

# STANDING COMMITTEE ON PUBLIC ACCOUNTS

March 23, 1992

**Mr. Chairman:** — Perhaps we'll call the meeting to order, and other members that are on the committee I'm sure will drag in as time permits.

First of all I'd like to welcome everyone back, to both elected members and to the auditor and the comptroller's office and others that are associated with our committee.

I think everyone has received a package from our Deputy Clerk, Mr. Vaive, and in it you will find both a copy of the preliminary report for the year ending March 1990 and also there are a couple of documents to deal with, our deliberations for later in the day and tomorrow on the mandate of the committee.

I hope all of you have taken the opportunity to browse through it. They're fairly extensive. We're anticipating to probably have at least a day and a half's discussion. How far we take it tomorrow I guess will depend on how agreeable or disagreeable the committee is as far as some of the points in discussion in our mandate and how we operate.

In this morning's discussion on finalizing our report to the legislature you also have been handed out comments by the auditor concerning various areas of the report and also some comments from the Provincial Comptroller. Mr. Van Mulligen and myself and the Deputy Clerk met a little earlier on some of these points, gone through the preliminary report, and have flagged certain areas that I'm sure the committee would want to discuss. But my plan would be to take it through paragraph by paragraph, one at a time, and seek comments from all members of the committee on it.

So if that is agreeable, perhaps we can move into the report and start at the beginning. Does anyone have any comments?

If I might before we get going, you'll notice in your suggested revisions from the Provincial Auditor document that there are numbers in the left hand of the column in italics. They refer to the main sections of the report for cross-referencing back and forth. For instance, there are paragraphs — the first one is 11. That refers to paragraph 11 in the general report.

**Ms. Haverstock:** — I was just wondering if you could explain what the procedure might be. I mean if we have something we would like to raise, are we going to be going through this in order, paragraph by paragraph? Okay.

**Mr. Chairman:** — If there's something in a particular paragraph that strikes your fancy, just . . .

**Ms. Haverstock:** — Then I'll wait for that paragraph to arrive, is what I'm asking.

**Mr. Chairman:** — Right.

**Ms. Haverstock:** — Okay.

**Mr. Chairman:** — Is there anything . . . and I think you can appreciate such paragraphs 1 through 5 are just

preliminary stuff. Any comments there? They are simply the selection of the committees and that type of thing.

All right, paragraph 6. Anyone from the comptroller's office like to comment on 6(a)?

**Mr. Paton:** — Well I thought you would want to deal with that under the recommendation. This is one area that I believe the Gass Commission has reported on fairly specifically in regards to the loans to the Saskatchewan Property Management Corporation. And we are of the opinion that perhaps the committee should be recommending the same thing that the Gass Commission did, which is to write off those loans as opposed to referring it to an *ad hoc* committee for further study.

**Mr. Van Mulligen:** — Mr. Chairman, I have absolutely no problems with that. But in the interest of avoiding revisionism, I would encourage us to not think about discussions we've had in the past and in light of some new document now rewrite the report and in a sense rewrite almost the discussions that we've had in the past, but to report whatever it is that we want to say about this fiscal year and undertake such discussions as we may want to on Gass or other matters and do that subsequently. As opposed to trying to now take the Gass report and look at all the things that we've discussed in the last year, in light of the Gass report, and make changes to or in effect open up the discussion on everything we've done in the last year. My guess is looking at it . . . the things we've talked about weren't far off what Gass is saying anyway. But in terms specifically dealing with Gass and specific recommendations, I would prefer to wait until we get into the next year's report. Or maybe a specific consideration of the Gass report itself.

**Mr. Paton:** — Mr. Van Mulligen, the comment was more specifically to referring this to an *ad hoc* committee — the fact that there has been a committee that was established that did study this. And while I understand what you're saying, like, do we want to open up the whole issue again, we may not want to change our recommendations, but it was just whether or not you wanted to refer it to another committee at this time.

**Mr. Van Mulligen:** — My guess, and it's just a guess at this point, a reasonably informed one, that the Gass Commission report will be referred in whole or in part to this committee for its consideration. Certainly I would think the recommendations that are appropriate and germane to this committee will be referred here for our review.

And I guess I would at that point want to look at them as opposed to rewriting this report now and let it pass. Just from the viewpoint of, you know, if we're going to have that discussion, let's have it and let's not have . . .

**Ms. Haverstock:** — Just a point of clarification. Is the Gass Commission report going to be given to us, and/or is it going to be presented to the legislature?

**Mr. Chairman:** — You're asking me?

Well my expectation as chairman of this committee is that

it will be directed to this committee in its entirety as it will to the legislature, I would expect. Normal procedure, it would go to the legislature and then the minister responsible would direct it

I would think this committee, because of the recommendations in it, would have an innate interest in and would want to have it here. But that's up to the committee.

**Mr. Paton:** — Mr. Chairman, Mr. Strelieff might want to correct me on this, but I believe the Cass Commission report was a report to the Minister of Finance, not to the legislature and that he has made that document public subsequent. I'm not sure if there's any intention to formally table that in the legislature.

**Mr. Van Mulligen:** — Well in terms of . . . I know this is a question that he's probably going to have to consider if he hasn't already. The question is how do you get it out of the committee? I guess the government could come to the committee and ask for its opinions on matters. Whether they want to do that or route it through the Legislative Assembly to this committee, I don't know yet.

**Mr. Anguish:** — Does there have to be . . . How does the report get here, the technical route? Does it not have to be presented to us via the Legislative Assembly? Like a minister can't come here and give us a reference to deal with the report.

**Mr. Chairman:** — Normally the committee would get it from the legislature in some form, either as a tabled document or as an order reference to the minister. If that weren't to happen, this committee would have to look at a different mechanism to officially look at it. And I guess that would ultimately . . . We would have to request something of the legislature.

**Mr. Anguish:** — Does the Provincial Auditor want to say something?

**Mr. Strelieff:** — On the Gass Commission report I did hear the minister say in the last legislature that he was going to refer it to this committee. So that's one mechanism. The second mechanism is if our next annual report which will be tabled in the next session of the Assembly makes reference to the Financial Management Review Commission, and it does. So at that point it then becomes accessible to this committee.

**Mr. Chairman:** — The Clerk tells me the other way is when we do a report to the legislature either on this particular year or the next one, if we include in that report references to the Gass Commission, we could ask the legislature at that point to refer the whole report, for instance, to this body.

So perhaps, with the agreement of the committee, we will not deal with any specific references to the Gass Commission and its findings in this report and we will deal with it either as a separate issue or in the '90-91 report. Is that agreed? Agreed Thank you.

Perhaps . . . and I don't want to gloss over anything. I think all of you are aware about the first 34, 35 sections that are

in here were actually stuff that was done by the old committee prior to the last election, and I think only Mr. Van Mulligen and Mr. Anguish are familiar with what went on there. But everything that was dealt with at that time seemed to be in order.

Perhaps I'll just call the sections. Anybody have anything until we get to the new stuff?

Paragraph 8 . . . Before we move on . . . my apologies, I guess we have to do something with that paragraph 7. We either have to delete it or change it or do something with it . . . or adopt it, even though we're not going to . . . Well I thought this . . . I'm mixed up.

**Mr. Strelieff:** — Mr. Chairman, on recommendation 7, Mr. Paton from the comptroller's office is suggesting in his letter, which is signed by Gerry Kraus, that most of the issues in 1(a), (b), (c) and (d) were agreed upon, and therefore there's no real need for another committee to be established to come up with something new, and he's raising that as the issue. So I suppose the question is, do you need another committee to study this, a committee made up in my office of the deputy minister of Finance and the comptroller?

**Mr. Johnson:** — Well it doesn't have to be very big if everybody is agreeing on it. The letter coming back here saying it's agreed on is all that . . . which is already here.

**Mr. Strelieff:** — Yes, which is what 16/92 does. Right?

**Mr. Paton:** — Yes.

**Mr. Chairman:** — Okay. What the issue here is that paragraph 7 is basically a consolidation of 6(a), (b), (c) and (d). And the comptroller's last comment in his paragraph dealing with all of these sections is that the loans to the Saskatchewan Property Management Corporation should be written off. And that addresses 6(a). We can either agree with that or disagree with it or . . . but that, what 7 is, is it's just an amalgamation of all of 6.

**Mr. Johnson:** — And that increases the expenses then in the year in which the loan was made.

**Mr. Paton:** — Yes, that's correct.

**Mr. Chairman:** — That's correct.

**Mr. Johnson:** — And that is basically what the Gass report . . .

**Mr. Paton:** — The Gass report, and the Provincial Auditor's been recommending that accounting treatment for a couple of years now.

**Mr. Johnson:** — So the deficit goes . . . okay.

**Mr. Van Mulligen:** — I'd be inclined to just strike paragraph 7, just delete it.

**Mr. Chairman:** — Just to leave it out of the report.

**Mr. Van Mulligen:** — We're going to get into a discussion of these very substantive issues, my guess is. And of

course if Gass, if he hasn't raised it. I'm certain that the auditor will be raising it again. And I think we should get into it in a discussion in the context of that as opposed to opening up the question of the SPMC (Saskatchewan Property Management Corporation) loan again at this point.

And so we just strike 7. If we need a motion to do that, then I say we . . . I would move that we strike 7. If we don't need a motion, then hopefully we can agree to strike 7.

**Mr. Chairman:** — Is that agreed?

**A Member:** — Agreed.

**Mr. Chairman:** — Agreed. Paragraph 7 is struck from the report.

I'm told that we should discuss the second comment from the comptroller on the first page of his report in relationship to paragraph 6(b), the question of a summary financial statement. Do you have any comments on that, Gerry?

**Mr. Kraus:** — Are you referring to our comment on the summary financial statements on the first page?

**Mr. Chairman:** — Right.

**Mr. Paton:** — What paragraph in the report are you referring to?

**Mr. Chairman:** — 6(b).

**Mr. Kraus:** — I think we were considering it, Mr. Chairman, was that the recommendation in 6(b) was leaning towards the way you would value investments in Crown corporations if the government adopted summary financial statements. Summary financial statements just do that as part of the compilation. And so we went so far as to say, I suppose, you may wish to recommend that the province do prepare summary financial statements, as was done for the Gass Commission, which might deal with this 6(b).

**Mr. Anguish:** — I don't know, Gerry, exactly what you're recommending there, but I have some real concerns if we're rewriting the committee report because of the Gass Commission and things that have happened subsequent to the Gass Commission. This is a record to me as to what happened in the Public Accounts Committee, not what could have happened in the Public Accounts Committee. So if these things are wanting to be brought in, let's bring them in in the report that we do once we've dealt with the Gass Commission.

So I'm not sure what's up and about here.

**Mr. Kraus:** — That may be a legitimate point because . . . there is a legitimate point because, you're right, this thing was written before the Gass Commission was completed. And I suppose if you took the recommendations of the Gass Commission and you could see four or five or six weeks out and see what maybe the government's going to adopt, you could say we could rewrite this thing several times.

So maybe you're right that our comments are, you know, are assuming certain things are going to happen or have been done. But this thing was done prior to that and maybe you don't want to amend this . . .

**Mr. Anguish:** — Yes, I have real strong objections to amending this report, based on what we know now but didn't know when the hearings were being held that developed this report.

**Mr. Kraus:** — And whatever has happened since will be taken into account when they're determining what they'll do with your recommendations. I mean if they've already addressed it, well, great.

**Mr. Anguish:** — Yes. And if we need another report, I would think that we want to do it expeditiously. Whether it's dealing with the Gass Commission reference to the committee or go on with normal workings or if there's a special reference in the Provincial Auditor's report that allows us to do that, then we do another report as quickly as the committee feels comfortable in doing it, but not to tamper with what actually happened in previous meetings by amending this report. I have strong objections to doing that.

**Mr. Chairman:** — Is the committee agreed we'll just leave (b) as is and proceed on? Agreed.

Seven is deleted. Paragraph 8? Agreed. Nine? Timely financial statements, 10. I think, Gerry, you had a comment on that one.

**Mr. Kraus:** — I guess what we're suggesting, and again now after this last discussion maybe you want to consider this another time, but we were suggesting you might want to consider suggesting that the *Public Accounts* for example be circulated to members of the Legislative Assembly when it is not in session, through the *Public Accounts* or some such other fashion.

**Mr. Chairman:** — Yes, I think this kind of falls in the same discussion as we had on that other one. And rather than change this particular document which goes back to the summer of '91, we'd do better to address that in a more timely fashion. Okay?

**Mr. Kraus:** — Yes. I agree.

**Mr. Chairman:** — Okay. Agreed. Eleven.

**Mr. Van Mulligen:** — Can I just back up for a sec? With respect to paragraph 9, if I might, I think the intent of the committee — the previous legislature discussed this item at some length — was that there should be a public debate in a sense on that particular issue of capital budgets. And without any side of the committee having any fixed position on the matter, it was felt nevertheless that there should be some public debate on this matter.

**Mr. Chairman:** — Any other comments on that particular section? Do you want to change the wording at all here? Okay. Just leave it as is.

Eleven. There is a reference from the Provincial Auditor

on 11. Oh, 13, point 11 — 11, 12 . . .

**Mr. Kraus:** — Mr. Chairman, the Provincial Auditor still has concerns, and perhaps he will concur with this. He feels that the issue of whether or not expenditures . . . as you recall, some years ago expenditures were aggregated across the government and supplier payments over 10,000, or whatever the limit was, were shown regardless of whether it was for agriculture, whatever.

I think the auditor still has that concern that you haven't dealt with it directly. And if I'm correct, I would appreciate it if your report would either say you're for or against it.

I think you agreed in June of 1991, was it — just last June? — or not your committee but the prior committee had agreed at that time they didn't want it, and that's why we restructured the Public Accounts the way we have. If this is still an issue though, I'd sort of like . . .

**Mr. Chairman:** — I think we just haven't got there yet, Gerry.

**Mr. Kraus:** — Oh, okay.

**Mr. Chairman:** — I think we deal with that in further sections.

In the recommendations, which is paragraph 13, and the first one that I have a comment on under 13 would be sentence 11. That's the first one I have sort of flagged. Now we can go through these just one, two, three, and all.

**Ms. Haverstock:** — Well I wanted to have some discussions about number 9 under 13.

One of the things that I had raised during the committee's deliberations was the fact that if there were areas where I think some inappropriate use of public funds could take place, it would be with some individuals who of course could be hired more than once on contract, and that these would be far more readily hidden. And with the current ability through the use of computers and other techniques, we could in fact have the opportunity to cross reference.

I know that some of the questions that I raised over and over again in Public Accounts was to find out if there were people who received \$10,000 or more on one occasion. And I'm just wondering if this section under number 9 just dismisses that potential for us to look at abuses.

**Mr. Van Mulligen:** — Oh, I agree. I wasn't able to convince the last committee to agree to this obviously, but that was the stance that they took in publishing the *Public Accounts*, notwithstanding my reservations about their approach. They wanted to go that way. But I agree with Ms. Haverstock that you should and it's only consistent that you do that.

**Mr. Kraus:** — I would like to have the auditor comment on this because he's one, and I say this with all due respect to the committee and the auditor, is very concerned that the legislature and Public Accounts

Committee deal with relevant information and not just with data. And the one point we've made, and maybe we sound so that you think this is inappropriate, but we're afraid that if we provide detailed lists for every department, let's say down to a dollar, you're just going to be inundated with a bunch of useless information.

I wonder whether you had any comments on that to support that point, Mr. Auditor, or not.

**Mr. Strelieff:** — Mr. Chairman, we're dealing with point 9 — 13(9). The first sentence in point 9 I think is reasonable. The second sentence is to me the problem, where you don't get provided a summary report where you could detect whether one person is employed in a number of organizations, government organizations, where the total payments to that individual person would be over \$20,000.

So, Gerry, you hold the \$20,000 limit, so you get rid of a lot of the detail, but you flag where one individual or one firm gets paid more than \$20,000 from different departments and government agencies. I think you used to provide a report like that, but it somehow never got tabled after a while.

**Mr. Kraus:** — It was discontinued. I don't know if you've had a chance to look at that supplementary report we gave you on payments to employees, but I assume that was everything you wanted and more. You haven't had a chance to look at that. I don't think there's a problem with employees any more. I don't know how we could give you any more information on employees.

**Mr. Strelieff:** — That's the individual.

**Mr. Kraus:** — Yes.

**Mr. Johnson:** — It seems to me that consistency in the request is that we have a consolidated statement of bringing everything together, that it should also be consistent to bring where people are being . . . where any individual person was receiving funds or any company that's receiving funds should be consolidated in the same manner. It just seems like that's a consistency in it. There are some things that I find that bringing all items of government into one package to me creates a problem, but that is not the direction that we're headed.

**Mr. Van Mulligen:** — I think we're dealing with a couple of issues here. One is that . . . Probably the best way to explain this is to indicate that if someone provides a service to Department of Justice as an example, and that service is valued at \$21,000, that would be reported in the *Public Accounts*.

If that person also provided a service to the Department of Social Services for \$22,000, that would be reported in the *Public Accounts*. If another company provided a service to the Department of Justice valued at \$19,000, it would not be published in the *Public Accounts*. And if they provided a similar type of service to the Department of Social Services for \$19,000, it would not be published in the *Public Accounts*.

So that even though the total value of the services

provided by that company would be \$38,000, there would be no reference in the *Public Accounts* to that. But you could have one company providing one specific service to one department at \$20,000; it would be reported.

And the committee has looked at this in the past, back in the '60s, and said, well that's wrong. Although it's desirable to have expenditures listed by department, nevertheless you do get expenditures that go across departments and the public, legislators, have a right to know. You know if it crosses a certain threshold for all the departments combined, that information would be made public. And I agree with that.

Now there's another question as to whether or not all expenditures should simply be reported across government without reference to departments necessarily. Again that's a separate question. Some people have said, well advertising expenditures for example, it would help us to know if all the advertising expenditures were totalled up to save the research officers the task of totalling that up, and other expenditures that go across departments if they were all totalled up. That's a separate question for me and we might be able to deal with that in some different way.

But the question of expenditures where someone provides a service and doesn't meet the threshold for a particular department but does meet the threshold by virtue of providing it to a number of departments, that to me is something that should be reported. It used to be reported and then somehow the report stopped. So that's the question.

**Mr. Kraus:** — What we have done, and it's too bad we don't have our *Public Accounts* here but . . . I hope I'll end up giving you everything you want here both in aggregate and individually.

Firstly, I think with employees the new *Public Accounts* that you would have received for '91, by department only show employees who are not hired . . . they show all employees who aren't hired on a union basis, right? And so I think we went all the way down to \$2,500 there. The threshold was 2,500. If you were a union employee you were going to be included in that separate supplementary volume where again I think we've gone down to \$2,500. But we've listed anybody who received at least \$2,500 in a year by department.

Now we could aggregate that but I wonder whether that isn't overkill on employees' salaries. I really think as far as salaried people go or wage earners or people that we pay as an employee, I think you've got a lot of information already.

When it comes to aggregating things, and I'll just volunteer this I guess, I was looking at it the other day and I thought that we probably, without too much trouble, if the committee wants it, we could probably run across government on an aggregated basis for supplier payments which would include your contractual arrangements. You know, we're able to do things a little differently now. We could probably do this in house and maybe add it to the back of that book that I gave you with the employees. I

think it was about so thick. It's this one. And we just might be able to, with another 30, 40, 50 pages, provide you with that aggregation. We're doing this in house.

**Ms. Haverstock:** — I'm just wondering, you see, I'm wondering if even that amount is necessary. Would we need 30 or 40 or 50 pages of this or would we not just need a way of looking across departments and finding those payments that are multiple in nature, that exceed or add up to \$20,000 each. My concern is that there may be the lost opportunity here for public accountability. And I don't think we need that amount of detail.

**Mr. Kraus:** — Well if you were going to pick a limit of, say, 10 or \$20,000, I take it that what you're saying is if we pay Reliable Stationers \$3,000 in 15 departments, you'd like to know that we really paid them \$45,000. But by the time we make a list of those, because of our size you could easily get up to 20, 30, 40 pages. I would say it could still be that large. It's just not going to be a couple of pages, because we pay so many suppliers.

**Ms. Haverstock:** — Then that makes it even more important.

**Mr. Muirhead:** — Thanks, Mr. Chairman. I agree that something here has to be changed. I agree with Lynda and Harry. I don't know how immense the problem is or if it's a problem. Maybe we don't have an awful lot of this, but if it's happening and you get into the political arena of whatever government's in power, I don't like what I've seen in the past many times where you see an individual gets a contract for 10,000, another one over here for another 10. You hear about it but you don't know.

And I think there's some way that all people should know that this aggregate's got to be controlled here some place. I don't think it's right that somebody is dealing with a contract and he says, I don't want 21,000, I just want 19 so it doesn't get reported. And that's the dangerous thing that can happen out there. Then he goes over to another department, like Harry says, and gets another 19.

Maybe it's not possible but is it a difficult thing, Gerry, and Mr. Auditor, is it a difficult thing to try to pull all the departments together? Because each department has nothing to do with the other one. Maybe he's got a contract with department A and department C and the other one don't know. Is that a difficult thing to combine this together?

**Mr. Strelloff:** — I don't think so.

**Mr. Muirhead:** — Gerry, is it a difficult thing if an individual has got a contract . . . or a company with department A and department C to get . . .

**Mr. Kraus:** — No, it isn't. It's just that I'm trying to point out that if they're paid as an employee, then although we don't aggregate it by department we're reporting it down to \$2,500. So if you made \$2,500 or more, you're certainly going to appear in this book.

But if it's contractual arrangements, then it might not be showing up as an employee-type payment. Then is it hard to go across? No, and that's why I'm saying we can do

that. It might only be another 30 or 40 pages. And I guess what I'm saying is we . . . if the committee wants to recommend that we aggregate across departments, at some reasonable level of dollar limit, we would abide by it. I just didn't want to have to do that as well for the employees because I'm showing you all of this information already.

**Mr. Muirhead:** — Well I think it's important because there may be nothing wrong if a contractor out there has got the qualifications to have a half a dozen contracts with the department. There's nothing wrong with it. But if it goes over \$20,000 at least it should be . . . the public should know. That's all I want to say for now.

**Mr. Anguish:** — I want to come back to my response to Mr. Kraus earlier. I absolutely agree with the aggregating so that you stop governments from abusing by giving 10 here and 10 in another department. I agree with that. I agree with everybody who's spoken on the committee on that topic.

I have some real concerns that we're dealing with that debate under approving of this report. I don't think we're going to change this report. What we should be doing is reviewing this report with accuracy as to what happened in the past. This is an historical document and I think we should get rid of this report as rapidly as possible and go on to the next report and if those are the things the committee wants to recommend we should recommend them.

But when somebody 200 years from now is doing research for their thesis on public accounts committees in Canada we shouldn't be tampering with the historical facts of this document. And I appreciate the debate that's going on, I don't want to stop the debate, but I think we should get rid of this report as fast as possible and go on to the next report.

So I have problems in the timing of the debate, Mr. Chairman, that's going on, unless there's a feeling of the committee to change what is in this report, and if that's the wishes of the committee, I would argue against that happening.

**Mr. Chairman:** — I think we have to realize here, as I understand the rules around here and I'm new at this, that this is our report even though a previous bunch of legislators and previous government and everything else did this first 30-some sections. This is our report and if we want to amend what went on and we have the ability and the will to do that. Now it's a question of whether we want to get into that and do these things in a subsequent report of this committee, but this is this committee. So it's like our names are on it. It's not that other bunch that sat there two summers ago. It's us that will have to sort of live with the history of this thing so . . .

**Mr. Anguish:** — Well, Mr. Chairman, I understand what you're saying, but I also understand that by us changing what's in this report, we're changing the record of what happened in the other committee.

**Ms. Haverstock:** — I guess I need some assistance on this because I'm wondering why it is when we sat in this very

room, with the same people present, and I raised this issue then, why is it that there will be no accounting of the discussions on this issue in this report? I mean this is not any different from what we've raised before. Now we're being told that we have to adopt a report with our names on it to go to the legislature and I fervently want item, whatever it is, 13(9) to be representative of what we had discussed here. So where is it that it's going to be documented, my concerns on this issue and what we have debated here this morning?

**Mr. Anguish:** — Well I think there's a couple of things that we could do. One is that we could adopt this report and you can stand up and report as tabled in the legislature and express your concerns on the floor of the Legislative Assembly. I mean every member of the committee and every member I guess has the right to do that. The chairman will stand up at some point and under tabling of reports, he'll table this report and you have a chance to speak. You can go for five minutes or three hours in my recollection on tabling of *Public Accounts*, or all day on *Public Accounts* reports.

Another possibility is that we can . . . before we table this we can add our own section to the back on the points that we disagree with, is the way I'd prefer to see it done. And if we have strong objections to this going under our name, to have another section at the end recognizing that this was a report of a previous legislative committee and these are items that we disagree with.

**Ms. Haverstock:** — I do feel that, if I may, just to conclude my statement, I do think that it's very important for us to make clear that these recommendations . . . if in fact we are going to have our names on this document, if these recommendations are not our recommendations, then that should be stated at the outset. And I would agree with your rider recommendation then. I want this document, if my name is on it, to adequately reflect what we've done in this committee.

**Mr. Van Mulligen:** — Well so that we won't be accused of revisionism, and so that we will accurately reflect both what happened in the previous committee and in this committee, would it be possible to say that the committee of the . . . during consideration of this matter by the committee of whatever the previous legislature, they didn't feel it was necessary to provide an aggregate. But this committee of this particular legislature is inclined to agree that it should and it's inclined to recommend this. Would that be okay? Or words to that effect?

**Mr. Chairman:** — The problem with that, Harry, and anyone that says that we can sort of have it both ways in here, is that the committee says that the evidence of the committee was presented in 16 sessions prior to a certain date and in 10 sessions after. In other words, the way the report reads it was simply a body of evidence presented to this committee for the report ending March 30, '90.

It doesn't differentiate between legislative sittings or anything else. It's just a body of evidence presented to whoever the members are that happen to sit on the Public Accounts Committee. And if you start divvying it up with two contrary reports, you're almost reporting against yourselves. All the members here had that body of

evidence for their perusal, if you will, and we're charged with bringing down a report that ends that year. So I'm really hesitant to start mixing and matching.

**Mr. Anguish:** — Yes, I think we need to be consistent with what we do for the whole report.

**Mr. Van Mulligen:** — Well, Mr. Chairman, we did make one other minor change where in retrospect the recommendation of the previous committee in light of what's happened made absolutely no sense to report to the legislature on that. So my opinion that as much as I don't like to do that, and bearing in mind your comments, I would like to see us if necessary then, providing the committee agrees to rewrite paragraph 9 here, to say that the committee feels it necessary . . .

**Mr. Anguish:** — But you just can't write one. Mr. Kraus's feelings will be hurt. And he wants to change some things that . . .

**Mr. Van Mulligen:** — No, we don't have to rewrite the whole thing in light of the Gass report. We can take that as a separate issue.

**Mr. Chairman:** — Yes, this is separate from the Gass Commission, this particular one.

**Mr. Anguish:** — So we don't care about Mr. Kraus's feelings then?

**Mr. Van Mulligen:** — No, not really.

**Mr. Anguish:** — Okay. Where is he? He's gone.

**Mr. Van Mulligen:** — So if that's agreeable, I would like to move then that paragraph 9 be amended and that it indicates that the committee in addition thereto feels it's necessary for an aggregate of expenditures by payee across all departments be provided.

**Mr. Muirhead:** — I'm not speaking on that. Before you made the motion I was going to speak, just to make a comment. I just want to ask a question. All right. Like Ms. Haverstock said that she wants to make sure that her voice is heard in 13(9), that she wants in that legislature that she wouldn't agree. And what she did, she said at our meetings that I want this changed. And maybe I want 7 changed, maybe I want 11, maybe somebody else wants 9 changed. Does that not come from a vote? If you're outvoted it doesn't get in there. We still have to have a vote in here to change anything.

**Mr. Chairman:** — Or agree to it.

**Mr. Muirhead:** — Or agree to it. Right. And then if Ms. Haverstock or myself didn't get her wish, it didn't happen, then we'd go back like you said, Doug, we have the right to stand up and say, this is my feelings in that report. But I don't think . . . am I right in saying we haven't got a right to say we want to just have that changed, until there's a vote on it one way or the other?

**Mr. Anguish:** — What I hear is I guess we do have a right to do that.

**Mr. Muirhead:** — Well that's what I'm trying to clarify.

**Mr. Anguish:** — I object to it because I view this as an historical record of what has happened.

**Mr. Muirhead:** — I've got a kind of a feeling with you, Doug. I'm kind of agreeing with Doug that there could be an amendment afterwards or someone could get up in the legislature and give their own views. I'm kind of agreeing with . . . But am I right, Mr. Chairman?

**Mr. Chairman:** — You're absolutely right, Mr. Muirhead, that on an issue of substance anywhere in here, this committee can put it to a vote and away we go. If we can't get agreement on it, then we vote on it.

But my advice on the content of this report is that everything that's happened previously is simply a body of evidence presented for this committee. And it's unfortunate that we have to deal with the situation of an election in between, but that's the way it is and we're going to have . . . This will be our name on it. None of my former colleagues that were on this committee evidently will . . .

**A Member:** — And that body of evidence is still before the committee.

**Mr. Chairman:** — The body of evidence is here so . . . (inaudible interjection) . . . Well we'll deal with it this way, that we have a proposed amendment to section 9, or a motion. And we'll have to write it out and vote on it.

**Mr. Van Mulligen:** — We don't want to write it out.

**Ms. Haverstock:** — Mr. Chairman, I thought we agreed that in the . . .

**Mr. Anguish:** — Well I have no objection.

**Mr. Van Mulligen:** — Does anybody want to see it go to a motion, or can we agree on it?

**Mr. Muirhead:** — I would like to see it stay the way it is and then put the amendment at the end.

**A Member:** — What do you agree with?

Mr. Harper: — I think it should be left the way it is and the amendments be added on at the end.

**Mr. Chairman:** — Except practice is with this committee, you don't have dissenting opinions tacked on at the end.

**Mr. Van Mulligen:** — The majority are dissenting opinions.

**Mr. Anguish:** — It wouldn't be a dissenting opinion.

**Mr. Chairman:** — Well, I mean, why not just fix it?

**Mr. Anguish:** — It's not broken.

**Ms. Haverstock:** — I disagree. If it is not reflective of what we talked about, then as far as I'm concerned, I am hearing the chair say that we are responsible for this

report. This is our report regardless of what happened prior. We have to take ownership for the information in here that is going forward to the legislature. It is our responsibility to ensure that the information that goes forward is reflective of our discussions, not just the discussions of others, but of what we agreed to. And there was full agreement on that discussion for item 13(9).

**The Vice-Chair:** — Can I just make a comment that one of the . . . I agree with the issue that you've been raising. It's an issue that I've been raising myself and I feel like it should be changed, but there is other items too that other members might feel that should be changed. And you have to remember that these recommendations for changes to the *Public Accounts* and how the *Public Accounts* were to be reported, were done after some very thorough discussion that went on for I don't know how many hours on the part of the committee — the previous committee.

They decided and made some recommendations as to how the *Public Accounts* should be changed.

If we want to get into changing the nature of the *Public Accounts* and the structure of the *Public Accounts* as to further changes, then should we be inviting the comptroller and the auditor back in here with the *Public Accounts* and raising not only this issue but a number of other issues, some of which the auditor has identified, and have another go at the *Public Accounts*?

And would it be fair to say that in addition to those changes which have been incorporated in the *Public Accounts*, the committee agrees that there's a need for further review of the *Public Accounts* with items such as reporting of payees across departments and any such other matters that we might identify here, and agrees that a further review should be undertaken by the committee. Would that suffice?

Would that be okay, that we could say that here it is but we agree in addition there should be a further review of the structure of the *Public Accounts* and how the *Public Accounts* are reported, to take into account the committee's interest in having all payees across departments reported and so on, and any other such matters that might be germane to the structure and the reporting of the *Public Accounts* and the like. Would that be okay? Would that do it?

**Ms. Haverstock:** — My concern is this, and I would appreciate some assistance in understanding your point of view, others' points of view, because logic is telling me that we sat in this room and became responsible for the *Public Accounts* report to the legislature for the years '89-90, that year under review. Is that correct? That is what this document is about, is it not?

**The Vice-Chair:** — Yes. The auditor's report '89-90, *Public Accounts* '89-90 also reported on a very lengthy discussion we had with respect to the structure and reporting of the *Public Accounts* which have . . . and the results of that which you can see in the '90-91 *Public Accounts* which were tabled in the legislature in December.

**Ms. Haverstock:** — Yes. So this report going forward is based on the committee's recommendations that were really a continuation of the committee made up of new members. Is that correct? No? In other words, that other committee came to closure?

**Mr. Anguish:** — That committee died when the election happened, when the legislature was dissolved.

**Ms. Haverstock:** — It died but then a new committee was struck and we're it.

**Mr. Anguish:** — Yes, and that's why there was a motion on the floor of the legislature during the last session to strike this committee. That committee died.

**The Vice-Chair:** — It's this committee that's being called upon to report to the Legislative Assembly. And all the hearings and evidence which were uncovered by any previous group has been, what's the word, adduced to this particular group to do with as it sees fit, and it can make such changes. My concern would be is that, although I agree in this specific item that it should be changed, there may well be other items that we want to see changed as well in the *Public Accounts*.

And the auditor has got some suggestions for changes too. It's not necessarily for the structure, but as to which departments should be included in the *Public Accounts*. And some very substantial discussion might take place on that.

And the question is, should we now reopen the discussion on structure of the *Public Accounts*? I want to see this little change; you want to see that little change; should we just include that at this point? It's a confusing exercise.

**Mr. Johnson:** — If we're going to get bogged down on what the previous committee, that in parenthesis as you've indicated, did, I believe that goes . . . how far down does it go down? To item 31 or something?

**The Vice-Chair:** — Up to 34.

**Mr. Johnson:** — To item 34.

**The Vice-Chair:** — 35.

**Mr. Johnson:** — Item 35 and then basically from 36 on is the work of this particular committee.

**The Vice-Chair:** — Yes.

**Mr. Johnson:** — That's correct? Is there any particular reason why this committee should report anything of the previous committee? We're in a new Legislative Assembly and just take the whole first 34 recommendations and maybe tack them on as appendices to the back saying that they were not covered in the previous . . . the previous committee died, and that this is the statements that they said, and not include them as part of our report, and just handle just the work of this committee. because that solves a lot of arguments.

**The Vice-Chair:** — The recommendations that are in



there wouldn't . . . I guess the information . . . well, if you include it as an appendix, the information would simply be information, and wouldn't be recommendations per se.

Which is neither here nor there, because the *Public Accounts*, it's academic, *Public Accounts* for the last fiscal year were in fact done in accordance with these recommendations. And if we want to make further changes to the recording of *Public Accounts*, we're able to do that.

**Mr. Johnson:** — Then I so move so that it's on record, this discussion.

**The Vice-Chair:** — You just hang on to that.

**Mr. Johnson:** — Okay.

**Mr. Muirhead:** — I'd like to ask the Clerk a question. Mr. Chairman, I'd like to ask Bob a question.

I think it's quite conceivable around the room here that we agree with Ms. Haverstock's recommendation that we get this changed. I think we all kind of agree. But it's where we do it.

I'd like to ask Bob, where's the most kosher place to do it? Just put change section 9, amend it and vote on it or whatever? Or at the end? Which is the most kosher way to do it?

**Mr. Vaive:** — Mr. Chairman, practice really would be to amend it now, in committee at this point. Because these paragraphs serve before the committee as draft. Nobody has seen them. Neither has the . . . I'm talking about paragraphs 1 to 35. The previous committee hasn't even seen them. They were drafted by the Clerk's office based on the verbatim that was adduced and the evidence adduced in the last committee. Nobody has ever seen these. And therefore when they're being considered now as drafts, they should be . . .

**A Member:** — Okay. That's all I want to know.

**Ms. Haverstock:** — I have one final comment, if I may.

**The Vice-Chair:** — Please clarify us in our confusion, yes.

**Ms. Haverstock:** — Well this . . . I won't be clarifying anything. But I deferred to Mr. Strelloff and to the Clerk on this issue because both of them, I would appreciate, I did hear your recommendation. I'm interested in the Provincial Auditor's. I think that both of you are in a position to: (a) understand what implications there would be for this from the Clerk's office, and I think that, in my opinion, Mr. Strelloff knows what might be of greatest benefit as far as a report going forward and some implications for the future on the way in which we approach this. So I would like to hear your opinion as well. We have heard from the Clerk.

**Mr. Strelloff:** — Mr. Chair, Ms. Haverstock, what's of greatest benefit is up to the committee. I would make the most simplest recommendation and that is adjust 9 — it seems like there's agreement here — and move on. And if

you want to make another adjustment to another paragraph down the line and you don't have significant agreement, then defer it. It seems like that's the simplest approach.

**Mr. Anguish:** — The simplest approach, though, isn't always the best approach. I want the committee to understand that.

**Mr. Swenson:** — I will speak from . . . I guess I'm supposed to be over there.

**A Member:** — That don't matter. The microphone doesn't say where you're sitting.

**Mr. Swenson:** — Okay. I don't think we have any choice in this as a committee. When Harry and I met, for instance, on the selection of who we would call before this committee, we took into account that these witnesses had already occurred. If this opinion had been expressed at that time, I think we probably would have had a different selection process. We may have called some of those witnesses that had come previously.

I had always clearly understood that this committee would have the final say. The evidence was there for us to read. If we didn't want to read it, fair ball. But the people had come before the committee, given the evidence. We were to take that into consideration. We were able to speed up the committee's report because we didn't have to recall all of those people. That work had been done. But at the end of the day we still had to put our John Henry on it. And I don't think that we have any choice in that regard.

**Mr. Serby:** — Just a question, Mr. Chairman. In the preparation of our 1990-91 audited financial statements, was that practice then conducted on the basis of this recommendation here in terms of aggregate?

**Mr. Kraus:** — We followed the recommendations. Other than point 1 of this item, which was to provide a mandate statement, I believe we followed . . . we did points 2 through to no. 11, yes. We followed the recommendations as laid out in this report.

**Mr. Serby:** — My question to that then is, or the follow-up to that is that if in fact we make an amendment to this particular section, then what we're really saying to the accounting of the auditing practice is that you people didn't follow it then in 1990-91. Because there isn't an aggregate of expenditures in the . . . for supplier payments, for example.

And I have a problem with that, because if in fact we're changing the recommendation — and I guess I'm going to go back to what Doug's already indicated — is that if we're asking for the aggregate or making the recommendations now, they're really after the fact and they really aren't our recommendations. And maybe what we need to do is have an addendum, as already has been somewhere, to indicate that the practice of 1990-91 has really been followed by recommendation, particularly in this area, as was given direction.

**Mr. Chairman:** — But I think, Mr. Serby, it's been pointed

out that there hasn't been an aggregate for a long time. I mean this committee could have been recommending for the last 10 years that there be an aggregate and it wasn't done.

**A Member:** — It was about that long.

**A Member:** — About six years.

**Mr. Chairman:** — Or your last six years, whatever. So I mean it's not as if he would be going counter to the committee. It just hasn't been done. So what's one more year?

**Mr. Serby:** — Well, that would be my question then. I mean if it's not an issue then and the practice hasn't been followed, then I guess we're spinning our wheels on this particular recommendation, I think.

**Ms. Haverstock:** — If I may, Mr. Chair, and Mr. Serby, it is on record that we in this year — the end of 1991 and the year of 1992 — we're dealing with the year under review '89-90. So how could there be an expectation that the comptroller's office, etc., would have been doing something that had not even taken place yet? So I don't think your concern applies in this case, I mean about this not having been carried out.

**Mr. Serby:** — Mr. Chairman, I guess what I was indicating is that the practice for 1990-91 has occurred because of this recommendation in 1989-90. Had the recommendation read differently, in 1989-90 you would have seen in the auditor's financial statements of 1990-91, if in fact it would have made a difference, you would have seen a compliance. But there was no compliance.

**Ms. Haverstock:** — I thought number 1 through 11 had been adopted.

**Mr. Serby:** — It was, but we're talking about 9.

**Ms. Haverstock:** — We're talking about number 13(9). Or are you talking about this list of the point subsections.

**Mr. Kraus:** — Yes, it was this sub set, not numbered yet. We did 2 through 11.

**Mr. Serby:** — So if we change it now, Mr. Chairman, what we're really saying is that there was non-compliance in 1991 when we provided direction for them to do . . . to comply, actually we asked them to comply in 1991-92.

So I mean it's after the fact. So I don't know how you can do that, how you can make an amendment that's futuristic for something that's already passed.

**Mr. Van Mulligen:** — I would just like . . . you know, if there's agreement that we change this and somebody wants to quibble later on about what that means and should you have done it, let them do it. I mean, let's just get on with this.

**Mr. Anguish:** — You'll find out where we really stand when Mr. Swenson stands and tables this in the

legislature. Then we can put our comments on the record at that time.

**Mr. Van Mulligen:** — Yes, that you shouldn't have changed it after the fact, or don't say that . . .

**Mr. Anguish:** — . . . all get up and speak on it at that point. So I think in saving time in the committee, we should agree.

**Ms. Haverstock:** — I think we should.

**Mr. Chairman:** — What are we agreeing upon?

**Mr. Anguish:** — On Ms. Haverstock's attitude towards politicians.

**Mr. Chairman:** — So your second sentence then is, if I could, your second sentence then is: your committee feels it was necessary to provide an aggregate of expenditures by payees across all departments. Is that what we want? Instead of "did not feel." That's not what we want?

**Mr. Serby:** — That's not what I want.

**Mr. Chairman:** — Okay. We're going to get down to a . . .

**Ms. Haverstock:** — Mr. Chairman, if you simply state that the committee agreed that it was necessary to provide an aggregate of expenditures up to that total \$20,000, up to 20,000 . . . no, that would exceed \$20,000 by payees across all departments? For payees.

**Mr. Chairman:** — There's two issues here — one is the limit of \$20,000. And Mr. Kraus, I think, in our earlier discussions explained because of the amount of bookwork and the way government is going that 20,000 was felt to be a reasonable level. The issue is aggregate, as pointed out by Mr. Van Mulligen and yourself, about people dipping in in many different places and not being reported.

**Ms. Haverstock:** — Okay, so that we don't need the \$20,000. It could just be a separate item.

**Mr. Chairman:** — So you don't need to mess around with the \$20,000. It's the other issue that we need to . . .

**Ms. Haverstock:** — Just provide an aggregate for expenditures by payees across all departments.

**Mr. Chairman:** — . . . resolve one way or the other.

**Ms. Haverstock:** — Okay.

**Mr. Chairman:** — Right.

**Mr. Van Mulligen:** — Can I ask that we move on and deal with this particular item after lunch?

**Mr. Chairman:** — I agree. Agreed. Okay. Perhaps we'll . . .

**Mr. Van Mulligen:** — We'll just leave this whole section then on structure of the *Public Accounts*.

**Mr. Chairman:** — Do you want to leave the whole thing?

**Mr. Van Mulligen:** — Until after lunch, yes.

**Mr. Chairman:** — All of section 13?

**Mr. Van Mulligen:** — Yes.

**Mr. Chairman:** — Okay, because the auditor has comments on number 11, also.

**Mr. Van Mulligen:** — Yes, I know that.

**Mr. Chairman:** — Okay. Very good.

Fourteen. Fifteen. Sixteen. Seventeen. Eighteen.

**Mr. Johnson:** — Mr. Chairman, I would appreciate it if somebody would explain what is actually meant there, especially in consideration as to the Crown corporations that are funded direct . . . that receive only tax dollars, just exactly how that's set . . .

**Mr. Chairman:** — That's number 18.

**Mr. Johnson:** — Yes, that's number 18.

**Mr. Chairman:** — Okay. And the auditor has a comment, I know, on that particular one.

**Mr. Johnson:** — Just what does it mean? Does that include SaskPower, or is it just Property Management, etc.?

**Mr. Strelieff:** — So we're on number 18?

**Mr. Chairman:** — Yes, perhaps we could hear your comments.

**Mr. Strelieff:** — Okay. And in my suggested revisions to the draft report, I also deal with number 18 on the bottom of page 1. The question is, what is funded primarily by the tax base or tax dollars, mean?

In a general sense, it distinguishes between user-fee, government corporations, and Sask Property Management Corporation corporations where they get most of their money from a vote of the Legislative Assembly versus getting most of their money from a utility rate. That's the main distinction.

**Mr. Johnson:** — That's the distinction that's there, okay. That's what I was wondering. That's why I asked the question. And the reason I asked the question is that I understand that accounting would change considerably to fit the needs of the corporation that is funded directly from user fees, or from a mining corporation that would be accounting for things to keep it normal with the industry in which it's involved in, rather than with accounting in a government sense.

**Mr. Strelieff:** — Mr. Chairman, Mr. Johnson, the distinction that we've made was primarily one of acceptance by the committee. In previous meetings we talked about the increased disclosure requirements that

members felt important for all government organizations. And yet there was still a hesitancy of previous members and maybe existing members to provide the same kind of information for government organizations that get their revenues through user fees compared to tax dollars.

So people were saying, members were saying that yes, we should have the same kind of information to the Legislative Assembly that is provided by a department; the same kind of information should be provided by government corporations. However some members felt that maybe that principle shouldn't be extended to organizations like SaskPower or SaskTel. And there was a debate, and the agreement went as far as all organizations funded by tax dollars.

So it was just a way of getting agreements. Still an important issue.

**Mr. Johnson:** — Yes.

**Mr. Strelieff:** — A further comment on number 18 is that the agreement, in my understanding of the agreement in past meetings, was that the funded primarily by tax dollars was deleted, that there was a general principle that people felt, or the members felt, that the disclosure requirement should apply to all government organizations regardless of the form of the organizations, and that the starting point in terms of getting action should be the Treasury Board corporation.

But the principle was that the accountability, increased accountability requirements, should apply to all government organizations. The doability part said, now let's start with those funded by the tax base, primarily by tax dollars, but in principle it should apply to all.

And in 13, at the bottom of page 1 of my revisions, the funded primarily by the tax dollars is deleted so that you established a general principle that it applies to all government organizations and not just to one portion of government.

The recommendation that I have on the top of page 2 moves into the Gass Commission and you may want to ignore that part if you want to continue with the previous discussion.

**Mr. Kraus:** — I suppose I might as well add my comments too. I thought that this was initially dealing with Crown corporations that were only funded by tax dollars and that one of the concerns was that why does Sask Property Management Corporation that's funded by tax dollars not have to report salaries and payments to suppliers in the same fashion as a department does. I thought that was the primary purpose of this and not necessarily all Crown corporations.

**Mr. Johnson:** — That's why I asked the question, is because I recognized that there is a distinction between what is happening. If it ends up being like Property Management Corporation, which is just a circulation of tax dollars and setting up a structure so that you can manage things in an effective manner, it still means you should be reporting accordingly with the same thing that goes through with all tax dollars.

If you are setting up a corporation which is one of a number of those corporations in the province that deal in one sector, then the question that I ask is that it should be . . . my feeling is that it should then be reporting according to the industry standards that it is functioning in so that it doesn't end up being placed in a position where it's non-viable because of reporting restrictions.

That's where I stood on it. That's why I was asking the question as to what was actually meant in 18. The PAC (Public Accounts Committee) 16 which was handed out . . . let's see, maybe I'm on the wrong one here.

**Mr. Chairman:** — No, that's the right one.

**Mr. Johnson:** — Is that the right one? Okay. That one came today which has then what the . . . then the auditor's

**Mr. Chairman:** — No, PAC 18.

**Mr. Johnson:** — Eighteen, okay. Now that change in 18 is changing it to a sense that anything that the government is involved in be reported in a similar manner, and that can create, to me that could create, problems for operations which are operating in a competitive area of business where they are not necessarily doing just what you'd call direct government business and not being funded directly by the taxpayer in the sense. That's why I was particularly wanting to know what it meant.

**Mr. Strelieff:** — My last comment on it I think is that we're advocating, and I thought the discussion reflected in our last meetings, that no matter where public money is spent, whether it's in SaskTel or SaskPower versus Sask Property Management Corporation versus Department of Finance, that there be a more rigorous accounting. There's industry standards that pertain to Sask Property Management Corporation and they would . . . all this information is in addition to the industry standards. And so the principle would apply . . . or the concept of equal accountability would apply right across the stream no matter where public money is being spent.

**Mr. Chairman:** — So in essence what you would like to say is you would simply delete the word primary . . . primarily. Just say, "government organizations funded by tax dollars must be addressed." Is that the gist of it?

**Mr. Strelieff:** — My proposal is just directly to delete, "funded primarily by tax dollars," that phrase, so that it's just all government organizations.

**Mr. Chairman:** — Just all government organizations.

**Mr. Strelieff:** — That there be a more fuller, comprehensive accountability of all government organizations.

**Mr. Chairman:** — Any other comments from the committee members on this? There's nothing specific here; it's the general concept that we're . . .

**Mr. Kraus:** — Mr. Chairman, that's what I was going to say, you'll be leaving it rather general, which you might

want to. I suppose your committee's not far from dealing with the auditor's report, which will be post-Gass, I guess, and probably these issues will come up more specifically because it's not just one issue. There's reporting for Crown corporations that are tax dependent, financial statements and reporting who they do business with. Then you get your SaskPower corporations. They certainly provide financial statements. Do you think they should disclose their employee salaries and their supplier payments like SPMC? That's an issue you might want to consider.

Then you go on to another level of accountability that the auditor has mentioned in the past — or lack of accountability — that he's been concerned about, is some of the subsidiary corporations within CIC (Crown Investments Corporation of Saskatchewan). There's no financial statements provided publicly at all.

So this thing goes on and on and on. And you can't deal with it just as one simple recommendation. You might want to give it more thought with the next report and give general direction, like is being suggested here.

**Mr. Chairman:** — Yes, I think we would want to keep it fairly broad, considering what might come forward in the future.

**Mr. Johnson:** — Given what the explanation that I've received for what 18 now stands for, I'll accept it as it is.

**Mr. Chairman:** — Anyone else?

**Ms. Haverstock:** — Again just a question. Have we not been talking about the difficulties that might arise by simply having: primarily by tax dollars, "funded primarily by tax dollars", remaining in that recommendation? Has there not been a suggestion that by deleting that, we don't have to be including the word "all" in front of government organizations, and that if we state a fuller and more comprehensive accountability of government organizations must be addressed, that that would suffice? It wouldn't be limiting and it wouldn't be all inclusive.

I think what I've heard the Provincial Auditor state is that by having the statement "funded primarily by tax dollars" is the part that would be excluding. And my understanding as well is there may be a problem that arises from using the word "all" from the comptroller. So could we not delete both of them and have: a fuller and more comprehensive accountability of government organizations must be addressed. Is that going to take care of both of their concerns?

If I may, I got a nod from Mr. Strelieff. Would that suffice for you as well — by just not having the term "all"?

**Mr. Kraus:** — That would be fine with me, but I guess it's up to the committee as to how they feel.

**Ms. Haverstock:** — Well just to then counter Mr. Johnson's recommendation, I would recommend that what we do is simply delete the words "funded primarily by tax dollars" out of that sentence on the top of page 7, and that the committee can look into this further in the way that we would want to address this, given the

auditor's recommendations in what he gave us this morning.

**Mr. Johnson:** — Mr. Chairman, the question when I raised it and asked on 18 was to understand what was actually meant, and to leave in there "primarily funded by tax dollars" is, from my perspective, is that that stays in there.

The reasoning for that is that it becomes very difficult to operate in non-government areas if you're wanting to do economic development in the province and still provide the same level of information that's provided from the government directly, in the sense that the government is in a non-competitive basis. In fact, it doesn't have any competitor in any jurisdiction.

So the information that it provides is not going to create a problem for it. But the same types of information being provided when you're in a competitive position may mean that that organization then doesn't function.

And if the government is wanting to move for economic development in the province by moving into corporations and different areas, it becomes very vital then that those areas can remain competitive in the nature of the industry that it's moving in. And that's why I asked this, as to what was being understood by tax dollars, because I did not want to see a situation occur where we're placing the potential of using that arm or that device as an economic development tool being restrictive because of the fact that it would be unable to function in the area that it's in.

And that's why I accepted what was being said here in number 18. In areas where you're running a Saskatchewan Property Management Corporation, which is simply an organizational structure to deliver services to the government, then the reporting should remain constant because it is not something that is in a competitive nature. It is part of the government. But where you're wanting to move in a different area you want to make this distinction, and I think that that's consistent with what's been argued about over a number of years.

**Ms. Haverstock:** — If I may, I think one of the things that's become very evident by Mr. Johnson's statements is that there would be some value in having this general enough to have further discussions on this in the future.

And my sense is that we've had a recommendation by the auditor to remove the "funded primarily by tax dollars" in order to have greater opportunity to be more inclusive. And we can have deliberations, debate, discussions on this in the future.

My sense is that we would be better off leaving a greater opportunity for the future than we would be in keeping this more restrictive now.

**Mr. Van Mulligen:** — I just might . . . the committee has had a long and interesting discussion on this point, and that's reflected in the paragraph before you. I might say it's not the only discussion the committee has had over the years on this particular matter, but notwithstanding

the interest, the auditor and the bait that he throws out by deleting words such as "funded primarily by tax dollars", the committee did not see fit at that point to nibble at the bait that he threw out and declined to exclude that phrase at that point.

Now whether we should or we shouldn't, I guess my fear is that we're getting again into a real debate of substance on, you know, corporation accountability.

And my sense is that we will have an opportunity in the not too distant future to get into a discussion of that in a very full blown way, when we look at the recommendations of Cass. And if Cass does not make specific reference to this point, I have no doubt — no doubt at all — that the auditor's report for next year will again make reference to this very point, as to which corporation should be, shall we say, added to the umbrella of public accountability and to what extent that should be the case.

We will have the opportunity for a real in-depth discussion. I'm much more inclined to get this report behind us and out of the way and set the stage for having that discussion in a meaningful and substantive way.

So I know that Mr. Johnson and Ms. Haverstock, in expressing good points of view, but a lot more needs to be said on that before I want to get into . . . I just don't want to get into the debate at this point in time. I want to get the report behind us and clear the deck so that we can get into a debate on that particular item.

**Mr. Chairman:** — Well that's the very issue that we had in the last one and I'm . . . I mean, is this committee putting its stamp on . . . I see that what you're saying is that we have no assurance as a committee as to the timetable of those further discussions, you know, at what point they may or may not be recommended to us. And I guess then what happens is that if you don't know that these things are going to happen, then you basically will only have the opportunity of the auditor's report each year to take a crack at it.

**Mr. Van Mulligen:** — My feeling is that if we get into this particular issue, then I would want to spend some considerable number of hours on this particular issue and have . . . with reference to the Cass report and any other comments that might be helpful to us in that particular discussion.

**Mr. Chairman:** — You'd want to expand it.

**Mr. Van Mulligen:** — Yes, I'd want to have the discussion expanded in a very significant way. Either we leave it in its general form at this point and get on to having that debate in the context of some future report to Legislative Assembly, or we open it up now and we take the point of view that this item, and then I suppose other items too, we'll need to redebate and to provide a report that more closely reflects our thinking at this specific point in time.

I'm satisfied that this particular clause is general enough that it does not preclude the committee taking any stance at all as a result of some future discussion — leaves the door open for doing that.

**Mr. Serby:** — I'm supporting that position as well, Mr. Chairman, because I think it really does reflect on what we said earlier on a previous point, is that you have another report of 1990-91 that was prepared, by and large, on the same sort of direction as was provided in this date and year.

I think that if we don't get an opportunity to review it through the Gass Commission, certainly there's going to be some process I would hope in this committee here that we can provide some direction to the Provincial Auditor and to the administrative department as to how we would like to see reporting and accounting for the future. And I guess I don't see this as being the appropriate forum for us to do that in today because we have certainly another year of information that we need to deal with which is going to show exactly the same kinds of processes.

My concern would be that we start to look at the kind of Crown practices that we're interested in seeing for 1992-93. And that's where I'd like to get to. And I don't see us being able to do it in years past when we're dealing with what's happened.

**Mr. Anguish:** — I pass on that one.

**Mr. Strelloff:** — The reason we put 18 in relates to point 13(11), which we haven't discussed yet. In 13(11) there is a phrase in there that says "funded primarily by tax dollars" that we recommend take out because when we went through the discussion, we concluded that it didn't reflect the discussion. We thought that the conclusion of this committee was to delete "funded primarily by tax dollars" out of 13(11), and then we wanted to make 18 consistent with that. So that's the history.

We haven't discussed 13(11) yet. So that's . . . Well we're discussing 18, and the reason 18 is changed because of the 13(11).

**Mr. Kraus:** — Just raise this point that we should think carefully about the levels of disclosure you want for each level of . . . for each type of organization. If you simply try to apply them, the same standards to everyone, to every organization, that's where I believe you begin to see things fall apart. Whereas if you say, well let's be reasonable about this, what do we want for a tax-funded organization versus a user-pay organization versus a wholly owned subsidiary of a Crown corporation.

I just think you have to think it through or, to be quite frank, you end up with recommendations that may not be adopted at all for any of them because you're expecting too much.

**Mr. Chairman:** — That coincides nicely with what Mr. Van Mulligen said about wanting to study it in depth.

Perhaps given the time and the difficulty, that we should deal with chapter 13 in whatever way we're going to and then we can dispense with 18 fairly quickly after lunch. How does that sound? Reconvene at 1:30. Agreed? Agreed.

The committee recessed for lunch.

**Mr. Chairman:** — I'll reconvene the committee.

**Mr. Van Mulligen:** — Can I just suggest that towards the conclusion of our review of the report that I would be moving a motion to the effect that number 4 be renumbered 4(a) and that 4(b) be added to the report, and that 4(b) will say the following: this report is presented in two sections. The first sections — paragraphs 6 through 35 — is an account of the committee which existed during the twenty-first legislature. There are items reported to which the current committee has significant disagreement with the previous committee. The second section — paragraphs 36 to the end — are items the committee of the twenty-second legislature have examined and subsequently agreed to.

And that also add 4(c) which will read: the committee of the twenty-second legislature acknowledged disagreement with the following items arising in section 1 of this report. And at which point we would list all the disagreements, whatever disagreements people might want to bring forward. We don't have to agree to these disagreements. There doesn't have to be any majority opinion of these disagreements by simply noting that these disagreements were raised.

And I would like to move that at the conclusion of our consideration of this report, to be added at that point so that we could then also list in the motion the areas of disagreement that were noted. So that if we get into further . . . I guess the last one we were on was . . . paragraph 18 was the last one.

For example, if people have disagreements with the way that that particular paragraph is worded, then they should state for us what is their disagreement with the way it is worded and then we would then include that in here. And also any previous ones, if there's disagreement, we would also note that in here.

**Mr. Chairman:** — Any discussion on Mr. Van Mulligen's motion?

**Mr. Van Mulligen:** — It's not a motion at this point yet. I might move it towards the end when we've got all the areas of disagreement sort of identified and we can . . . (inaudible interjection) . . . Yes, just to let you know that the alternative, as far as I can see it, is that we get into a discussion, a substantive discussion on the work of the previous committee and open up what it is that the previous committee was doing because some of the issues are very substantial in the question of Crown corporation accountability, some minor changes to the structure of the *Public Accounts*, perhaps some more major changes to the structure of the *Public Accounts* — a whole host of them.

And I guess I'm just rather inclined to put those behind us, note the disagreements we have, and get on with consideration of future years, and deal with these items that we've noted our disagreement with, and deal with them at the appropriate opportunity.

And I would think that, for an example, that one of the things you will want to do is ask the Provincial Comptroller if he would care to visit with us again in

terms of the structure of the *Public Accounts* to see if there's any other further suggestions the committee might have in that regard.

**Ms. Haverstock:** — I concur with Mr. Van Mulligen's proposed motion for the following reasons: first of all, I think that as a member of this committee I'd feel far more comfortable if it were set down that many of these recommendations were done by a previous group, and that we in fact took over and that we have varying degrees of, I think, points of view on some of these issues. And what's of equal importance, I think, is that we therefore are able to make a link with the next step. I mean it seems that it will provide a beginning, a middle, and closure, and that that's important.

Some of the discussions this morning, primarily a statement made by Mr. Anguish, about making sure that we have accurate indicators of what has really gone on, sort of a historical statement of what has transpired — that by making some motion such as this and adhering to it, I think that what that does is in fact give accurate information. It clearly states what took place.

**Mr. Muirhead:** — I'd just like to go on record that I haven't seen anything, just to be fair to the past government, that I haven't seen anything we've discussed here this morning that we haven't discussed in the past. It is in the record, in past *Public Accounts* records. But just so it's not left the feeling that hey, we're just making these changes and make the past government look like they didn't even look at it. But maybe we want to be smarter now and get it done.

Because we did discuss . . . I was on Public Accounts for four years as you know, Mr. Van Mulligen. We did discuss most of these things but it just seemed to be left all the time. I just want it on the record that I feel comfortable by . . . and I'll be saying that in the House of course too, that we did discuss these things but we didn't carry it far enough. And I'm agreeable to most of the changes that we're talking about. And if I'm not agreeable we'll do like your motion says, we can talk about it in the House. I'm in favour of it basically.

**Mr. Chairman:** — Anyone else? I just want to make a short comment. I, over the noon hour, took the opportunity to check the verbatim from the committee before. And it was very clear, for instance the comments of the previous chairman that said:

I think it is agreed that even with that agreement of extending it to Crown Corporations and initially treasury boards, that there's a whole area of further discussion that needs to take place.

In other words, this whole question that the auditor has brought forward needed that further discussion in very specific areas, and it was talked about to a great extent through the verbatim of the previous meetings. So I don't think we're remiss in taking this approach of moving things on to any further day.

It does break, if you will, the normal precedents of this committee because in effect it will give the committee a dissenting report on its own findings. How the media and

the public will deal with that. I'm not exactly sure. But if it's the wishes of the committee to proceed this way, knowing full well as in the past, each and every one of us has the opportunity at the presentation of this report to stand in the legislature and say the same things about it that we will list in the proposed section (c) of the addendum. It's been done in the past by members and anyone can do that. And that's always been the practice, that those views of particular members of this committee which ran contrary, say, to the report, were expressed at that time.

Well the two items that were left before that we need to clean up before proceeding are section 13, I suppose in its entirety, because there were questions raised vis-a-vis sections 9 and 11. Given what Mr. Van Mulligen is proposing, is the committee agreed that they should . . . those be proceeded with, with a clear understanding that they'll both be mentioned at the end of the report?

Are there any other sections there which members wish to have flagged?

**A Member:** — Paragraph 7.

**Mr. Chairman:** — That's 7, 9, and 11.

**A Member:** — No.

**Mr. Chairman:** — Oh, sorry. You want to go back to that one that was deleted?

**Mr. Johnson:** — Yes. Replace it and check it off as one that's . . . flag it.

**Mr. Chairman:** — Okay. Paragraph 7. And then 13(9) and 13(11).

**Mr. Strelieff:** — For paragraph 11, the deletion of the "funded primarily by tax dollars" would be consistent with what the previous committee agreed to.

**Mr. Johnson:** — And in that sense flagging it.

**Mr. Strelieff:** — From what my understanding of the verbatim and being there. So paragraph 11, so if you wanted to correct it to reflect what the previous committee concluded, then my understanding would be to delete "funded primarily by tax dollars." According to what the verbatim says.

**Mr. Anguish:** — Just those words? — funded primarily by tax dollars?

**Mr. Johnson:** — Well other segments of the previous . . . We're leaving in no. 13. That's the reason for flagging this particular one.

**Mr. Chairman:** — What the auditor is pointing out though is that we were maybe a little . . . the report was maybe not totally accurate when one goes back and reviews the verbatim.

**Mr. Johnson:** — But no. 18 though, paragraph 18, page 6 though, goes back and says that somebody . . . the people that were writing this up I am sure did not pick out of the

clear blue sky the term tax dollars.

**Mr. Strelieff:** — They took it from paragraph 11. That's the initial place for it — 13(11). That's the initial positioning of "funded by tax dollars". And then to make 18 consistent with that, the phrase was dropped in again.

**Mr. Johnson:** — But the phrase was there in . . .

**Mr. Strelieff:** — In 11.

**Mr. Johnson:** — In 11?

**Mr. Strelieff:** — And that's where I'm pointing out that that did not reflect my understanding of the committee's conclusions last May/June, and in the verbatim as well.

**Mr. Chairman:** — You see the problem, and maybe the comptroller's office can expound on this, the summary of the verbatim on that particular topic was provided to the Clerk by the comptroller's office. And in its section it has that in there, "funded primarily by tax dollars".

**Mr. Strelieff:** — That was the proposal.

**Mr. Chairman:** — When one reads the verbatim it appears to be a little bit different.

**Mr. Strelieff:** — But that was debating and then revised.

**Mr. Paton:** — The items noted in paragraph or section 13, items 1 through to 11, were the result of some work that was done by the comptroller's office and there was a hand-out that was prepared that basically had these items noted on it.

I think we went through them in some detail. I thought that these were the items that were concluded upon. It's always possible that the verbatim didn't correctly reflect exactly what was said, or what the hand-outs had. But I believe that this is what the hand-out stated when we were reviewing it.

**Mr. Strelieff:** — That's correct. The hand-out did say, funded primarily by the tax dollars, but in the debate they concluded that the principle should be across all government organizations and that the first starting point would be for Treasury Board corporations, which was the language for funded by tax dollars.

And then somewhere during the preparation of this draft the words got added in just, at least I think, by error.

**Mr. Johnson:** — It makes a very good reason for flagging that particular one and saying that it's disagreed to. Because my memory, and not being here, doesn't serve me well.

**Mr. Strelieff:** — Fine, I'm reading . . .

**Mr. Van Mulligen:** — No further comment.

**Mr. Muirhead:** — Just a question to . . . Is the word tax dollars, is it for sure always tax dollars, or is it public? Are we using the right word here always when we use tax dollars? Is it always tax dollars or is there some way that

the public is paying for it not through tax dollars?

**Mr. Strelieff:** — Yes, that's a good question. The phrase was used to distinguish between user-fee corporations and corporations funded by appropriations.

In general they're both funded by tax dollars. SaskPower utility rates are taxes just like our corporation capital taxes are. Some people can view it that way. It was just a way of distinguishing two types of organizations. Whether that phrase has any validity to it is open to debate, certainly.

**Mr. Muirhead:** — The government does get money other than tax dollars. They get profits from different departments . . .

**Mr. Strelieff:** — That's right.

**Mr. Muirhead:** — So I just thought that's kind of a poor choice of words, tax dollars.

**Mr. Strelieff:** — That was just used to distinguish.

**Mr. Muirhead:** — Then maybe we should be looking at it for a different wording in there someday.

**Mr. Strelieff:** — But again when the previous committee debated this, they ended up concluding that no matter where the public money is coming from, there should be a rigorous standard of accountability and that the first movement forward would be in Treasury Board corporations, which the government has done or it has been moving considerably.

**Mr. Chairman:** — For those that are interested, Gerry, I was referring to — and I should have read it in — it was page 673 of Standing Committee on Public Accounts, June 6, '91.

**Mr. Van Mulligen:** — With respect to paragraph 18, that particular paragraph represents on the basis of my review of the record what actually transpired. As to what the committee agreed to with respect to paragraph 13(11), I can't find any record. But if any member of the committee has got a disagreement with that, then let's just note that.

**Mr. Johnson:** — That's the reason for our recommended motion, is so that we can move through this, recognizing that we're not . . .

**Mr. Van Mulligen:** — I don't think there was a verbatim when we dealt with the *Public Accounts*, and if any member has a problem with that particular one — and I don't at this point — but if somebody does, then we can flag it and people can certainly speak to it in the House.

**Mr. Johnson:** — You're flagging that one?

**A Member:** — Well I think it should be open for debate.

**Mr. Van Mulligen:** — Okay, flagged.

**Mr. Chairman:** — So that's 18?

**Mr. Van Mulligen:** — Eleven, and I guess 18 too.



**Mr. Chairman:** — Okay. Paragraph 13, sections 9 and 11; and then on to paragraph 18. Agreed. Nineteen? Twenty?

I would like to get it on the record today that discussion of that particular Bill in the House between the Minister of Finance and myself, I do believe he agreed to refer that particular item to this committee, on being able to table documents when the House wasn't in session. And I had proposed some amendments to that particular Bill and he had agreed to.

I think it's appropriate that it be mentioned for further reference, given that commitment by the Minister of Finance.

Twenty-one, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35? That completes the sections dealt with prior to the striking of this committee.

We now move to section 36; 37, I believe there's a recommendation from the comptroller on 37 — commitment controls. Maybe I'm wrong; no, I'm mixed up here — 38, 39, 40. Section 41. Section 42, 43, 44. Section 45, 46, 47, 48. I believe there's comment by the auditor. No, sorry, 49 — 48 just sets context. Forty-nine.

**Mr. Strelieff:** — In my document on page 2, where it goes 48, 49, and then the italics, 50 I suppose, or 49.1, I recommend that the following words be added:

The Provincial Auditor responded that the shareholders of ICS (Investment Corporation of Saskatchewan) are government pension funds and Crown agencies and the Department of Finance was responsible for the pension funds. Therefore, if the department or the Minister of Finance thought it appropriate for the Provincial Auditor's office to examine ICS, it could do that through the shareholders.

So our office has still . . . has not had access to the Investment Corporation of Saskatchewan, and we think we should have access. And the words are consistent with that.

**Mr. Van Mulligen:** — I remember the auditor making those comments and saying that. And I think that it's appropriate that they be added to the report.

**Mr. Johnson:** — The comptroller's office then indicated on the same item not to . . .

**Mr. Strelieff:** — And then we proposed a recommendation that this committee would also support my office's attempt to get access to the accounts related to public money that are administered by the Investment Corporation of Saskatchewan.

**Mr. Van Mulligen:** — Mr. Chairman, I've got no problems in looking at that at some future time, but not now. The committee declined to make a recommendation in that regard. But that's not to say that it won't look again at that at some future time.

**Mr. Strelieff:** — And the reason that I recommended this

was because it's an ongoing problem and it's just something that we'll have to report over and over again. The problem continues.

**Mr. Johnson:** — And it will increase with the . . . different groups now have full control of their pension plan so that, if I understand correctly with the teachers taking over control of their pension plan, they would then become shareholders to some degree in this. Is that not where it ends up at?

**Mr. Strelieff:** — There is a plan proposed or even in effect, transfer of pension moneys to the control of the Saskatchewan Teachers' Federation. They would be one shareholder of the Investment Corporation of Saskatchewan but the controlling shareholders would still be in the hands of the government. So the problem would still be there as far as our office's perspective.

**Mr. Chairman:** — I concur with Mr. Van Mulligen. There's some issues around this that I'm sure will get touched upon when . . . with Gass and with some other things that need to be dealt with, and I think the committee's decline right now to make that recommendation probably is wise in view of what will be before us.

**Mr. Paton:** — Mr. Chairman . . . (inaudible) . . . changes being made to this part of the report? There was two parts of the Provincial Auditor's comments — one part that was directing the Department of Finance to resolve the issue, and I heard Mr. Van Mulligen agreed in principle with that comment. Is that being added to the report now?

**Mr. Anguish:** — Yes, but not the recommendation, is the position we're taking at this point unless somebody convinces us differently.

**Mr. Paton:** — The Department of Finance has tried to assist the auditor in solving this issue in the past. And while he states that Department of Finance has some influence over the shareholders, we found in the past that we don't. Previously the Investment Corporation was the responsibility of the Justice minister, not the Minister of Finance, and we, while trying to assist the auditor, weren't very successful in getting some access to the statements of the Investment Corporation.

**Mr. Van Mulligen:** — I think what the committee is trying to do in paragraphs 48 and 49 and by including the additional comment of the auditor, is to bring some of the discussion to the attention of the Legislative Assembly without making a firm recommendation in the matter, and that not all of the discussions and the sub-issues involved need necessarily be reported on or agreed to. Suffice it to say that we're raising the matter with the Legislative Assembly and enough of the issues involved to alert the members of the Legislative Assembly to this issue. And then we'll really shock them next time with some recommendation, maybe.

But I'm satisfied to just add the words, what it is that the Provincial Auditor reported to us in response to what the department advised us. I think it provides a good summary of the discussion we had.

**Mr. Chairman:** — Anyone else on this matter? Are we agreed then to proceed with those areas indicated?

Paragraph 50, 51, 52. I see a comment by the comptroller's office I believe.

**A Member:** — It's renumbered.

**Mr. Chairman:** — Is it renumbered? It's 57. Okay, we'll leave it till we get there then.

Paragraph 53, 54, 55, 56, 57.

**Mr. Paton:** — The comments that were made was actually in response to one that the Provincial Auditor had already made. We agree with what is being stated in the report here. It's really in a response to what the Provincial Auditor stated.

So under 57, my office looked at your recommendation to inventory the value of the furnishings to get a record of them, that is Sask Property Management Corporation, get an inventory of their furnishings. And then we are suggesting the next step, to actually record the value of the inventory of furnishings within the financial statements of Sask Property Management Corporation so that the corporation can reflect the cost of their operation, which is when the corporation was created, that was one of its main objects.

And this has been an issue that has been outstanding — one of the last issues, I think, for SPMC with our office for five, six years. The issues have narrowed down and this is one of the last ones so far.

**Mr. Van Mulligen:** — Mr. Chairman, my recollection of the discussion was that we would in fact recommend that SPMC perform an inventory and identify the assets by location. But I don't remember us going to the next step.

**Mr. Strelloff:** — No you didn't.

**Mr. Van Mulligen:** — And I'm not sure at this point I want to get into a discussion of that. Once they've completed their inventory, then let's . . . My guess is that you'll be reporting on this again, on this matter in your report. My guess then is we'll get into a further discussion on this in next year's report and we'll have an inventory from them at that time and see where it leads us.

**Mr. Paton:** — Mr. Chairman, that's exactly what we were saying. I think SPMC, if they're going to speak to their accounting issues, may have some comments about how they should account for furnishings. I know that in the past they've indicated that replacement on an annual basis is the same thing as booking the asset and depreciating it. Once we have the numbers before us and see how material the fixed assets or the furnishings are and what their replacement value is on an annual basis, that might provide more direction as to how you want to account for it.

**Mr. Chairman:** — We agree to leave it at that then? Okay — 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80. I believe on 80 there is a report by Mr. Cosman, the Legislative Law Clerk. Is that

correct or is that . . . That would be 82.

That item is headlined PAC 17/92 and it would have been distributed to the members this morning.

I quite honestly haven't had the opportunity to read it yet so perhaps we should all take the time to just browse through it. And because of the report, there is an amendment been prepared by the Clerk.

**Mr. Anguish:** — Which article does this apply to?

**A Member:** — 81.

**Mr. Anguish:** — Oh that's great. We have three different opinions now.

**A Member:** — 80 and 81, isn't it?

**A Member:** — 80? 82? Okay.

**Mr. Chairman:** — Mr. Cosman, would you like to put that in English for us so that we clearly understand what we're doing?

**Mr. Cosman:** — Mr. Chairman, pursuant to a resolution of the committee that I seek to obtain through lawful recourse the Ernst & Young report referred to in the Provincial Auditor's report for the year end of March 31, 1990, chapter 34, paragraphs .04, .05, .06, and .07 for the immediate use of the committee, I did have a telephone conversation with Mr. Justice Matheson, the Court of Queen's Bench for Saskatchewan, the justice who had written the decision in the Castle/Lowry/Brownridge case respecting the draft Ernst & Young report.

In his decision he stated:

There will therefore be a declaration that the report of Ernst & Young may be released to the Provincial Auditor to be utilized by him only in accordance with the provisions of The Provincial Auditor Act.

I personally had two interpretations of that statement: that is, whether it meant that the Ernst & Young report was to be used by the Provincial Auditor only, or if it meant that the Ernst & Young report could be used by the Provincial Auditor only in accordance with The Provincial Auditor Act. I was informed by Mr. Justice Matheson that it was that second interpretation which he intended with his judgement.

Thus in summary, it appears that the Provincial Auditor may use that report any way he sees fit in his work as Provincial Auditor, however, only in accordance with The Provincial Auditor Act. And so basically the terms of reference for the Provincial Auditor would be to seek guidance from within his Act.

**Mr. Chairman:** — Anyone have questions for Mr. Cosman?

**Mr. Van Mulligen:** — So the hot potato is in the auditor's . . .

**Mr. Cosman:** — Yes.

**Mr. Van Mulligen:** — And but for an apostrophe or a comma it might have been different.

**Mr. Cosman:** — Yes, I was unable to obtain a copy directly for the committee. The Provincial Auditor has that draft report.

**Mr. Muirhead:** — If it's in order, when I see the Department of Justice, I have another question that's not related to this report then, if I could ask it. Is it in order for me to get off this to just ask a question?

It's pertaining to what Mr. Anguish and myself were asking questions in the year under review pertaining to quarrying leases and what not. And we weren't given our answers because the Department of Justice, and rightly so, said it was in the court process.

My question is . . . I don't know about yours, Doug, but mine has been settled, charges have been dropped, and I had a whole bunch of unanswered questions. Will I be able to come back, when we start the next year, and get those answers, or am I entitled to those answers now?

Because I got a letter from . . . I guess it came from you, Rick, or under . . . well maybe from . . . maybe it wasn't . . . saying that, give me the answers that I could get and said the Department of Justice said I could get no more answers. Those answers . . . there's no way they can hold those answers back now.

Do I have a right to ask, and does Doug have? Say his is settled too, before we come back. Can we ask it next year, to go back to the year under review, or are we entitled to those answers now?

That's an unfinished question, you see, that we have.

**Mr. Chairman:** — Well like . . . (inaudible) . . . for this committee. Anything in the past is legitimate. It's leapfrogging ahead that's the problem, so comes up next year, whatever.

**Mr. Muirhead:** — Because there's no hurry here. It's just that I do need those answers. My constituents want those answers and I think the same as you do.

**Mr. Anguish:** — I might also suggest that you have the right to point out to the department, directly to the department, that you . . . I want to talk more about this while you're on your topic.

You can bring them up the next time that department appears before the Public Accounts Committee and go back to seek out those answers. But I think you also have every right as a member of the legislature to point out you asked those questions in committee and they could not give you the . . . (inaudible) . . . of the answers because it was before the courts. And now, please, department, give me the answers to these questions. I think you have every right to approach those departments . . .

**Mr. Muirhead:** — That would be in order for me to ask the department now to answer the question?

**Mr. Anguish:** — I certainly think it would. I would if I was in your position.

**Mr. Muirhead:** — I just wanted guidance for this. Thank you, Mr. Chairman. Because it could be the same thing happen to you there, Doug.

**Mr. Van Mulligen:** — No, I agree. We had a case like that before where a department came in on the year under review, give us information, and subsequently found out the information they gave was not accurate. Or they undertook to provide us with information and subsequently did not provide us with information. And we brought them back to answer questions about the things that they said they were going to give us but didn't.

My guess is you go to the department and ask them. If they refuse to give it, then let the committee know and the committee can call them back specifically for that. Or when they come in, should they come in for a review for the next year, we can always let them know that those questions will be asked for the previous year.

**Mr. Muirhead:** — Good enough. Thank you, Mr. Chairman.

**Mr. Chairman:** — Now back to . . .

**Mr. Muirhead:** — Sorry for the interruption.

**Mr. Chairman:** — No problem. Back to 82. The Clerk has prepared a proposed amendment to the one in the report that simply clarifies it a little bit. How do you want to deal with that? Do you want to have some more discussion on this before I read that out? Does every member have this? I think all members have it.

**Mr. Anguish:** — Where is the exact . . .

**Mr. Chairman:** — It's paragraph 82, it's the proposed wording change, Doug. It's not substantially different; it just takes out a couple of words.

**Mr. Anguish:** — What are the words that are different in here?

**Mr. Chairman:** — I'll let the Clerk advise the committee.

**Mr. Vaive:** — Mr. Chairman, the amendment sets a period after line 5, after the words "Provincial Auditor Act," deletes on line 2, deletes the word "while," so therefore it makes one shorter sentence there.

**Mr. Anguish:** — What was the first one you mentioned, Clerk? I'm sorry.

**Mr. Vaive:** — Sets a period at line 5 after the words "Provincial Auditor Act," set a period there. And back up at line 2, because we're making one sentence of this, deletes the word "while." And then the second sentence which starts with the word "however," which is a new word inserted there — Provincial Auditor may at his discretion — this is added. And deleting at line 6, "so authorized."

So therefore reading: "however the Provincial Auditor may, at his discretion, pursuant to The Provincial Auditor Act," and therefore deleting "section 26 of" . . .

And the amendment carries on: "release the document to the Public Accounts Committee, should" . . . rather than use the word "latter" — insert the full name of the committee — insert "should the Public Accounts Committee request the draft report," rather than "the latter so require."

And the rest at the second last line the words "working paper in" is deleted; and at the end of the second last line "in which the Provincial Auditor has discretion", that is replaced by "which the Provincial Auditor is not required to lay before the Public Accounts Committee."

So the substance of the paragraph remains the same. It makes it easier and clearer to read.

**Mr. Chairman:** — Just meant to clarify Mr. Cosman's findings with how this thing should be handled.

So where do we go from here, gang?

**Mr. Van Mulligen:** — Well I don't propose at this point that we should try and overrule the Court of Queen's Bench but I am interested to know from the auditor . . . He may at his discretion release the document, should the committee request the draft report, but he's not required to lay it before the Public Accounts Committee. And I'd be interested to get his opinion that if the committee were to put forward a friendly request to see this document, would he see it in the best interests of the committee to make this available or would he not.

**Mr. Strelieff:** — Mr. Chairman, Mr. Van Mulligen, our office certainly would seriously consider that request.

**Mr. Van Mulligen:** — I ask the auditor whether in his opinion, whether having access to that document would enable the committee to better review the activities of the Saskatchewan Transportation Company and to make appropriate recommendation to the Legislative Assembly with respect to the functioning of that company. And the answer is?

**Mr. Strelieff:** — Mr. Chairman, Mr. Van Mulligen, as the draft paragraph here notes when we were provided the draft report, the appointed auditor advised us that the report was not finished and therefore we could not rely on any of its contents. So what we did, which was two years later, what we did was do our own examination which took place October, November, December . . . or November, December, and completed that examination and the results of our examination are included in our 1991 report.

**Mr. Van Mulligen:** — Mr. Chairman, I'm prepared to wait until the next auditor's report and review his comments at that time with respect to the Saskatchewan Transportation Company.

**Mr. Chairman:** — Would it then be in order to make the changes on paragraph 82 as outlined by the Clerk? Is that agreed?

**Mr. Van Mulligen:** — Making three sentences where there was just one I think.

**Mr. Chairman:** — Department of Justice, 83.

**Mr. Van Mulligen:** — I just might note, Mr. Chairman, that subsequent to the committee considering this matter that we saw another instance of where the internal controls of the department seem to be rather weak or lacking as exemplified by court action against one of its officials.

**Mr. Chairman:** — On the Department of Justice: 84, 85, 86, 87, 88, 89, 90.

We have a comment by the auditor on 90. Oh actually it's on . . . this sets it up, 91.1 is the . . .

**Mr. Strelieff:** — Well on page 3 of my proposal, I'm asking you to consider a recommendation that supports our request to clarify the authority, if any, provided to SaskPower to sell the natural gas business.

**Mr. Van Mulligen:** — I agree. The way the report reads right now it's very vague and up in the air.

It's got draft legislation but we're not sure what they're doing with it. My sense is that the legislature should clarify the authority. And, you know, if the government wants to proceed with legislation then fine, we'll do that and it will put an end to any concerns about the recommendation. If not, then it's legitimate to be asking what are your intentions here, what are you planning to do.

So I agree with the recommendation. I think it's a legitimate recommendation to make to the government basically asking it to state its intentions and to make them clear and how it proposes to deal with it.

**Mr. Chairman:** — Any other comment? Is that agreed? Agreed.

Ninety-two point one — auditor also has a recommendation.

**Mr. Strelieff:** — Mr. Chairman, my recommendation is similar to the previous one, that if the intent is to consent to supply and sell natural gas to individual consumers, that the legislature clarify the authority provided.

**Mr. Van Mulligen:** — I agree that that's a logical recommendation for us to make.

**Mr. Johnson:** — The recommendation, would you explain what the meaning of the last part of it is — the Saskatchewan Power Corporation to consent to supply and sale of natural gas to individual consumers?

**Mr. Strelieff:** — Mr. Chairman, Mr. Johnson, the current practice is that SaskPower does sell natural gas to individual consumers, and our office questions whether SaskPower has the legislative authority to do that.

So we're asking the committee to recommend that if it is

the intention of the legislature to allow SaskPower to sell natural gas to individual consumers, that the legislation be changed to make it clear. If not, then make it clear the other way.

**Mr. Chairman:** — Yes, I think in light of the fact that deregulated natural gas sales have been occurring for five or six years, that at some point the legislature has to confirm that it's happening.

**Mr. Van Mulligen:** — I think, if I might, Mr. Chairman, there has been a dispute. Like the auditor is saying one thing, the corporation is saying something else. But here the corporation came to force and they were clear. They agreed that this was an area that required legislative change to address the situation. We can clarify any ambiguity. Well if they agree, then here's our recommendation to do that and make it clear.

**Mr. Johnson:** — The discussion . . . maybe I'll put the question again. The discussion that seems to be bouncing around a little bit here is related to, is whether it's . . . I'm asking . . . It seems to me that SaskPower can buy and sell natural gas to individuals is whether or not other people can do that in the province which then destroys the concept of utility and I'm . . .

**Mr. Strelieff:** — Mr. Chairman, Mr. Johnson, you're right. The phrasing in 92 is not correct. There should be . . . the third line "had the legislative authority for producers to consent to the supply," there needs to be . . . The focus should be on the four producers, not SaskPower.

So if we added the clause after "had the legislative authority for producers to consent to the supply and sale of natural gas to individual consumers," the emphasis would be on the right syllable. It's not SaskPower supplying natural gas to individual consumers, it's the producers supplying natural gas to individual consumers. That's the question, and 92 doesn't reflect that precisely.

I guess it's the second line in your version, "had the legislative authority for producers to consent to the supply."

**Mr. Chairman:** — It does tie back to the other one because producers don't supply gas to anybody; pipelines do. SaskEnergy is the pipeline entity that supplies the gas to whoever.

**Mr. Johnson:** — Either we're dealing from two different pieces of paper or I've lost the capability. I can't find the word "producer" anywhere on the page.

**Mr. Strelieff:** — You're right. It needs to be inserted.

**Mr. Johnson:** — Oh, okay.

**Mr. Strelieff:** — And in your version on the second line, "whether Saskatchewan Power Corporation had the legislative authority to consent" . . . there has to be a . . . John, do you have a phrasing in there?

**Mr. Hunt:** — At the end of the sentence would be the best.

**Mr. Strelieff:** — To consent to the supply and sale of natural gas to the individual consumers by producers.

**Mr. Hunt:** — By natural gas producers.

**Mr. Strelieff:** — By natural gas producers at the end.

**Mr. Johnson:** — Okay, what are we agreeing on then?

**Mr. Chairman:** — That you add to the end of on the recommendation on 92, add on to there that consent to the supply and sale of natural gas to the individual consumers by . . .

**Mr. Van Mulligen:** — Independent natural gas producers through pipelines.

**Mr. Chairman:** — By independent natural gas producers through pipelines.

**Mr. Van Mulligen:** — That's what you meant to say, right?

**Mr. Chairman:** — No, it has to be generic pipelines because there's lots of them out there. There's no other way to get it there other than . . .

**Mr. Hunt:** — I think they're paying a fee, aren't they, to Trans Gas or something. I mean they're not building their own pipelines.

**Mr. Chairman:** — In some cases they are shareholders in pipelines.

**Mr. Strelieff:** — Does the phrase pipelines . . . is it necessary? Or just the idea that individual natural gas producers are supplying, isn't that the key? Whether it's pipelines, truck, or by bag.

**Mr. Johnson:** — I actually hold that the authority should not be invested in the Sask Power Corporation or SaskEnergy to provide alternate ways of putting the . . . of supplying gas in the province. SaskPower is either licensed to do that or it's not. And if someone else is going to be licensed to do that, that it should come through the authority of the government in some way through one of the departments, not through a corporation.

**Mr. Strelieff:** — I think we're asking here for clarification of what authority should have. You're asking for something more specific.

**Mr. Johnson:** — Okay. It could be that way.

**Mr. Anguish:** — What's the wording we have now?

**Mr. Van Mulligen:** — The question is whether the words "through pipelines" is necessary. Is it?

**Mr. Chairman:** — I don't know. I guess you could truck it, so it isn't necessary.

**Mr. Van Mulligen:** — Okay. Well let's just take out the words "through pipelines". So just add: to individual consumers by independent natural gas producers.

**Mr. Chairman:** — By independent natural gas producers.

Is that agreed? Agreed.

Okay, our recommendation . . . So we would have 92(1) then with that addition to it. It wouldn't be in 92 per se. It would have to be an addition to it.

**Mr. Van Mulligen:** — Mr. Chairman, I assume that we're all agreed on asking the legislature to clarify this.

**Mr. Chairman:** — Yes.

In 93, the auditor also had a comment on . . . 93 and 94.

**Mr. Strelieff:** — So in our proposal on page 4, we're suggesting a recommendation come out of your discussion and that is that SaskPower actually prepare its financial statements in accordance with generally accepted accounting principles so that the reservation of the auditor's opinion doesn't just go on forever.

**Mr. Van Mulligen:** — Would this be one of the issues that we may well be entertaining in so far as recommendation of the Gass Commission? Will the Gass Commission . . .

**Mr. Strelieff:** — The Gass Commission recommended the same thing — not the same kind of thing, the exact same.

**Mr. Van Mulligen:** — I have no strong feelings on this, but I guess I'm more inclined to just . . . It's going to be in your next report and to deal with it at that point in the light of other recommendations that may be forthcoming with respect to accounting standards for the government and for Crown corporations . . .

**Ms. Haverstock:** — Well I actually thought that this was something that we were all in agreement to. I mean this is now in our purview, if you will. We've gone beyond the 21st legislature and Public Accounts meeting, and we're into our own committee and this is what we said, is it not?

**Mr. Johnson:** — We're discussing adding something to it.

**Mr. Strelieff:** — Mr. Chairman, Ms. Haverstock, the committee did not recommend this. They didn't move it to that far. You heard from SaskPower, and the first two paragraphs I think reflect what SaskPower said and what our office said. And then there was no conclusion at the end. As a result, the issue is ongoing and certainly from our point of view needs a quick finish to it.

**Mr. Chairman:** — And the committee's view was that we weren't up to quite the same opinion as the auditor, that other things were going to unfold probably in the spring, and that we wanted to see them unfold before this committee made a definitive recommendation.

**Ms. Haverstock:** — I see, okay. I stand to be corrected.

**Mr. Chairman:** — And that's why you see the . . .  
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**Ms. Haverstock:** — I'm sitting and I'm being corrected.

**Mr. Chairman:** — The statement.

**Mr. Anguish:** — I don't see any difference in the auditor's

comments and what's actually in the report. I haven't read it correctly or . . .

**A Member:** — 91.1, he's giving a recommendation and we . . .

**Mr. Anguish:** — Okay.

**Mr. Chairman:** — We're at 93 and 94.

**Mr. Strelieff:** — So 93 says our office thinks that the accounting treatment used by SaskPower is inappropriate. They've overstated net income and retained earnings by about \$226 million. Management says, well we think that's okay for the reason given in 94.

Now I'm coming back and saying, can you help me resolve this issue by making a recommendation that SPC (Saskatchewan Power Corporation) prepares its financial statements in accordance with accounting principles appropriate for power corporations, and that they not record the . . . they reverse the \$226 million of income.

**Mr. Van Mulligen:** — Well I certainly have no problem in recommending that management of SPC look for ways to resolve this matter, but I don't want at this point to sort of specify how they should do that. And if that means that it . . . if we recommend that they look for ways to resolve this matter period, and if that means that they're going to do it in accordance with the generally accepted accounting principles or there's going to be some other way to resolve this or it doesn't get resolved, the recommendation the auditor has is going a step further than what, you know, was the sense of the discussion that we held when the people from SPC were here.

I don't know whether I want to go to that extent at this point in time. If I am to agree to this recommendation, then my guess is that I would like to have SPC back in here and go through this one one more time. And I don't know if I want to do that at this point, but I'm certainly willing to recommend that the management of SPC look for ways to resolve this matter.

**Mr. Chairman:** — Will not the two recommendations that we talked about previously, if implemented by legislative change, have an effect on this issue?

**Mr. Strelieff:** — No, it's a separate issue.

**Mr. Chairman:** — No, but wasn't one of the issues the fact that because SaskEnergy was never legally defined in legislation, you didn't have a Crown with a set of books to go through, right? If SaskEnergy is legally defined in legislation, that Crown will then have a set of books for you to look at. I mean you said you haven't had a look at that portion of SPC's books since 1988 when SaskEnergy was declared. So if the government turns around through legislation and says SaskEnergy's a Crown corporation with its own board of directors, okay?

**Mr. Strelieff:** — Okay.

**Mr. Chairman:** — You'll then be able to say, okay, where's your books, SaskEnergy. And SaskEnergy will give you their books, same as SPC does now. And you'll

do your audit on them, and they will have to account for that \$226 million as a Crown entity.

See, the question is right now they can't account for it because they're not a legal entity.

**Mr. Strelloff:** — But our recommendation, Mr. Chairman, our recommendation pertains to what SaskPower is doing in their financial statements right now. For the \$226 million gain to be a real gain in the world of accountants, you have to sell it outside, to an outside party. So if the current government sold SaskEnergy to Saskoil or some other company and sold it for a value in excess of \$226 million in excess of book value, then the way SaskPower is recording its books, preparing its financial statements, would be appropriate.

But that's not what has happened, and therefore the issue is still outstanding regardless of what government form of organization the government uses to hold SaskEnergy.

**Mr. Johnson:** — The issue as I see it is that the actual accounting within the Sask Power Corporation is correct. Where the problem comes is in CIC. If you take some property away from a company, you have to record it either as a loss or it has to be paid for. And the sense that's being said here, that the auditor is saying, that the \$226 million should be included as an equity advance is totally wrong because you are stripping the corporation of some assets at the same time.

The problem is not within SaskPower. When you get back into CIC as to how it's all recorded in that mixture of things, then there is a problem, because you're either . . . you're setting up a new company and shifting money around and in that sense.

But I don't see that you can say that, that you've increased the equity in the Power Corporation and stripped it of some assets at the same time. That doesn't wash, not in the Power Corporation. It does once you get it back out of there, and quite correctly.

And I can see why someone trying to keep the books straight in SaskPower would be saying, but that doesn't work.

**Mr. Chairman:** — As SaskEnergy is a legal Crown entity, it can't say it's stripped assets. I remember when the . . .

**Mr. Johnson:** — But these from SaskPower.

**Mr. Chairman:** — . . . Water Corporation was formed it took assets from various entities, old farm improvement thing they had and different government agencies and put it in the Water Corp, the corp still held the asset.

**Mr. Johnson:** — Right.

**Mr. Chairman:** — So you weren't stripping it from anything else. You'd simply shifted assets from one Crown corporation to another.

**Mr. Johnson:** — And you'd reduce accordingly the books in those corporations you took them from and increase it accordingly in the one that you put it to.

**Mr. Chairman:** — Right.

**Mr. Johnson:** — And in this particular case, you're removing SaskEnergy out of SaskPower in one identity or another. However you are reducing the amount of assets there. You're taking \$20 away, you have to be saying, of assets. You're either paying for them or you're not. And I said that you pay for them as they leave and therefore the problem is internally in the . . . Once it gets back into CIC, then you have some . . . how you record it in there, because what you've done is you end up without changing those books at all.

**Mr. Chairman:** — So what do we do with this recommendation of 94?

**Mr. Van Mulligen:** — Mr. Chairman, I would move that your committee recommends that management of SPC resolve this matter. I would move that recommendation, that we add that recommendation to our report.

**Mr. Chairman:** — So we would have a 94.1 saying that the committee recommends that the management of SPC resolve this matter. Mr. Strelloff would like to respond on record.

**Mr. Strelloff:** — Mr. Chairman and Mr. Johnson, the way Sask Power Corporation recorded their transaction is not in accordance with appropriate accounting policies or business accounting policies because they're selling from one pocket to the next pocket. There's no outside market transaction.

So SaskPower has \$500 million of assets and just say 500 million was the cost of those assets. They moved them over to another corporation, another government corporation, called it SaskEnergy, and say to themselves that, well those assets are really worth \$726 million. And let's have SaskPower record a \$226 million profit on this sale, on the transfer, because there's no market sale, and increase the retained earnings and net income of SaskPower.

But there's been no market test to it. It would be like perhaps Sask Property Management Corporation selling this building and maybe the cost of this building in our accounts we have zero cost, but say let's deem the cost to be \$300 million and sell it to a new corporation called the Legislative Building corporation. Sask Property Management Corporation has a gain of \$300 million but there's nothing real happened. If they sold it to the Reichmann brothers for an extra \$226 million or \$300 million and got the cash for it, then the government could say, yes we've got some more income. But that hasn't happened. It's just shifting from one pocket to the next pocket to the next pocket and recording gains. There has to be an outside market test to it.

**Mr. Johnson:** — Really we're saying the same thing. I'm just saying the problem isn't in SaskPower, the problem is in CIC.

**Mr. Strelloff:** — Well I'm saying that the problem is in SaskPower as well. Well CIC did it okay, I think, they wrote it off. Yes, they wrote it off.

**Mr. Chairman:** — I think we should resolve this and just go out and take it to the market-place and see what would happen. Okay we've got a change to 94. Agreed? Ninety-five?

**A Member:** — We've added that . . .

**Mr. Chairman:** — You've added that sentence to 94.1 that the . . .

**Mr. Van Mulligen:** — The committee recommends that . . .

**A Member:** — And if they don't take action on it, report them in your report.

**Mr. Chairman:** — Ninety-five, 96, 97, 98, 99? The comptroller had a comment, I believe there.

**Mr. Kraus:** — I don't think I had any additional comments on this, Mr. Chairman.

**Mr. Chairman:** — No, that's numbered incorrectly. That should be 99. It's about secondment, inter-agency. Sorry, that would be section 100 then, paragraph 100, on inter-agency secondment.

**Mr. Kraus:** — We were just recommending that the agency that receives the benefit of the seconded service should bear the cost. And I'm not sure that it says that clearly. Yes, I think what we're looking for is maybe a specific recommendation where you would indicate that you think that departments that receive the benefit should bear and report the cost. I think that's probably what you had agreed to anyway during your discussions.

**Mr. Chairman:** — We're on section 100 or paragraph 100.

**Mr. Strelloff:** — We're also on Mr. Kraus's letter titled Executive Council.

**Mr. Chairman:** — Yes, titled Executive Council. That would be the top of page 3?

**Mr. Kraus:** — Yes. I think what we're simply trying to do is make it something specific. This just tends to be a general statement. We thought you might want to actually recommend a course of action.

**Mr. Chairman:** — So you're saying, Gerry, is that section 101 which went through those various assignments for the auditor, didn't specifically have that . . .

**Mr. Kraus:** — We don't believe that it came out with a specific recommendation.

**Mr. Chairman:** — Right, that they just asked him to look into various things, but didn't make a recommendation that the secondments should be borne by the second party. Do you want to leave it and see what happens with . . .

One hundred one then is carried as is; 100 is carried as is,

and 101 carried as is— 102,103, and 104. Now I think it would be in order for Harry to formally put his motion and deal with those items.

**Mr. Van Mulligen:** — I might say, Mr. Chairman, that I . . .

**Mr. Anguish:** — I might say that it was time for a break actually.

**Mr. Van Mulligen:** — You want to have a break first?

**Mr. Anguish:** — Yes.

**Mr. Van Mulligen:** — Okay. Is that okay, unless you want to just get the motion done and then we'll have a break. I don't think there's going to be much disagreement. Let's just try it.

**Mr. Anguish:** — Is the motion controversial to you?

**Mr. Chairman:** — Why don't we finish off the report, and then we can go on to other . . .

**Mr. Van Mulligen:** — Let me just say that first of all, I'm indebted both to Mr. Johnson and to Mr. Anguish for this particular motion. Mr. Johnson, for the idea, and Mr. Anguish, for most of the articulation in its present form.

But I will move that number four be renumbered 4(a) and further, that 4(b) is added to the report; 4(b), this report is presented in two sections. The first section, paragraph 6 through 35, is an account of the committee which existed during the twenty-first legislature. There are items reported to which the current committee has significant disagreement with the previous committee. The second section, paragraphs 36 to the end, are items the committee of the twenty-second legislature has examined and subsequently agreed to.

Four(c) is added to the report: 4(c), the committee of the twenty-second legislature acknowledged disagreement with the following items arising in section 1 of this report. One, paragraph 7. Two, paragraph 13(9), (11). Three, paragraph 18.

**Mr. Anguish:** — How about (7)?

**Mr. Van Mulligen:** — 13(7), (9) and (11).

**Mr. Chairman:** — I think I was referring to paragraph 7, not (7).

**Mr. Van Mulligen:** — Okay, well then it's (9).

**Mr. Chairman:** — (9) and (11), but paragraph 7.

**Mr. Van Mulligen:** — Paragraph 18.

**Mr. Chairman:** — Right.

**Mr. Van Mulligen:** — And I'll move that.

**Mr. Chairman:** — Is that agreed?

**Mr. Anguish:** — What was the last paragraph? Paragraph 18.



**Mr. Chairman:** — All right. Okay, you want to do the final motion?

**Mr. Van Mulligen:** — Is it the pleasure of the committee to adopt the motion?

**Mr. Chairman:** — You want me to read the motion out?

**Mr. Van Mulligen:** — No, take it as read.

**Mr. Anguish:** — Agreed.

**Mr. Van Mulligen:** — All agreed.

I also move:

That in consultation with the chair and the vice-chair, the Clerk of the committee be authorized to make editorial, grammatical, and typographical changes as long as the standard nature of the report as adopted remains unchanged, and to put his picture on the front cover.

No, take out that part about the picture.

So I'll move that, Mr. Chairman.

**Mr. Chairman:** — Is that agreed? Agreed.

**Mr. Van Mulligen:** — And I'll also move:

That the draft report for the committee as amended be concurred in as the committee's first report to the Assembly.

**Mr. Chairman:** — Is that agreed? Agreed.

We'll take a 15-, 20-minute break.

The committee recessed for a period of time.

**Mr. Chairman:** — We'll reconvene.

I've asked the Clerk of the committee to distribute a document I was going to read out to the committee, but I think it would be . . . if everybody just took a few moments and read through the first couple of pages.

And then under guide-lines I'm going to, as soon as we've all had an opportunity to look through this, ask Bob to make some comments on it. And then we'll open it up to the committee to discuss how we're going to approach this. So if everyone would just take a few moments and read through that.

If everyone's had an opportunity then, perhaps I'll ask Bob to make a few comments.

**Mr. Vaive:** — Thanks, Mr. Chairman. In considering the mandate of the committee, I just wanted to point out that while the committee considers its mandate, it should be done nevertheless in the context or within the parameters of the committee's order of reference. The committee's order of reference being the *Public Accounts* of the province, the report of the . . . the annual reports of the

Provincial Auditor as they are referred to the committee and other items that the House might deem appropriate to refer to the committee.

Once those documents are referred then it is up to the committee to really decide how it will approach its consideration of those documents and this is what we're talking about when we talk about examining the mandate of the committee. Some of the members of the committee thought it advisable as a way to start considering the mandate to look at a document which was distributed to all members, entitled — which is this grey document — entitled, *Guidelines for Public Accounts Committees in Canada*. This was published in 1988 by the Canadian Council of Public Accounts Committees as a way to enhance performance of public accounts committees in Canada, sort of guide-lines to . . . suggested guide-lines to have as a model to . . . outline a model way that a public accounts committee should work.

Now related to this document, because this document contains a lot of text and suggested discussion and guide-lines as to how a model public accounts committee should work, now related to that document was a second document which was distributed which is this one here, also grey and titled, *Comparative Jurisdictional Implementation Survey*. Now this document is divided into two parts. And the first part, which goes up to page 42, contains a summary of all of the guide-lines which are contained in the first document that I alluded to.

So it summarizes, it contains a reference, it summarizes the guide-line, it contains a reference in brackets to the relevant text of the guide-line. So if you refer for instance to that second document that I mentioned, to page 9, for instance, you have guide-line 1 at the top, guide-line 2, and at the end of each summary guide-line in between brackets there's a reference paragraph, 2.4 or so on. Well those references refer to the text of the guide-lines in the first report that I mentioned.

Part 2 of that same document deals with the guide-line . . . deals with recommendations which had been before this committee back in 1983. In 1983 there was a report published by John Kelly and Hugh Hanson entitled *Improving Accountability: Canadian Public Accounts Committees and Legislative Auditors*. And that report dealt with improving the performance of public accounts committees and also the relationship of public accounts committees with legislative auditors.

In 1983 the committee examined each one of the recommendations in this report. You will recall in January John Kelly from the Canadian Institute of Chartered Accountants appeared before the committee to make a presentation. He co-authored this report. In 1983 the committee considered the 69 recommendations of this report over a day or two and adopted 10 of those . . . I'm sorry, adopted all but 10 of the recommendations contained in this report.

Now back to the survey here. The survey accountability — the second document that I referred to — again reproduces the recommendations with, as well, the result of an implementation survey across Canadian jurisdictions. So what we have, we have two parts to this

document. One is the guide-lines summarized with again, you know, an indication of which jurisdictions implemented which guide-lines, and also part 2 of the document reproduces the recommendations of the Kelly/Hanson report with also an indication of which jurisdictions adopted which recommendations.

And again I remind that in 1983 the committee had gone through all of the recommendations which are contained in part 2. So perhaps a way to address this discussion of the mandate could be to go back to the first part of the document which outlines the guide-lines and perhaps either take them one by one or maybe in groups. It's up to the committee to really decide.

**Mr. Chairman:** — Thanks, Bob. As all of you are aware from looking at this, there's a tremendous amount of stuff here. I'm trying to remember what you'd implemented and what hadn't been. And as you went through all the various areas, it was kind of mind-boggling. At least it was for me, having not been part of this process until this year.

There's a lot of material here. I don't think anyone would expect the committee to sort of diametrically change everything that has been done in this committee over the years even though obviously in other jurisdictions certain things are happening.

So I'm at the wishes of the committee as to how you would like to handle this. We've got till 5 o'clock today and then all day tomorrow to delve into this as far as we wish. Can you do that in a preliminary way and build on that in the future or perhaps come up with some recommendations that we would then try and implement for the next year's deliberation?

Anyone have any comments?

**Mr. Johnson:** — A question, and it relates to all of the material and what impact having a Crown Corporations Committee has on the material of the *Public Accounts*. Because my understanding, and I have not read these books in total . . . But in looking at it, the total structure of this is a government body or a government structure that does not have a crown corporations committee, is the way it's structured.

And in this province, the Crown Corporations Committee was unique. It was the first province to have it, and the mandate of it was to scrutinize the corporations that the Crown held, is the structure of it.

I was somewhat surprised in coming in here to this session this year and finding that there is in essence double cultivation of the same field. And being a farmer, I don't mind my neighbour cultivating right up against my field; in fact I appreciate that because then it restricts the amount of weeds that are in a dividing line. But I'm not interested in seeding a crop and then having him cultivate it down because he's summer fallowing and taking a few acres out of it. And in essence, what happens is you increase, you overlap, and you cause problems back and forth.

And that's why I'm asking this particular question. Has this in the past, has anything been done in looking at that

in this particular Crown Corporations Committee, and does the material that's presented cover that aspect?

**Mr. Chairman:** — Does anyone want to take a shot at that?

**Mr. Van Mulligen:** — There has been a concern expressed, from time to time if I recall correctly, about the Public Accounts Committee delving into matters pertaining to the administration of Crowns, when in fact we have a Crown Corporations Committee which should be concerned about those types of matters.

It's been pointed out though that it's the auditor who's reporting on administration of the Crown corporations to this committee. It should also be pointed out that the Crown Corporations Committee has tended over time to concern itself, not exclusively but to some extent, more with policy matters as opposed to the administration of the Crowns.

I just point out for example that ministers appear before the Crown Corporations Committee to answer questions whereas officials appear before us and that we are more concerned with the administration of policy as set down by government as opposed to questioning the policy objectives.

The Crown Corporations Committee may or may not concern itself with the latter more, and by the fact that the ministers are there, issues very often tend to get into policy questions and into political matters. And therefore, it's less feasible for the Crown Corporations Committee and less possible for them to get to the answers to the questions that need to be asked of officials of the Crown corporations.

Now having said all that, it's just been in the last few weeks that Crown Corporations Committee has been meeting to discuss its own mandate and where it should go. And part of that discussion was the question of should we be concerning ourselves more with the administration of policy and less with policy questions. Should we be calling officials in to account for their stewardship of Crown corporations as opposed to ministers, and how should we be dealing with those items.

I attended that meeting and it was my feeling that look, if at the point that the Crown Corporations Committee wants to concern itself more and also is able to deal more effectively with the administration of Crown corporations, then at that point it might be appropriate to begin to refer from this committee comments of the Provincial Auditor to that committee. And say that look, the auditor has reported this to us. We would in turn like to refer it to you for your follow-up. Perhaps the auditor might be able to attend those meetings of the Crown Corporation Committee where that's dealt with.

But I didn't think that it's appropriate to do that until the Crown Corporations Committee determines for itself what its proper mandate is to be, and whether or not it sees itself in a position of being able to do that.

If the Crown Corporations Committee continues as it has in the past to call in ministers for witnesses, then it seems

to me that it wouldn't be in the best interest of public accountability to refer matters that are alluded to or reported on in the auditor's report to the Crown Corporations Committee, to ask ministers to account for that, because we are the ones that have the ability to call officials in to ask them to account for things that the auditor has reported.

So in short, I guess it's up to the Crown Corporations Committee to make some decisions about its mandate and its role and to define for itself as to where it wants to go, and at that point we might better be able to, depending on the decisions they come to, we might better be able to work with them as opposed to working, as might have been the case in the past, sometimes at cross purposes and also with some sense of duplication.

**Mr. Chairman:** — Anyone else with a comment on that?

**Mr. Johnson:** — It just seems to me to be duplication.

**Mr. Van Mulligen:** — There is to some extent.

**Mr. Johnson:** — The actual setting up of the Crown Corporations Committee was set up for that particular purpose, to have the review of things. The structure . . . (inaudible) . . . granted.

**Mr. Chairman:** — But it doesn't happen.

**Mr. Johnson:** — Pardon?

**Mr. Chairman:** — It doesn't happen. Believe me, from being on both sides of the fence in there, the way it's presently structured you don't have any hope of a . . . The way these things have gone across Canada was sort of a non-partisan approach to how the public's money is spent. In there it's very confrontational because its minister and . . .

**Mr. Johnson:** — My feeling is that maybe we need to do some . . . maybe the things need to be . . . like the understanding of what's happening is it be transferred so you're not handling the same corporation in two different places. Because that does . . . it just seems to me to be a . . . and in the role of the Crown agencies here it does indicate that one of the ways of dividing it is where you have, if the legislature does not vote funds, then you handle it in one area, and if the legislature votes funds, you handle it here.

**Mr. Van Mulligen:** — There's a couple of other items, points that I would make. I'd also like to get the auditor to comment on this. But one is that the Public Accounts Committee here is involved in a study of Crown corporation accountability across Canada and what implications it might have for public accounts committees.

Secondly, the Gass Commission has made a number of comments with respect to the Crown Corporations Committee, if not specific recommendations that have implications for the Crown Corporations Committee.

Thirdly, I don't know yet where the review of the role, the mandate of the Crown Corporations Committee, what it has resulted in.

Fourth, if the Crown Corporations Committee sets itself up so that it's better able to hold officials accountable and begins to exhibit some of the characteristics of a public accounts committee which de-emphasizes the partisan approach, then I suppose that it would be a relatively simple matter to have items that the auditor is concerned about or reports on with respect to the Crown Corporations Committee, to have those matters referred to the Crown Corporations Committee for review and to hold Crown corporation officials accountable for their actions.

In fact, the auditor may well come in with a two-part report in the future, one dealing with departments, the other one dealing with Crown corporations. I don't know. But that's, you know, that's a possibility.

**Mr. Johnson:** — See, I find . . . I think that's what's occurred across Canada basically has occurred in a sense under the Public Accounts Committee, because other jurisdictions in Canada — meaning most of them — do not have any way . . . have no review by any legislative individuals of the Crown corporations. And therefore in those jurisdictions they have been combined. And when you view what is coming in from other places, you end up with a perspective that is not really accurate as to what the situation was or is in the province of Saskatchewan. And it's just . . . to me it's one of the variables that I see in it. I don't know.

**Mr. Chairman:** — Does the auditor have a comment?

**Mr. Strelloff:** — Mr. Chairman, committee members, I attended the Crown Corporations Committee meeting when they discussed their mandate and what to do next. And what I noted as being their key issues are similar to the ones that Mr. Van Mulligen pointed out.

The first one is that they have to decide whether they're going to move towards policy or administration. If they continue on policy, then I suppose they have to have the minister there and it becomes a completely different debate. If they want to move to administration, then I think their best course of action would be to call the senior official to the table. And maybe on an *ad hoc* basis, if they want access to the minister, do it on an *ad hoc* basis rather than on the routine.

So I thought that was their first key decision. And if they move towards administration, the next step would be, well what's their target? They need a reference point. Your starting reference point is our report in the *Public Accounts*. So you have a starting point in which you can ask questions, and then you can move from there.

Their starting point are annual reports of Crown corporations, which aren't that . . . there's not much information in them to help members identify issues and move discussion.

So the first decision, if they move to administration then they need a reference document which, it seems logical, would move to our report. The next step would be, well, they have to co-ordinate with this committee then. And perhaps at the beginning of the year or at some point, they

say — this committee says — we'll deal with chapters X to X and you deal with chapters V to W.

So those three things have to happen. They didn't resolve any issues at that last Crown Corporations Committee. I think their last decision was they'll have to meet again to decide which way they're going to go on it. My impression was that they all recognize that there was a problem in getting a referenced document, getting advice, and then the responsibility split with this committee.

Mr. Van Mulligen mentioned four issues. The first one was that he referred to a Crown corporation study that we're doing across Canada. The Clerk's office was asked to co-ordinate a study of Crown corporation accountability across Canada at the last national meeting of public accounts committees. And that report is near complete. I think that the survey that was sent out, eight of the jurisdictions have responded, so it's getting close to being able to be presented to this committee to get a status report on accountability of Crown corporations.

The Cass commission — the second point — the Cass commission did refer several items to be studied by the Crown Corporations Committee. They thought that there needed to be a committee of the legislature to study such things, as they feel that there should be a mandate for each of the Crown corporations prepared and presented to the legislature for review. So this is the mandate of SaskPower.

Once that mandate is approved, it should be referred to the Crown Corporations Committee for assessment. Does it make sense? An ongoing update. And they refer that matter and a number of other items to the Crown Corporations Committee, selecting that committee because it had the name Crown Corporations and most of the Cass Commission report related to Crown corporations. So the Crown Corporation Committee knows that that report refers to it in a number of cases. What they're going to do with it, I don't know.

The fourth item was that if the Crown Corporation Committee emulates the Public Accounts Committee, then could we refer material in our report to them — sort of divide up the turf a little bit. It does seem logical, if they follow the administration route, to do that since there are two committees and the other committee does need a reference point from what I can see.

My only concern about that would be who is in charge of the whole. There may be an issue that relates right across government. There's a lot of issues that relate right across government. There has to be some group somewhere to look at the accountability issues that relate to across the government. Just like there should be a budget for government as a whole, there should be financial statements for government as a whole. There should be accountability standards for government as a whole. There needs to be a committee of the legislature to deal with those kind of cross-government issues.

But on the other hand, it still I think would be productive to refer issues in our report to the Crown Corporations Committee if they change the way they handled their

business.

**Mr. Serby:** — Maybe just a question, Mr. Chairman, for clarification in terms of what's happened historically. Has there been some movement in trying to amalgamate those processes, say, within the last several years?

**Mr. Johnson:** — Historically, basically what happened is that all Crown corporations were not reviewed at all by any committee of the legislatures across Canada. That's the history of it . . . The Crown Corporations Committee in Saskatchewan is the first one, and although it says here that it was in the '70s, I believe it started sometime in the early '60s or late '50s.

**Mr. Van Mulligen:** — '40s or '50s.

**Mr. Strelieff:** — 1946.

**Mr. Johnson:** — It was further back than I thought. And it's unique in that way that right up into the end of the '70s there was . . . in federal Crown corporations there was absolutely no review of them by a committee of the legislature.

**Mr. Strelieff:** — In other public accounts committees they'll have an auditor's report in front of them. The auditor's report will relate to Crown corporation activities. So in that context they will bring in and review Crown corporation activities to the extent that the auditor's report refers to it.

**Mr. Johnson:** — That is recent history.

**Mr. Strelieff:** — Recent meaning . . . well I don't know.

**Mr. Johnson:** — The last 15 years or so.

**Mr. Strelieff:** — The last . . .

**Mr. Johnson:** — The last 15 years or so. It started to come in . . .

**Mr. Strelieff:** — Before 15, Fred.

**Mr. Wendel:** — Before 15, all right, but it seems to me that the Auditor General was commenting on polymer and those kinds of issues, Crown corporation issues, many, many years ago. Beyond 15 . . .

**Mr. Chairman:** — I think, irregardless of what the practice has been, what we're looking at here is our mandate. If Crown Corporations is going to change theirs, that we do the best to have some kind of synergy between us, but still our role will still probably be the larger one. As the auditor says, somebody ultimately has to be in charge of . . . if you are going to refer things you still want somebody there to do the referral. And it seems accepted practice across Canada then that that be the Public Accounts Committee to do that sort of thing.

And you can take it so far as to I suppose ultimately if you wanted to, similar to what they do in the American system where it's almost individual members calling witnesses and going through quite a grilling procedure, at one extreme. And at the other would probably be what we've

seen maybe in Crown corporations where you have a minister and it's very politically orientated.

There are some pretty good guide-lines in here as to where people are going across Canada, and I would think we would sort of want to go through it and see how we line up and if we want to go further.

**Mr. Van Mulligen:** — Do we have a copy of our clear, formal mandate, anything like that? No?

**Mr. Vaive:** — Mr. Chairman, the closest thing we have to an actual formal mandate of the committee are the adopted recommendations in the Kelly/Hanson report . . .

**Mr. Van Mulligen:** — Verbatim.

**Mr. Vaive:** — And therefore verbatim. Following that exercise in 1983, I understand the committee did not really follow up with consideration of an actual written mandate arising out of . . .

**Mr. Van Mulligen:** — Would it be helpful like, I'm just wondering, to have a clear statement for our own purposes, which at this point is the recommendation of the Kelly/Hanson report. And I don't know whether they need to be updated in light of any further information. But I know that in the past I've had to refer to what our mandate is, and it was clearly the right of the committee to examine matters of economy, efficiency, and so on. Because members were saying, well, you've got no right to ask those kinds of questions. And I'd point out, well, maybe the auditor doesn't have that mandate but we, as a committee, have that mandate and we have that right, and I'd have to refer to it.

But I think it might be clearer to have something, you know, just by itself that makes that clearer.

**Mr. Vaive:** — Thanks, Mr. Chairman. Since the adoption of the recommendations by the committee, of the recommendations of the Kelly/Hanson report, there's been a lot of practices that have become part of the committee's operation. But nothing has ever been, you know, formally done on that. And also since then there've been some amendments to The Provincial Auditor Act, in the mid-'80s, I believe, which also included implementation in legislation of some of those recommendations that the committee had adopted but had done nothing about.

And I wasn't sure if the intent today was to either, you know, go through these guide-lines and in light of new committee practices and new intentions of the committee, based on consideration of these guide-lines, then the committee could at a future date examine an actual formal written mandate, you know, which would be based on the discussions that the committee would have had today; thereby giving members an opportunity to look at different issues that are raised through these guide-lines. And then out of that, the Clerk's office could draw out some indications or intentions of the committee.

**Mr. Van Mulligen:** — Yes I know, I agree that that would be valuable, I'm sure.

**Mr. Strelloff:** — Mr. Chairman, Mr. Van Mulligen, I also agree that a written mandate is useful. It's nice to know what you're supposed to do for new members and for ongoing reference point.

In this one, Guidelines for Public Accounts Committees, they have a draft mandate in there on 3.1 under responsibilities which — I've looked at it a few times — and to me it would be a useful starting point for our draft mandate. They have a typical mandate on that; that's 3.1.

We're going to be . . . In 3.1 it shows what a typical mandate would look like and also the nature of the activities of a committee. Now that could be a starting point for a written mandate that you can test for a while, and then a discussion of the individual guide-lines in the other book can bring to life the mandate.

You could actually come out of today and tomorrow with a draft mandate based on 3.1, and then some operating guide-lines out of the *Guidelines for Public Accounts Committees* that previous committees have adopted. You could almost see how a written statement of purpose and operation could evolve quite quickly. And leave it at draft for a while so you'd get used to it. Is it right? Does it still make sense? And over time you may add or subtract from it. But you could probably get a quick draft done and then have a reference document.

So again, just in terms of a visual, the typical mandate, the first paragraph, the Public Accounts Committee's mandate, and then what kind of matters it investigates and reports to the legislature, the following seven or eight matters. And then this other, Guidelines for Public Accounts Committees, as you move through each of them, you could adopt them as being your operating procedures. So you've got a nice pyramid with some substance to it.

And something to think about over time and maybe at the end of this session or the next, whatever the next session is, you may include a recommendation in your report to the legislature, the adoption of this mandate and operating procedures for future reference for future committees. And then when future committee members walk in, they have a starting point.

**Mr. Van Mulligen:** — I agree that something should be written up that we can . . . whenever it's there, that we can begin to relate to it, whether that . . . Well I'm not expecting that guide tomorrow, but if we agree that something like that should be articulated, that that be done and then at some future time circulate it and see if there's concerns about that.

While we're on that, I do have one question about the typical mandate that's outlined in the guide-lines, chapter 3.1. They say that:

The investigations of the Public Accounts Committee for the items listed above relate to past, present, and committed expenditure.

**Mr. Johnson:** — To some degree that is expanding the role to take over what the legislature's responsibilities are.

**Mr. Van Mulligen:** — Yes, I'm wondering about that. That's a question I have. Certainly we relate to past expenditures because the *Public Accounts* are referred to us. And we deal with the comments of the auditor, almost always dealing with past expenditures.

But I'm a bit confused about present and committed expenditures and can't quite conceive or understand how we might be dealing with present and committed expenditures unless the legislature were to have some question concerning an ongoing expenditure item that it wanted to refer to us for consideration and study. I don't know. I toss that out.

**Mr. Johnson:** — Mr. Chairman, from that particular sense, if you look at what it says for the background, Public Accounts, when it was first established, it was to ensure that the sums of money authorized by parliament were being utilized in the way that parliament had intended. And that is, to my perspective, that is the fundamental role of the Public Accounts, is that what the legislature authorizes, we check to see that that's what occurred with it.

Wrong, right, indifferent, whatever it was, once authorized and it's spent that way, we check to make sure that that's how it was spent and say whether we think it was right, wrong, or . . .

**Mr. Strelloff:** — Mr. Chairman, there may be items in our annual report that relate to future payments made. And the one example that I can quickly think of is that in last year's report we talk about a federal-provincial agreement where the federal government paid farmers, say, \$113 million in 1989-90, and the provincial government was on the hook for that. But they didn't have to come up with the cash for the federal government until 1992. So the federal government made the payment a couple years ago, and the provincial government doesn't have to come up with the payment until 1992.

Well we've raised it as an issue of accountability because the government has committed a future legislature without debate. So there's an accountability problem, and it relates to a commitment in the future. So there's an angle there that relates to future payments that are derived from our annual report. And even in the financial statements of various organizations, there'll be commitments in the financial statements related to future transactions, again that draw you into the future.

But it's not the main focus. It's there. The main focus would be on past transactions but past transactions end up somehow coming back to haunt in the future.

**Mr. Van Mulligen:** — I know it was a case of, I think it's the Ontario Public Accounts Committee somehow was able to convince the legislature that the Public Accounts Committee should be given the authority to examine the financing of the Skydome and that the Public Accounts Committee then set out to look at the proposed financing of the Skydome and did this in the context of . . . there had been a previous expenditure by government which showed up in the *Public Accounts* or that the auditor had made some comment about and therefore suggested to them that, well if that question has been raised about, you

know, financial commitment in the past and what about the future of this project and the financing and so on, therefore opened up the whole line of inquiry into examining the proposed financing of the Skydome.

Also I know that the New South Wales Public Accounts Committee seems to have had referred to it a number of items which deal with not just previous expenditure but some proposed expenditures. For example, Sydney is undertaking a harbour front development which involved many millions of dollars, hundreds of millions of dollars. And they decided it would be wise to get some sense of how successful these types of development had been in other parts of the world, primarily in North America. So members of their committee toured North America and perhaps other places to see how they had undertaken harbour front developments, the process, the type of governance, administration, the financing and how it worked, and brought back some recommendations to the legislature in New South Wales.

But my guess is that that would be a specific, mandated review on the part of . . . that they were given by their parliament or by their legislature as opposed to the committee sort of deciding on their own that they would do that. But again, but I don't quite understand that one.

**Mr. Chairman:** — Are you saying, Harry, that we should go to Vero Beach, Florida and have a look at Piper?

**Mr. Van Mulligen:** — Well it's a good idea. I know that it's close to West Palm Beach where my favourite Expos play too. Not that I'm saying that I ever go there.

So anyway, I still don't quite understand. My guess is that those would be specific, mandated reviews and it remains that the committee should look at past expenditures.

**Mr. Johnson:** — There are some . . . A three-year labour contract automatically ties people into what they're going to be paying two years down the road; one year past, two years down the road. A five-year revenue-sharing package ties it in. There's an endless number of those projections which someone is committing. But before the money leaves, there is basically — in most of those cases — there's going to be legislation for it.

In fact in all of those cases that I've mentioned. And in that sense why would those issues not be addressed in the Assembly? It's easy enough . . . That's something that once stated, someone can say, but you've tied us in for five years of something that isn't going to . . . (inaudible) . . . and that's where it should be covered. Here we're not looking at trying to pick out why you'd be doing something in the future. Because if you do it in too many different places you end up you run the same set of argument over and over and over and over again and time consuming and wasteful.

**Mr. Chairman:** — But I think the Assembly faces some of the same problems that Crown Corps do. What you basically have in there is a minister answering in estimates or question period or in some other format in the legislature, which tends to look more at the policy side. You never actually get the administrative people

answering the questions. They don't stand up in estimates and respond.

**Mr. Johnson:** — It's something that hasn't happened. Even though it has been committed, it hasn't happened. How can it be administered wrong until something's done with it? For instance, a five-year revenue-sharing package, how can anybody make a mistake in administering something that is going to occur in '94?

**Mr. Strelieff:** — Well just think of the example that I gave. That the government entered into a commitment with the federal government outside the Legislative Assembly for \$113 million that went to farmers on a specific . . . for a specific reason. The debate won't occur until 1993 but it's too late. I mean you can't do anything about it. The payment has to be made. We owe the federal government \$113 million. So what about the decision to enter into that transaction wasn't debated?

**Mr. Johnson:** — In the Assembly the government that made the decision could actually end up being defeated over it. The federal government would still get their pound of flesh because they wouldn't lose transfers until they got it. But the government that made that could be defeated.

It doesn't happen like that. It's not that it isn't going to be debated. It will be debated and passed before the actual flow of money is done. Although, because if it . . . But the government that moves that, has made that, if there was enough reaction against it in the Assembly they could be defeated. There could be an election on it. There could be a whole pile of things. So there's no administrative . . . administrative-wise there's nothing involved in that. Nothing's happened until it's . . . You can't go after the administration of something until it's been done.

**Mr. Strelieff:** — Except I suppose if . . . in the example that I gave it has already been done and the next issue is just the official sanction from the Legislative Assembly.

**Mr. Johnson:** — Not in our books. The federal government would have done it.

**Mr. Strelieff:** — Well we've spent the money. Everyone has spent the money. It's just a matter of paying the cash to the federal government.

**Mr. Johnson:** — But it will be voted in the Assembly?

**Mr. Chairman:** — Yes, it's after the fact.

**Mr. Johnson:** — It's after the fact but it will be voted in the Assembly.

**Mr. Chairman:** — How do you want to approach this, if we're going to do a mission statement type of thing?

Any that I've been involved in in the past, you broke down into groups and sort of gave it your best shot in groups of two or three, and then you sort of put it together in a larger form. I don't know if that's the way we want to do it in here.

**Mr. Serby:** — Mr. Chairman, I guess I too am having some

trouble getting my head around where we want to go to, and at what speed we want to get there at.

But it seems to me that we have already a guide-line of how public accounts committees in this country work. And I don't know that we need to rewrite it completely. Because I don't think we're going to invent anything that's going to be in a major way earth shattering to what we already have.

So I guess what I see as being somewhat significant is to maybe go through parts of this document here outlining which areas we'd like to highlight or expand on and take Mr. Vaive's suggestion. I think maybe that has the most credence for me and that's to make reference to what's already happening across the country.

Which areas do we want to put some emphasis into in terms of making some changes in and maybe talking a little bit about some of the disparities that exist right now in government that we could encourage some changes in, and how we might suggest that that could happen; addressing maybe one of the examples that the auditor has talked about.

**Mr. Chairman:** — So basically just start at one and work through those sections up to page 43 and just see where we sit.

**Mr. Serby:** — I think that would be the most expedient process in my mind.

**Mr. Anguish:** — Up to where, Mr. Chairman?

**Mr. Chairman:** — Up to page 43 where things shift in our book. What we've got on pages 9 to 43 is sections of where people are asked across Canada with various things with references from this book to this book. This book has a more in-depth explanation of each section. And as Mr. Serby said, there are some things we are doing well right now and we don't need to fool around. We'll just kind of see where the world is sitting on a particular issue and if there is significant discussion then we flag it and then we go back to it. Agreed?

So perhaps we'll just start on page 9 and go through a few of these till 5 o'clock and see how it works out.

**Mr. Kraus:** — Mr. Chairman, can I make one comment? I just thought it was interesting on page 8 to note that Saskatchewan was the leader in terms of implementing the Kelly/Hanson report and was first out of 13, and in terms of the guide-lines for Public Accounts Committee, was fourth out of 12. It just seems to me, being in a position of hearing criticism all the time, it was nice to see that Saskatchewan seemed to be towards the forefront in terms of adopting recommendations. We may not be perfect but we must be fairly good.

**Mr. Chairman:** — That's a good point. How do you want to do this? Do you want me to read those headings out with each one?

**Mr. Van Mulligen:** — Let's go with no. 1 and just see if there is any discussion on that.

**Mr. Chairman:** — Okay.

**Mr. Van Mulligen:** — I might note that with respect to no. 1, that the committee made some changes in terms of its internal process rules which were intended to try to eliminate some of the partisan sniping in the committee, and that was to desist from what's called political partisan comments while witnesses were here before us. And that once we had concluded consideration of a department, there would be a pro forma motion to wrap up the consideration hearing of that department, at which time if there were political comments, we should save them for that point. And I think that's worked out fairly well.

There was a time when it appeared as if witnesses were getting thrown a number of, should we say, rhetorical questions. Questions that they couldn't possibly begin to answer because those are questions that were, you know, clearly within the purview of ministers and the government to answer. They couldn't answer. And the number of political comments being made, questions being framed in a political sense, I mean, that still happens to some extent, but I think less so than since we made that change.

And I think the process that we have . . . witnesses come in. We put the questions to the witnesses. Once we're finished with the witnesses, the witnesses are excused, and we deal with any motions arising out of that review and, one, perform it and just accept what's happened or to add such other comments that we might want to make as a result of the appearance of that witness. But to stay away from political cheap shots and stay away from partisan consideration, partisan questioning of the witnesses while they're here, I think that's worked fairly well.

**Mr. Serby:** — Just a question, Mr. Chairman. What would take us from the status of sometimes implementing to implementing, if we're looking at improving the way in which we can do our business, what sorts of actions or recommendations would we have to make in order to take us from the category with the House of Commons, in Quebec, and the Yukon into the implemented one with the rest of our neighbours and friends?

The comment there is depending on the issue before the committee. So if we don't deal with issues that are contentious and that are non-partisan, does that move us then into the other category? Like how do we arrive at making that movement?

**Mr. Kraus:** — Mr. Chairman, again this is my opinion, and I would question though just as a matter of interest that British Columbia's public accounts committee could operate in a non-partisan manner all the time. I talked to my colleagues, and you know public accounts committees are pretty much the same particularly in the smaller jurisdictions. It might not be so true in Canada and Ontario, but I think there are from time to time issues come up where politics surface and I question that B.C. would be able to avoid that. That's just my opinion.

**Mr. Van Mulligen:** — I question that with respect to Alberta as well. Alberta has probably about 20, 30 members of the legislature that sit on the public accounts

committee including ministers. You know, if anybody were to suggest to me that that sort of has somehow devolved into some kind of a non-partisan exercise in search for the truth, I guess I could be convinced of anything then. From my understanding, talking to people in Alberta, that certainly isn't the case. It's a very partisan exercise there, so I guess it depends on how they . . .

**Mr. Johnson:** — Mr. Chairman, I think the easiest way to move Saskatchewan from sometimes implemented to implemented, is the description you place on what is partisan politics. And if you define it in narrow enough terms, everyone will move from one end of the spectrum to the other. And if you define it as a wider spectrum, everyone will move to the not-yet-implemented side of the thing.

**Mr. Strelieff:** — Mr. Chairman, on the results of the survey, I've worked in the Auditor General's office in B.C. and also the Minister of Finance's department in B.C. And the public accounts committee there has a reputation for being one of the most partisan right across Canada. So I'm not sure what the survey results are.

But to move it to a less partisan committee, a couple things that I've noticed, that when the committee meets out of session, it's less partisan; when it meets in session, it tends to be more partisan. Two, when it goes *in camera*, it's far less partisan. And the third one, and I don't know how to . . . if members could vote on their own opinion rather than their party opinion, it would be another three ways of moving it to less partisanship.

**Mr. Van Mulligen:** — I might even add one to that. My guess is that Ontario and the House of Commons, because they have independent research which helps the committee to define its priorities, tend to operate in a less partisan fashion than might otherwise be the case where the respective caucus offices try to determine what the priorities should be for review.

That's not to say that people won't try to sort of follow up on something that's got some political potential for them. But because you have an independent research which helps to establish the priorities for review by the committee, the chances are less that there be partisan consideration.

Can I ask if . . . One of the things, like if we're writing up things such as a written mandate, that one of the things we write up too is this little procedure that we have in terms of witnesses, the pro forma statement, and so on. So that that's also . . . members know that. Other than sort of relating this in a verbal way, I don't know if members are particularly aware of that. It would be good to write that up because that's an important part of the process of this committee.

It might also help to write up the — it might relate to something later on — the process by which we go *in camera* and how that should work — procedurally how that should work.

**Mr. Anguish:** — Well usually in the Public Accounts Committee my experience . . . members on the government side of the committee always hope that it's a



non-partisan committee.

At the same time, I don't think it's realistic and I don't believe it's true that there are public accounts committees in different jurisdictions in Canada that operate in a non-partisan fashion.

Any time you have politicians on a committee, there's going to be some partisan activities that take place on a committee. The only way you could ever truly achieve a non-partisan public accounts committee is to appoint independent people to the public accounts committee, and I don't know that I'd be willing to support that. I don't know any government that would be willing to support that.

And I think that rather than spend a long time debating number one, I think that we should accept that there will be some partisanship at some stage of the Public Accounts Committee.

But we have guide-lines that we should try to follow that would make the chances of the committee operating professionally that are set down. Like the example that Harry uses that when there's witnesses before the committee, we try our best to leave the partisanship out of the questioning, but when we're dealing with the drafting of the report, when we're dealing with the motion after to accept the evidence of the witnesses, that if there's some partisan shots to be taken, that's the time at which we do them.

And if we can come up with some guide-lines like that, that being one example, then I think that's our best chance of achieving a non-partisan committee, but at the same time realizing that I don't believe we'll ever achieve a non-partisan committee, whether it be Public Accounts or Crown Corporations or any other committee of the Legislative Assembly. It can't be done.

**Mr. Chairman:** — Harry, you had another comment.

**Mr. Van Mulligen:** — Probably the closest description that most closely approximated a description of a public accounts committee that operated in a non-partisan fashion was the Public Accounts Committee of New South Wales.

And partisanship implies an us and them relationship — us against them, them against us. They turn that around to saying that the us is the politicians. The them is the bureaucrats, as opposed to the us being opposition or government and the them being the government or the opposition or this party or that party. But that the us-es is the politicians and the them we got to watch out for, is the bureaucrats. And I'm not pointing at you, Gerry, I'm just generically pointing that into the table where the deputy ministers tend to sit.

They found that there was then some . . . that they tended to have more areas of agreement among themselves. It clearly accepted the fact that it's the government's right to set the policy, but it's the bureaucrat who's to administer that. And they were able to achieve a unity and purpose in examining the bureaucrats and what it is that they did wrong, and to go after the issues that the auditor had

pointed out with respect to the department, go after them with the position that that's a whole fair grist of the mill to do that.

And to put it in their report and to indicate to the minister, look, this is what the bureaucrats were up to according to the auditor or as a result of our review and here is some concerns that we have and some recommendations that we make with respect to what the bureaucrats have done.

They said their House tended to be a very raucous, partisan place. And once the recommendation was put to the House the minister was normally given some period of time to say that well thank you for bringing that to my attention and to make an appropriate response. And once the ministers . . . if the ministers didn't, then it became fair grist for the so-called partisan mill inside the House. You've had a committee, it's examined this, this is the recommendations it's made, why haven't you acted on it? Why haven't you done this or that or the other thing?

But again the initial relationship in the public accounts committee, the us and them is between the politicians and the bureaucrats. And they found that the things such as who is the chair of the committee almost was irrelevant because they're agreed on what they have to do, and that is to go after the bureaucrats to make sure that what they were doing was in accordance with the money that was voted by the legislature in accordance with the policies that were annunciated in the legislation that came down from the legislature, and whether they spent their money in accordance with the rules as laid down and did it efficiently, effectively, and so on. And if they didn't, then they went after the bureaucrats.

**A Member:** — In a non-partisan way.

**Mr. Van Mulligen:** — Yes. In terms of describing a non-partisan approach, that was the closest that I've ever heard to a description that way.

**Mr. Chairman:** — I would like to comment on this before we run out of time here on this one. I tend to agree with everything you've said, Harry, but I do think the auditor hit it on the head that the empowerment of individual members of legislatures will be absolutely fundamental to get to that place. I think one of the reasons the public is so cynical of our system today is because of the power wielded by party leaders and sort of our party structure.

And I think if no member of this committee felt that someone in his party hierarchy could come down on him from great heights with great loads of stuff, that you would see a different attitude.

**Mr. Anguish:** — Sometimes there's nothing else that a leader can do.

**Mr. Van Mulligen:** — Obviously we're a pass-over for cabinet, so what . . .

**Mr. Chairman:** — Well be as it may, Doug . . .

**Mr. Anguish:** — I didn't say that on the record. That was Mr. Van Mulligen.

**Mr. Chairman:** — I don't know if we're going to get there in my lifetime but I think it's absolutely . . . that will be absolutely fundamental for our system to survive. And others hold the same view. If you didn't have to worry about that you could be absolutely devastating in here because you develop a body of knowledge both in government and out of government.

**Mr. Van Mulligen:** — There's just one other comment. Later on in this book, the guide-lines, it talks about the principle of public service accountability. They make this strong distinction between ministerial responsibility and public service accountability. The minister is responsible, but it's the public servants that you hold accountable for the expenditure of funds and for the discharge of duties. And again, like that's the key one, is that if this side of the committee begins to interpret every comment by bureaucrats and every defence by bureaucrats of comments made by the auditor, we take those as some indication that boy we've got to defend those people because they're defending the government. Then I think the committee has problems.

And to a very large extent that's what I saw operating in the last committee. It was almost like by rote. Somebody over there criticized a bureaucrat for something or another or started to follow up on comments the auditor was making. This side of the committee would say well you know we don't agree with what you're saying, and we want to affirm what it is or the bureaucratic interpretation of events here. And that tends to bring out the partisanship in the committee so it's just . . .

I'm explaining this badly, but it seems to me that that whole question of who are we holding accountable here, it's not the government that we're holding accountable at that particular moment; it's the public servants that we're holding, the civil servants that we're holding accountable. That's the important thing to bear in mind. And that if this side or any side starts to interpret that what a bureaucrat says then also by definition explains the position of the government, then we'd better think again because my knowledge of bureaucracies — and at least working in local government — is that the two don't always coincide in their opinions.

And so I just throw that out to you when talking about non-partisanship that it's always important to make that distinction and always keep telling yourself that just because you disagree with a bureaucrat doesn't necessarily mean you would disagree with the government or that the minister should necessarily be called to task for something that a bureaucrat is doing.

**Mr. Serby:** — My comments are really short. It agrees to some degree with what Harry's saying but not totally because I think that the bureaucracy by and large should in fact reflect what the directions of the government are. And the administration of the public funds should be done in the fashion in which the government has decided they would like to make the expenditures through the course of the year. So really I see the public servant as really being the vehicle for the expenditure. And when we're talking about accountability, I guess as a committee member here, I feel that government needs to be accountable for its expenditures, and I guess I'm talking

about the cabinet — whoever they are — when they sit.

And I was interested mostly in the comment that Mr. Muirhead made this morning. And he indicated that we have expenditures being made — and I'm sure that it's happened in other governments as well — where you have several expenditures made . . . or expenditures made to individuals or to services in a variety of different departments to ensure that you can circumvent the system.

Now I guess I ask the question whether or not that would be a decision that's made by the bureaucrat or whether that's a decision that's being made by the government of the day.

And I guess as a Public Accounts Committee we need to ensure — at least I'm going to ask the question — who would make that kind of a decision? And I would suggest to you that when you call a public servant to the table here, what he will try to do is defend the way in which he approved that expenditure or why he did it or she did it, but they may never tell you who authorized that kind of a process.

So I think we need to be careful that we don't necessarily sort of go after the messenger and then shoot the messenger, when in fact they aren't the people who were making decisions in most cases. I'd be a bit concerned about that here.

**Ms. Haverstock:** — I concur with what you've said. I think that politicians are elected by the people on the basis of some vision that they've expressed to the people. They then have at their disposal or hire civil servants to ensure that they can carry out that vision, and they give the directive.

It's one of the reasons why we should be able to have civil servants that go from one administration to the next, because they are to have the expertise to carry out what it is they are being told to do.

I think what's important is to ensure that public servants are given an opportunity to speak fully and with truth and with a sense that they are going to be able to and not be punished for doing so. And I would like to see that the responsibility lies where it belongs, and that's with people who are elected to use the taxpayers' dollars well.

**Mr. Van Mulligen:** — Okay. I think the point is that the responsibility does lie there.

Maybe just back up. My experience in this committee is that most of the partisan differences have largely been on general matters pertaining to government policy, that is general accounting policies and the like. Thus so with the comments that the auditor makes about specific departments.

And the point I would make on that, too, is that the Minister of Justice is an example, looking at the last auditor's report. The Minister of Justice might be forgiven if he wasn't sort of up-to-date on overdue accounts at the Land Titles Office reported to us, a segregation of duties with the correctional facilities industries' revolving fund,

financial statements of joint time . . . (inaudible) . . . controls over certain kinds of inventory, procedure with certain kinds of bank deposits, and so on.

I guess the point I'm making is that partisan consideration shouldn't come into that. The minister, yes, has a responsibility but can hardly be called upon that instant to be held accountable for that specific item. Well, there was an overdue account at the Land Titles Office — what have you got to say about that? But we should be holding the bureaucrats accountable because they should be able to answer for those kinds of questions.

**Mr. Anguish:** — And where do you draw the line so that . . . I remember in the last legislature before Public Accounts Committee, in one of the years under review, we found it ended up in an out-of-court settlement for a couple of hundred thousand dollars. Like the minister should be aware of that. It wasn't picked up in the auditor's report; it wasn't picked up in any report. It was this big amount for . . . I forget what it was even called in the Public Accounts. It would have been called a . . .

**A Member:** — Payments to third parties or . . .

**Mr. Anguish:** — No. Compensation payments. A minister should be aware of that and certainly if he's not the bureaucrat should have been informing the minister of things like that. Things of that nature can really get partisan.

**Ms. Haverstock:** — I mean this just raises further discussion in other areas like whistle-blower legislation and the like for civil servants. I mean there has to be mechanisms put in place for people who want to be able to come forward with things that are very telling, can't. I think that we could make some error here if we were to just simply say that, let's gang up on the bureaucrats.

**Mr. Chairman:** — If it's all right then we'll just keep on with this format. Mr. Van Mulligen is going to chair the meeting in the morning.

**A Member:** — Will the rest of us get a chance to speak?

**Mr. Chairman:** — I guess that will be entirely up to you. And I'll be rejoining you after lunch, so, and we'll just go through it section by section. See you tomorrow.

The committee adjourned at 4:55 p.m.