Finance, and it looked at the Crown corporation models of doing investment and then going to an independent investment corporation. It seems to me that those documents were floating around. I don't know whether we got them surreptitiously or whether they were just provided, but I got one that looked at those options.

**Mr. Johnson:** — Okay. Mr. Chairman, just one more question in that. Has Royal Trust increased its . . . would Royal Trust have staff in the province of Saskatchewan that is handling this, or would this be done from offices out of the province?

**Mr. Smith:** — Mr. Chairman, they do have staff in Calgary where we are currently receiving our custodial services from. Most of the information and most of the transactions are all on a central computer in Toronto. There are some staff in Calgary who we deal with.

**Mr. Johnson:** — Thank you.

**Mr. Anguish:** — Mr. Chairman, '90 to '92: the auditor is looking at a lack of policy and procedure manuals within PEBA.

**Mr. Smith:** — Mr. Chairman, the same answer in terms of . . . The Provincial Comptroller's staff have been helping us go through all of the details and we're in the process of developing those manuals.

**Mr. Anguish:** — When do you expect those manuals to be completed, Mr. Smith?

**Mr. Smith:** — Mr. Chairman, I would hope by the end of the coming fiscal year, '92.

**Mr. Wright:** — By the end of '92-93.

**Mr. Anguish:** — By the end of '92-93. So it's quite an

undertaking. It'll take you over a year yet to have your policy and procedure manual.

**Mr. Smith:** — Mr. Chairman, we don't add additional staff. We're using our current staff. So as time permits, they develop the procedures and manuals.

**Mr. Anguish:** — So then the Provincial Auditor quite likely in his next report will also have this notation.

**Mr. Smith:** — I would expect so, Mr. Chairman. It may be to a lesser extent if we have some of them done.

**Mr. Anguish:** — The .93 to .98 which is the end of the auditor's notations on Department of Finance have been resolved to the satisfaction of the auditor.

I only have one further question, Mr. Chairman. That has to do with PEBA's involvement with WESTBRIDGE. I'm wondering if WESTBRIDGE Computer performs any services for you, and if so, what is the cost of that service?

**Mr. Smith:** — Mr. Chairman, the WESTBRIDGE Computer Corporation did provide services to us. They're providing very minimal services to us now. We receive pension contributions from payroll systems, SaskTel, SaskPower, and government proper. Those contributions are recorded in WESTBRIDGE's disk files. We retrieve that information from WESTBRIDGE, and our systems are predominately personal computer based.

So they're a holding facility for our pension contributions until we want to use them within our own systems, and we can provide you with the information.

**Mr. Anguish:** — If you provide us the dollar amount for how much the pension contributions actually have to be used for the services of WESTBRIDGE Computer.

Is there a long-term contract between PEBA and WESTBRIDGE, or is it an annual contract?

**Mr. Smith:** — Mr. Chairman, I believe that our contract is just part of the Department of Finance's contract with WESTBRIDGE. The last one I could find was 1984, but I can't expand on our contract with WESTBRIDGE.

**Mr. Anguish:** — Mr. Chairman, to Mr. Wright, I would like to ask then what the Department of Finance's relationship is with WESTBRIDGE Computer in terms of when was the contract awarded to WESTBRIDGE Computer, how long does the contract run for, and when is it up for renewal?

**Mr. Wright:** — Mr. Chairman, I believe in 1989 we entered into a five-year contract with WESTBRIDGE which will expire March 31, 1994.

**Mr. Anguish:** — When that contract ... (inaudible interjection) ... yeah, we were pretty close. The five-year contract that you entered into, was that tendered or did you have some selection process by which you chose WESTBRIDGE?

**Mr. Wright:** — I do not believe, Mr. Chairman, that we tendered the contract.

**Mr. Kraus:** — I could tell you why we did not tender it. There are not many options in Regina. It's fair to say that probably the Co-operators, or whatever the insurance company's name is now, may have ... may be able to handle our ... the size of our business. But it isn't as though it's ... that there's suppliers available for this particular service in Regina. And we ... the decision was at that time that we wouldn't tender. And the issue will come up again in '94, going ahead, as to whether or not we should. And it's as I say — I'm repeating myself — but I'm not sure how many vendors there would be of this particular service.

**Mr. Anguish:** — Who handled the Department of Finance account prior to WESTBRIDGE?

**Mr. Kraus:** — SaskCOMP. And for all practical purposes to ourselves it was ... it seemed transparent when the change came. We were even dealing with some of the same individuals. Now individuals I guess have changed over the years, but in many ways it didn't seem any different to us than dealing with SaskCOMP. I think we can say that we negotiated more attractive terms. I can't off the top give you the discounts that we received but we were getting better discounts from them ... volume discounts than we did from SaskCOMP. So we certainly ... my office anyway was benefiting from those contracts.

**Mr. Anguish:** — Does the Department of Finance hold shares on behalf of the province of Saskatchewan in WESTBRIDGE Computer Corporation?

**Mr. Wright:** — No we don't, Mr. Chairman. The Department of Finance, to the best of my knowledge, doesn't hold any shares in any corporation.

**Mr. Anguish:** — Okay.

**Mr. Wright:** — For further clarification, perhaps SaskTel does hold shares in WESTBRIDGE, Mr. Chairman.

**Mr. Anguish:** — I was aware of that. But SaskTel, when they turned over their data banks to WESTBRIDGE Computer, I thought maybe Finance would have some role in that. But you're saying Finance has no role; that's totally with SaskTel and WESTBRIDGE Computer.

**Mr. Wright:** — That's my understanding, Mr. Chairman.

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

**The Vice-Chair:** — I'd like to raise a question with respect to the investment. The auditor has a responsibility legally to examine all accounts related to public money. And he's got to determine whether the accounts have been faithfully and properly kept, moneys fully accounted for, properly disposed of, expended within the objectives as set forth in legislation, essential records are maintained, that there's rules and procedures to ensure that public money is safeguarded.

We've got some billions of dollars in the Investment Corporation of Saskatchewan, public funds, and as I read chapter 23 of the report, he has no access to Investment

Corporation of Saskatchewan to look at what are essentially public funds. Even recognizing that one-half of those funds are funds that belong to employees, it still begs the question of public funds, that is to say, moneys flowing from the Government of Saskatchewan's matching contributions to these pension funds. The auditor has no ability, according to his report, to review those public funds, even though his Act says that he's got that responsibility.

Any comments on that? Is there any movement to change that where the auditor is going to have the opportunity to review public funds which are now being administered by . . . well, I'd hate to use the word, but I guess is set up as an arm's-length corporation.

**Mr. Wright:** — Mr. Chairman, with respect to the activities of PEBA and the funds there, my understanding is the Provincial Auditor does have access to the information and does audit each of the funds there.

With respect to the broader issue of ICS, I would defer that to another forum. The Department of Finance has no relationship directly with ICS, other than through PEBA who are the investment . . . ICS being the investment managers of certain of the pension funds.

This is an issue that we have recently discussed with the Provincial Auditor, and I think that the appropriate forum there is for the Provincial Auditor to yet go back again and deal with those boards and members who sit within ICS and provide direction to ICS. But that is not an issue in my view, Mr. Chairman, for the Department of Finance.

**The Vice-Chair:** — So you're saying that by working backwards then through PEBA he has the ability to . . . all the way back through the line and through ICS, he's able to satisfy himself that moneys are being controlled and are being dealt with and meet the tests that he sets for the disposition of those funds — even by looking at the activities of ICS which even though there's a final report to the members of PEBA and the various plans and so on, at some point that money is being controlled and handled by ICS?

What I'm trying to understand now, does he have the ability to follow the trail backwards through ICS to satisfy himself that the test that he normally applies for the disposition of public funds is being met while that money is in ICS?

**Mr. Wright:** — Mr. Chairman, if I may interpret your question, and it's a very broad question which is to say not only dealing—and I may be wrong on this — not only dealing with the pension funds but dealing with other broader issues dealing with ICS, I think . . . and I would never want to put words in the mouth of the Provincial Auditor, but in his view he is not satisfied, as I understand it, with respect to access to ICS. The question is, Mr. Chairman, how does one gain access to ICS?

I would point out that last year the Department of Finance was approached by the Provincial Auditor and asked to be a mediator between himself and ICS. We provided best efforts to enable him to have access to the ICS. This resulted in not a successful endeavour on the part of the

Department of Finance, and relationships between the Provincial Auditor and ICS did not bear fruit in terms of allowing the Provincial Auditor access to it. Again recently we were asked by the Provincial Auditor to provide the same go-between.

I must admit, Mr. Chairman, that on my side I indicated that it would not be suitable for the Department of Finance. We tried last year, best efforts to do so, and that for us to go ahead and repeat old territory on behalf of the Provincial Auditor wouldn't be appropriate.

I don't have an answer for you as to how he does gain access to that. I think the answer lies elsewhere other than in the Department of Finance.

**Mr. Johnson:** — In that particular regard, does the board have the authority to hire somebody to do the work that is being done by Saskatchewan investments corporation — ICS?

**The Vice-Chair:** — You're asking me?

**Mr. Johnson:** — No, I'm asking the auditor because it's whether they're complying with, or the board is complying with its . . .

**Mr. Strelieff:** — Mr. Chairman, Mr. Johnson, the board owns ICS, so the shareholders are the government pension funds and the Crown agencies of ICS. The Department of Finance is responsible for the pension funds, therefore following through the share ownership of ICS. So if the department or the Minister of Finance thought it appropriate for our office to examine ICS, it could do that through the shareholders.

**Mr. Johnson:** — The reason that I asked the question if the money had been loaned out to someone else on the street in any way, shape, or form, you would only follow it to the contract, I would assume.

The problem is whether or not the corporation ICS is at arm's length or not. You're basically saying it isn't. But I'm asking whether that isn't . . . If it's considered at arm's length we would not go past where they presently are from this particular direction.

**Mr. Strelieff:** — Mr. Chairman, Mr. Johnson, if the ICS was at arm's length then we wouldn't normally go to that corporation. But that's the point. It's not at arm's length. And we think because we have responsibility for auditing all public money, we have responsibility to have a look at what ICS is doing with it.

**Mr. Johnson:** — But through ICS. My question is whether it's through PEBA or through the Department of Finance that you asked the question, or whether it comes the other direction through ICS as it stands alone.

**Mr. Strelieff:** — We cannot audit ICS through PEBA. We have to go to ICS to examine what it's doing.

**The Vice-Chair:** — My guess is that this is an issue that we're going to be visiting again at some future time, and we may want to take a closer look at this at some future Public Accounts meeting. I know that it's not going to be

resolved today.

Are there any further questions pertaining to the auditor's report?

**Ms. Murray:** — Thank you, Mr. Chairman. I would just be interested, in the year under review, having the annual salaries of all those employed in the minister's office.

**The Vice-Chair:** — There's a list in the *Public Accounts*.

**Ms. Murray:** — Okay.

**Mr. Anguish:** — With this being asked by name, we want to know who worked for minister's office and what their actual salaries were.

**The Vice-Chair:** — Okay. So the request is for a list of all those employed in the minister's office during the year under review, and their names and their salaries.

**Mr. Wright:** — Mr. Chairman, I will read the names and then the salaries that were provided in '89-90 that were paid . . . (inaudible interjection) . . . Yes, absolutely. The amounts paid to the individuals, not necessarily the annual salaries, but the amounts paid to the individuals that were operating as ministerial assistants.

**Mr. Anguish:** — So if they came in half-way through the year, it would reflect half a year's salary, would it not, if you'll tell us.

**Mr. Wright:** — That is correct. Would you like me to read into the record the names and the amounts paid?

Candace Black, \$11,937; Brian Epp, \$23,265; Arlene Kenville, \$16,819; Erna Pearson, \$21,795; Kevin Doherty, \$17,240; Fred Petrowich, \$15,830; Derrell Rodine, \$17,582.16; Darlene Marchuk, \$10,862.68; Cathy Needer, \$9,900; and Sherry Sitter, who was part time only, \$4,620.84; for a total of \$149,851.68.

I would point out, Mr. Chairman, that '89-90 involved two different ministers for the Department of Finance, one being the Hon. Gary Lane, the other being the Hon. Lorne Hepworth.

**Mr. Johnson:** — Would any of these have been there throughout?

**Mr. Wright:** — I'm just going down the list, Mr. Chairman. I do not believe so. I believe that they moved when Mr. Lane stepped down from the minister of Finance portfolio. The full staff complement changed with Mr. Hepworth occupying the position.

**The Vice-Chair:** — Can I just ask, in the *Public Accounts*, some of the expenditures there, if I might . . . Do you have a question, Ms. Haverstock?

**Ms. Haverstock:** — You mentioned Brian Epp's name. I think it was \$23,265. Is that correct?

**Mr. Wright:** — That is correct. That is what he is paid under as a ministerial assistant's salary.

**Ms. Haverstock:** — And that was '89-90?

**Mr. Wright:** — That is correct.

**Ms. Haverstock:** — Why then on page 135 of volume 3, when you mentioned Derrell Rodine's name, you indicated that there was a salary of some — I can't remember the sum — 17,000-something. It's not listed here under salaries, and instead under travel there's \$3,412 simply for travel expenses. Would it be some more? Oh, those are grants under 20,000.

**Mr. Kraus:** — It's salaries only \$20,000 or higher.

**Ms. Haverstock:** — So it wouldn't be listed?

**Mr. Kraus:** — No. What you would see though for your public accounts received in December is that anyone who is not in scope or not part of the union would be listed, and we went all the way down to \$2,500. So if this was one year later, that would have been recorded, but our cut-off was \$20,000.

**The Vice-Chair:** — Can I just ask, page 135 and 136, other expenses of the Department of Finance, Charlton Communications, can you tell me what kind of work they provided for this department?

**Mr. Wright:** — As my staff here grab it, Mr. Chairman, a lot of this had to do with the pre-budget tours and arrangements that dealt with the 1990-91 budget. They were organizers, managing and conducting the pre-budget tours. If you would like, Mr. Chairman, I'll provide you with the detailed breakdown of the dollars provided to Charlton Communications.

**The Vice-Chair:** — So they worked on the pre-budget?

**Mr. Wright:** — That is correct. The pre-1990-91 budget.

**The Vice-Chair:** — Now the Corporate Strategy Group, what would they have done at that time?

**Mr. Wright:** — Corporate Strategy Group provided advice and a review of materials respecting the communications side of the Minister of Finance's pre-budget consultations as well.

In addition they provided consulting services, program and policy initiatives, issues dealing with management, communications and spokesperson training.

**The Vice-Chair:** — So let me get this straight. This Charlton group would set up a pre-budget tour. . .

**Mr. Wright:** — That's correct, Mr. Chairman.

**The Vice-Chair:** — Or consultations?

**Mr. Wright:** — That's correct.

**The Vice-Chair:** — And then the Corporate Strategy Group would then review for you the work that the Charlton group was doing?

**Mr. Wright:** — Now if I can summarize it in general

terms, Charlton was hired to actually set up the meetings. Corporate Strategy would provide advice on what issues should be discussed at the meetings, how the meetings should be run, communications, and so on.

Charlton was focused in on the actual set-up predominantly of the meetings themselves, ensuring that a rental of a hall, ensuring that there was communications mikes, equipment, so on, from there; whereas a corporate strategy would deal with the broader how-to-present, how-to-communicate side to the pre-budget tour.

**Ms. Haverstock:** — Mr. Chairman, I am most interested in the kinds of advertising that the Department of Finance would do. On page 135 of volume 3, I note that you have Dome Advertising for \$226,091; Dome Media Buying, \$413,176.

Also I'm interested in your comments with regards to Decima Research, but I would imagine that if we take a look at page 127, there's a citing of \$585,000 for advertising and then 135. It seems to add up to a little more. I'm just curious as to what Finance would be doing in advertising to that amount.

**Mr. Wright:** — With respect to the questions of Dome Advertising and Dome Media Buying, for example, Mr. Chairman, Dome Advertising dealt with the '89-90 and '90-91 budget advertising, printing and other aspects, the fuel tax rebate program activities, the mortgage protection plan activities, on Saskatchewan Pension Plan advertising.

In general, as I indicated earlier this morning, the Department of Finance really doesn't have very many programs, but when we do have programs, like others, we do advertise — MPP (mortgage protection plan), SPP (Saskatchewan Pension Plan), and of course we do have to budget.

With respect to Dome Media Buying, had to do with Saskatchewan Pension Plan advertisements, budget advertisements — much the same as I'd indicated earlier — mortgage protection plan, recruitment notices, and so on.

With respect to Decima Research, Decima undertook some activities on a pre-budget basis — a telephone survey for the Department of Finance, trying to get an indication of where consumers were at, where individuals were at.

**Ms. Haverstock:** — Is that a common thing? Has that been done previous pre-budget times that there would be research done by polling people to determine what their views are? I'm just wondering what the standard procedure would be.

**Mr. Wright:** — I would really want to just stick to '89-90, Mr. Chairman, if I may, because I'm not certain of the answer to the question. So I'll protect myself and duck behind — this is '89-90 *Public Accounts*. I wouldn't want to mislead any members here by saying I knew definitively with respect to prior years.

**The Vice-Chair:** — Can I just follow up on this? Dome

spent like 60-some thousand dollars . . . or Decima \$60,000 or so for pre-budget . . .

**Mr. Wright:** — Telephone surveys, \$64,750, Mr. Chairman.

**The Vice-Chair:** — How much?

**Mr. Wright:** — \$64,750.

**The Vice-Chair:** — And this Charlton Communications, another \$60,000 for . . .

**Mr. Wright:** — \$70,510.

**The Vice-Chair:** — For pre-budget meetings. And then Corporate Strategy Croup, another some thousands of dollars for their advice on . . .

**Mr. Wright:** — That's a fair characterization. Mr. Chairman, I . . .

**The Vice-Chair:** — Were there communications people on staff, too?

**Mr. Wright:** — The Department of Finance has, to the best of my knowledge, in the last 15 years never actually had a communications person on staff, ever. Which is not to say we're proud of that, Mr. Chairman.

**The Vice-Chair:** — Just in follow-up, if I might again, on the Dome Advertising: how much would have been spent on Saskatchewan Pension Plan advertising that year?

**Mr. Wright:** — \$50,890, Mr. Chairman.

**The Vice-Chair:** — Is that production or is that placement?

**Mr. Wright:** — That is Dome Advertising itself with respect to . . . There is the Dome Media Buying, and the advertisements under that were \$271,731.

**The Vice-Chair:** — Two hundred and seventy-one thousand dollars . . .

**Mr. Wright:** — Seven hundred and thirty-one.

**The Vice-Chair:** — . . . in media placements . . .

**Mr. Wright:** — That's correct.

**The Vice-Chair:** — . . . for the pension plan?

**Mr. Wright:** — That's correct.

**The Vice-Chair:** — Any idea as to how many people might actually have enrolled that year — that particular year in the pension plan?

**Mr. Wright:** — I believe there is about 36,000 that contributed in that year.

**The Vice-Chair:** — But new enrolments in that year?

**Mr. Wright:** — About 2,000, Mr. Chairman. We could

verify that if you really wanted it.

**The Vice-Chair:** — Do you ever get any order of magnitude in comparison with other programs as to whether or not the amount of money that might have been spent — 271,000 plus another \$50,000 or so for Dome Advertising . . . I guess that's for production and so on, so that we're looking at in excess of \$320,000 for an advertising campaign that's resulted in an additional 2,000 new applicants.

I don't know whether if you'd have spent 1 cent in advertising whether you might have achieved another 2,000 applicants anyway. It may well be that the applicants were going to come in any event. I don't know whether you can compare this to other programs in terms of the amount of money that's spent on advertising something. I know there's a mortgage protection plan — what would you have spent there for example?

**Mr. Wright:** — Well in terms of the mortgage protection plan, through Dome Advertising we spent a grand total of \$1,045; with respect to Dome Media Buying we sent out mortgage protection plan program notices costing \$1,341.

Now, Mr. Chairman, to come back to your earlier question, and I'll characterize it: was this cost efficient to generate 2,000 incremental clients? It's not only the incremental that you'd be dealing with in an advertising campaign necessarily. It would be a reminder for example for the other 34,000 to: yes, it's time to contribute. So there's not only the incremental but there's already your base clients that you would be dealing with.

Do we make comparisons? Comparisons are very difficult because advertising has different facets to it in terms of the target group that you're trying to reach, in terms of the message, in terms of what it is you're trying to accomplish. Consequently a very rough and dirty comparison between for example the Saskatchewan pension plan and any other form of government program is not a valid comparison. You really have to look at what your objectives are, and so on from there. It's very difficult.

**The Vice-Chair:** — I don't want to tell you your business but if you're concerned about 34,000 people renewing their contributions for the coming year, it seems to me that the most effective form of advertising is directly targeted at those people as opposed to the media in general.

I'm just trying . . . the little background that I have in this, in media work and in advertising and so on, suggest to me that if people are renewing something you let them know specifically through Canada Post and otherwise, as opposed to a general media campaign that's aimed at one million people in the province.

**Mr. Sonntag:** — I stand to be corrected, Mr. Chairman, but do they not receive an automatic form to contribute supplementary, to make supplementary contributions anyway?

**Mr. Matthies:** — Mr. Chairman, if I might offer a

comment to you. The advertising that the Saskatchewan Pension Plan does is as Mr. Wright was indicating, it's geared twofold and actually threefold.

The mandate of the plan has been set up such that it's to promote within the public at large the need for retirement savings to plan for your future. So certainly there's a broader target, if you will, which is society in general to plan for your retirement. There's the direction, if you will, at the existing members to urge them to continue contributing, and then there's the push for additional new members.

And the figure, I've got a corrected number, it was about 3,100. Not significantly greater, but there was about 3,100 members that were generated that were new as a result of these dollars.

**Ms. Haverstock:** — Yes, if I may on 135 again, Mr. Chairman. Brigdens Printers and Publishers for \$349,617. Could you tell me if in fact that was tendered?

**Mr. Wright:** — No, Mr. Chairman. In fact this was not tendered. This was reported in the Provincial Auditor's report. And he asked basically that question, why it was not, and why we did not consult with the director of purchasing on this one. As indicated again I believe last November to the committee here, that yes, Finance was in error by not dealing with the director of purchasing or by tendering it.

But as I'd indicated back then and again briefly earlier today, was that we were under extreme pressure dealing with this. Department of Finance turned to, for the '89-90 budget, turned to those that we knew best, those that we knew who could produce on time, and that was Brigdens. It was not tendered.

**The Vice-Chair:** — You have an expenditure for Harvard Developments Ltd. of \$14,835. What was that for?

**Mr. Wright:** — This was interest on tax overpayments being provided to Harvard Developments, which is to say that from time to time corporations may remit tax in excess of what they are finally audited on by the revenue division and we will pay interest on that. That's what my understanding is, Mr. Chairman.

**Ms. Haverstock:** — Prairie Advertising Distributors for 15,254?

**Mr. Wright:** — Mr. Chairman, what that was for dealt with the distribution of the forms dealing with the fuel tax rebate and mail preparation of the cheques on behalf of the Department of Finance.

**The Vice-Chair:** — Are there any further questions of the witnesses? Any further questions?

**Mr. Kraus:** — I have one comment. We did check our dates out during coffee, and the question about special warrants, the \$437 million special warrants that were raised in '89-90 were authorized by the legislature in the spring of 1990 when the 1990-91 budget was brought down. So we were going to issue a report on that, but actually we are satisfied that those special warrants were



authorized. And in fact if we look at .09, the auditor also indicates that they were, so we're happy.

**Mr. Anguish:** — That'll show up in the supplemental estimates. That's where that authorization is coming from.

**Mr. Kraus:** — Exactly.

**Mr. Wright:** — Again, Mr. Chairman, I apologize for that. It's been a while going back over this, and it's unfortunate.

**Mr. Anguish:** — You would have that on the top of your head.

**Mr. Wright:** — I'll refrain from talking about my bald jokes, Mr. Chairman, and other jokes.

**The Vice-Chair:** — Any further questions of the witnesses? If not, thank you very much, Mr. Wright.

**Mr. Wright:** — On behalf of the Department of Finance, thank you.

**The Vice-Chair:** — If the committee would just bear with me, I have a motion for them to entertain.

As I indicated earlier, it's normal at this time for the committee to move a motion:

That the hearing, in this case the Department of Finance, be concluded subject to recall if necessary for further questions.

I wonder if someone would undertake to move this motion.

Mr. Sonntag has moved the motion:

That the hearing of the Department of Finance be concluded, subject to recall if necessary, for further questions.

Are there any comments or any discussion on the motion? Are you ready for the question? Is it the pleasure of the committee to adopt the motion?

Agreed

**The Vice-Chair:** — That then concludes the day's hearings. We will see you again tomorrow morning at 9:30 a.m. I believe?

**Ms. Haverstock:** — Nine o'clock. Has it been changed?

**The Vice-Chair:** — Yes, 9 o'clock, at which time we'll be meeting with Saskatchewan Property Management Corporation, always an interesting exercise. The meeting stands adjourned.

The committee adjourned at 4:48 p.m.