

The Vice-Chair: — As I recall we were on chapter 3 when we recessed yesterday, page 14, clause 12. Beg your pardon . . . (inaudible interjection) . . . Yes that's section 11, 12, I guess 13 and 14.

Maybe ask the auditor, is there a corresponding section in the . . . I guess this is on the Financial Management Review Commission.

Mr. Streliaff: — Mr. Chairman, members, on the . . . yes there is, 3.12, chapter 3, paragraph .12 relates to commission recommendation 2-1. And of course there was a document tabled here by the minister responsible for CIC (Crown Investments Corporation of Saskatchewan) or the Gass Commission or something that shows what actions have been taken to date by the government on implementing the recommendations of the Canadian Institute of Chartered Accountants.

And the actions, my understanding of the actions — and, Gerry, you may want to correct me — is that in general the government is supporting the move towards adopting the recommendations of the Canadian Institute of Chartered Accountants. They have not dealt with the issue of putting that in legislation, which we discussed yesterday. And they've decided that they need to do further study on the recommendation to record the pension debt, either through . . . it sounds like there may be a pension commission established to review that issue and perhaps the funding and just management of pension plans in the province.

And that's my understanding of where we are. I think, Gerry, that's a fair assessment of it?

Mr. Kraus: — That's a good assessment, yes.

Mr. Streliaff: — So we're recommending that it goes into legislation. And yesterday the discussion seemed to indicate that this committee was uncomfortable with the idea of putting the requirement in legislation. But that this committee seemed to support the government's move towards implementing the recommendations of the CICA (Canadian Institute of Chartered Accountants).

Mr. Van Mulligen: — The question I have then is, like, other than just the recommendation at one point in time, what else can you do or say, short of legislating, that the government shall follow the standards, the principles and standards as enunciated by PSAAC (Public Sector Accounting and Auditing Committee). What can you say or do to encourage the government to do that? And I wonder, can you say things like in legislation that the government shall wherever possible follow the principles and standards and the government shall explain when it doesn't. I don't know.

Mr. Kraus: — I think just recommending that they should is appropriate. And I say this because I believe to some degree if the government's intentions are to do the best they can and follow them where they think they're appropriate and be forward about the exceptions they don't feel comfortable with like pensions, then that works well and should serve the people reasonably well.

I'm not so sure it matters what you do. If the government doesn't want to adopt them, they'll find a way to get around it. So to me at times it seems it's more important that it be the intent of the government if they say they're going to do it and they . . . and like I say there are some occasions where they may not feel they can. They're upfront and say they're not going to with pensions until they study it further. I'm not sure that's . . . perhaps I should say I believe that is a satisfactory situation.

Trying to force the situation further often just . . . and if the will really isn't there a way will be found to get around it anyways. So I guess I'm repeating myself at this point, but I think a statement that they should. And if they in fact intend to do it and carry through, then I think that will work fine.

The Vice-Chair: — There seems to be some agreement then with the committee that the government should follow the Public Sector Accounting and Auditing Committee standards set down with Canadian Institute of Chartered Accountants.

Mr. Van Mulligen: — I agree. But one of the things . . . Just on that, one of the things that I think that the auditor will likely do anyway but just to make sure, is report each area where he feels that the government isn't doing that. Even though the government hasn't legislated to say that we're going to do that, nevertheless, we're making a case the government should try to do that. And you should sort of outline then where the government isn't doing that.

Mr. Streliaff: — Mr. Chairman, members, I think it is important for the committee to recommend that the government does that because that just helps me. And I certainly will be watching, and where that isn't happening, reporting to you.

Mr. Van Mulligen: — I think that's valid.

The Vice-Chair: — Section .15. Does the auditor have some comments on that section?

Mr. Streliaff: — That section just is a preamble to the following one. The first, in paragraph .16 is what we've just discussed again. Paragraph .12 dealt with the legislation, but paragraph .16 recommends the adoption of the accounting PSAAC.

And so we've really dealt with .15, .16, .17, .18. And then the last part of .18 though, deals with a different kind of issue and it has to do with if the government is moving towards adopting PSAAC on the financial reports, our office as well as the Gass Commission also sees that that same movement would take place in preparing the plans and budgets of the government.

And my understanding on what the government has done to date, is that for the year beginning '93-94, they are beginning to move towards implementing PSAAC recommendations within the context of the budget. And so there is movement taking place.

And what I would like this committee to help move along is say that that is a good movement and that the

government should also be encouraged to adopt the recommendations of the Canadian Institute of Chartered Accountants for preparing the financial plans and budgets and estimates.

Gerry, is that a fair statement in terms of that, the government is moving towards implementing the recommendations of PSAAC for '93-94 and into the budget preparation process?

Mr. Kraus: — If you mean are they going to budget on the summary basis?

Mr. Strelieff: — What I've said is, move towards adopting the recommendations of PSAAC. They haven't moved to a summary basis; they're starting off with, my understanding, is to put more rigour in the accounting policies used to prepare the estimates and budget. And that's a first good step.

Mr. Kraus: — That's a fair statement, yes. Yes.

The Vice-Chair: — Do we have agreement on that section? No hands? Agreed? Agreed.

And .19 then is also just information, I guess, and background. Section .20 — Crown corporations accountability strengthening.

Mr. Strelieff: — Members, 3.20 deals with a whole series of issues that were identified by the Gass Commission. Page 8 of the analysis of the comparison of our report to the commission's recommendations set out where we're dealing with the same issues.

And some of these issues I think have been moved forward by the government. In paragraph .20 we're saying these recommendations are to us very important as well; that, for example, the decision to create Crown corporations should be properly reported to and debated by the Assembly. They deal with — in terms of what the government's actions, what was tabled by the government on the progress report — they deal with recommendations 6-8, 6-9, 6-10, 6-14 and 15, 14 and 6-5, I guess.

So to get a picture of where the government has moved to date on them, 6.8, the first rubric point — "Decisions to create crown corporations should be properly reported to and debated by the Assembly" — obviously that's an important step.

Gerry, do you know what the government has done to date on that, in terms of actions taken? Have you got the progress report that was tabled here yesterday or the day before that shows the government actions to date, to get a good sense of how far you've moved? I think most of these things are done except for that last rubric which I think is a very, very important one.

Mr. Kraus: — You're talking about the Crown corporation accountability issues except for the dividends coming straight through, right?

Mr. Strelieff: — Yes.

Mr. Kraus: — You're just saying that's the last one they haven't done. I think what you . . . yes, that's right; they've moved on most of these recommendations. But at this point, as you know, the government still . . . The policy is, is that they like the notion of the sum of the subsidization taking place within that pool of CIC Crowns. And at this point it doesn't look like they would be moving away from the model that we've got now.

Mr. Strelieff: — We probably should go through each one of the rubrics because each one of them has a different dimension to them. I was thinking that only the last one was the one that is controversial, but there may be some other ones in there.

In the first rubric . . . I mean we recommend that "Decisions to create crown corporations should be properly reported to and debated by the Assembly"; I mean, that makes sense and I think . . .

The Vice-Chair: — Yes, I think we can go through them in order, but Mr. Kujawa was on the list.

Mr. Kujawa: — I totally agree that that first one, the decision to create Crown corporations should be debated, etc. Very sensible, I agree. But is it within our jurisdiction to suggest that or even talk about it? Aren't we confined to the auditing and the reporting?

For this committee to tell the government that you should, before creating a Crown corporation, have it debated by the Assembly, that can't be within our jurisdiction as I see it. And if we get too far beyond our own strict jurisdiction, this is going to make our report just a little less easy to follow. And if we confine it to those areas which are ours, which they can't quarrel with, then we're more likely to be influential.

Mr. Strelieff: — Members, Mr. Kujawa, we're dealing with issues of . . . my understanding is that we're dealing with the ability of the Legislative Assembly to hold government accountable for the financial management decisions that are being made, and certainly one of those management decisions would relate to creating organizations and the ability of the Legislative Assembly to challenge, debate, understand why various organizations are created. I mean that's a basic public accountability issue because those organizations will then go out and do things that reflect the finances of the province.

Mr. Kujawa: — I agree it's a very sensible issue, but I don't think it's within our jurisdiction. Nor is that second one. The mandate to each Crown corporation is not ours.

The Vice-Chair: — I can't cite you a reference, Mr. Kujawa, because I don't have the mandate of the committee here, but I would think that it does fall under the mandate of the committee. And there are certainly financial implications when there are Crown corporations created.

And I would think back to the creation of SaskEnergy when it used to all be under SaskPower, and there are certainly financial implications for the public purse and there was no debate in the legislature.

So I don't know where you find this, that it's not within the mandate of our committee, but I . . .

Mr. Kujawa: — But we're dealing with accounts, not what is proper deliberation in the Assembly.

The Vice-Chair: — No, we're not dealing with accounts; we're dealing with accountability. And I believe that that's different.

Mr. Van Mulligen: — This is a matter that the auditor has reported on and the Gass Commission reported on, and these are items that have been referred to us by the Legislative Assembly and they want our comment on these questions of accountability.

The Vice-Chair: — Will you talk to the chair, Mr. Van Mulligen.

Mr. Van Mulligen: — Sorry. And I think it's a legitimate area of discussion for us as to what accountability measures Crown corporations should endeavour to pursue so that they're more accountable to the legislature. That's a legitimate area for us to get into.

Mr. Kraus: — Just an observation. You have decided to call in I believe CIC management and Finance management, and many of these issues, at least for this year, cover Crown corporations.

And while we have some idea what's going to take place, my perspective and Finance's perspective, you may want to take the opportunity to talk directly to the president of CIC about where he sees the Crowns going with respect to some of these things. If you call him in, say in February whatever, he'd have a much better idea of what's happening than I would.

The Vice-Chair: — The other item that I want to draw to the attention of the committee is that one of the items in our mandate is to review the *Report of the Provincial Auditor*. And this is a matter within the Provincial Auditor's purview, or at least he feels it is, and we debate it.

The first item then if we go section by section under clause .20:

Decisions to create crown corporations should be properly reported to and debated by the Assembly

Have we got agreement on that? Agreed.

A mandate for each crown corporation should be prepared and provided to the Assembly, setting out the corporation's purpose and accountabilities.

Agreed? Agreed.

Mr. Streliaff: — Just a comment on that one. As those mandates come forward, have a close look at them, because you'll want to see a more specific mandate and no doubt what will be the . . . it may tend to be provided a more general mandate. And try to, when you see the

mandates come forward, try to challenge the precision that's in those mandates.

But it's a good step to move them forward, which I think the government has announced.

The Vice-Chair: — Third item under clause .20:

Crown corporations should have the same public reporting requirements as do government departments unless otherwise stated in the mandate of the corporation

Mr. Van Mulligen: — What do you mean by the mandate — "otherwise stated in the mandate of the corporation"? Or as Gass says, specifically exempted by the mandate?

Mr. Streliaff: — Mr. Chairman, members, the question is, we've said that Crown corporations have the same public reporting requirement as do government departments. And that's something we've been saying all along.

Mr. Van Mulligen: — Unless . . .

Mr. Streliaff: — Unless the mandate says otherwise. And Gass says, unless exempted by their mandate.

The Vice-Chair: — What would be a reasoning? Commercial interests?

Mr. Streliaff: — From my perspective I think it's important that if there is going to be different reporting demands made of government organizations, that that be publicly debated — publicly meaning in the legislature.

So if the mandates are coming forward to the legislature and it says in the mandate that all government organizations reporting to the Committee of Finance should have the same public reporting responsibilities, or shouldn't have the same public report responsibilities, for these reasons . . . that the Legislative Assembly have the opportunity to discuss that, debate that, challenge it, approve, sanction, or whatever.

And so the importance of bringing mandates, whether they actually be in legislation or some other vehicle, is an important step. And it's also an important step in terms of developing what the Legislative Assembly would expect from all the different kinds of government organizations.

The Vice-Chair: — Mr. Streliaff, does that also mean . . . is it your intention that the budgets of Crown corporations would be debated in the legislature?

Mr. Streliaff: — Mr. Chairman, on the budgets of Crown corporations, I, like my counterpart in Alberta who just went through the Novatel escapade, agree and believe that the budgets of all government organizations should be made available to the Legislative Assembly.

He's taken the step that he thinks they should be set out in the *Public Accounts*; the budgets, the plans of all government organizations should be part of the financial reporting process of all government organizations, particularly Crown corporations.

So far what, at least where I'm coming from, is that the Legislative Assembly should receive those plans for all government organizations so that when the results are published, they can better assess what has happened. They can say, okay, Mr. Minister, or Mr. Deputy Minister, or Mr. President, here's what you planned to do — it's laid out — here's what you did. Now there's a basis to answer or to ask questions.

And I also think that there should be a financial plan for the government operations as a whole being brought forward to the Legislative Assembly. Whether the Legislative Assembly feels it's needed to actually vote or to approve budgets of all government organizations, I mean that's a separate issue that I'm sure once the budgets are provided to the Legislative Assembly you can debate and discuss that.

But I think a first important step is for all government organizations to present plans, budgets to the Legislative Assembly so that you can better assess what's going on.

Mr. Sonntag: — Mr. Van Mulligen was just asking what an example would be. I guess I'm thinking the reporting requirements the government departments . . . part of their reporting requirements see that they present their financial statement as of March 31. The Crowns normally prepared their financial statement as of December 31. So that would obviously be an exception mandated by the corporation that would differ. Wouldn't it?

Mr. Strelieff: — A different year end.

Mr. Sonntag: — Yes. That would be an example of this exact quality we were talking. Mr. Van Mulligen, as I was saying earlier, was asking why the last section here: "unless otherwise stated in the mandate of the corporation." Well the mandate of a corporation would . . . one of its reporting requirements sees it reporting as of December 31. So there would be an example.

Mr. Muirhead: — For as long as I can remember Crown corporations has always been a little bit of controversy why they don't report in the same manner as departments. It's always been that way in history.

The way I would personally like to see it — this way. Crown corporations should have the same public reporting requirements as do government departments and stop there. We're only making recommendations anyway; make it a little stronger. Because if we just leave it wide open — "unless otherwise stated in the mandate of the corporation" — so if the corporation doesn't want to, you know, be as accountable as other departments, they just want to make a mandate, they don't have to anyway. We're not making it quite strong enough I don't think.

Mr. Strelieff: — Well, Mr. Chairman, Mr. Muirhead, in the next chapter we do recommend that. But what we do here was identify some important recommendations that the Gass Commission or the Financial Management Review Commission has moved forward. In the next chapter where we talk about — chapter 4, "Corporation Accountability" — we take the position that the disclosure requirements should be right across the board.

Mr. Muirhead: — We all are citizens of Saskatchewan. We've watched this go on here for a lifetime. It's just kind of a joke out there. If you want to hide something, hide it in a Crown corporation. I mean we might as well be open in this room and say what we already think, and that it shouldn't have to be that way.

Mr. Strelieff: — And that's what the essence of that special report was.

Mr. Muirhead: — Crown corporations should be accountable to the people the same as any department.

Mr. Kraus: — I believe in accountability and I support the sentiments, but I wonder if this thing isn't . . . the solutions aren't going too far. I agree Crown corporations need to provide more accountability. But I look at . . . If you are going to run a business, and there is a business element to some of the Crowns . . . not SPMC (Saskatchewan Property Management Corporation) really. I don't think there's anything there that's particularly secret that you couldn't talk about before the world, or shouldn't be able to. There's no advantage they're trying to gain.

But it seems to me that if you had to bring the budgets forward of any corporation that's trying to do business and subject it to public debate, they would be put out of business. And you're almost going to force the hand of governments to decide that they're going to have Crown corporations that are sort of the SPMC type and just an administrative function and they're never going to be into business-type activities where they're competing with anyone.

Now that maybe what some people would like to see happen, but that should be a decision of the government, whichever government and whatever province or country. And it seems that you could almost force that . . . I just couldn't see . . . and the example yesterday was SaskTel. I just can't see SaskTel trying to move forward to make some money in a particular area and have to come forward and debate their budget publicly. Whoever their competitors are, they'd blow them away. Secondly, if they had to provide information that might be appropriate for a government department or even for an SPMC, I quite frankly think their annual reports would look a little, well, odd, silly.

Now I might be way off base here but I can see some Crown corporations having to account, like a private sector corporation. And I know there's the provinces, I think a number of the ministers, whoever responsible for this type of thing, have before them proposed legislation that would require publicly traded companies to disclose . . . Once again it's that old issue of should the salaries of senior officials be included in the annual reports?

And, you know, if there were things imposed on Imperial Oil and the Royal Bank, I can maybe see you saying, well maybe some of these commercial Crowns should follow those rules. But should they follow the same rules as Treasury Board Crowns and departments? That's what I question.

Mr. Van Mulligen: — I agree with the statement that's here, that they should unless they otherwise state in their

mandate and it's clear for everybody why they don't. If SaskTel feels that because of competitiveness that they should not have the same reporting requirements as the Department of Social Services, then they should be able to state that, and that should be open for debate in the Legislative Assembly or in the Crown Corporations Committee. I agree with that.

The Vice-Chair: — Okay, do we have agreement then on that third clause?

Mr. Strelloff: — A comment. What if we identify the . . . There's a belief somewhere that there are some aspects of what government does that is operating clearly in a competitive environment. What if we isolate those?

I think parts of SGI (Saskatchewan Government Insurance) — their property and casualty insurance — I think they do operate in a competitive environment. And the information that they bring forward may have to be at a higher degree of aggregation rather than very specifics. On the other hand, their auto insurance is just a monopoly as there is no competition on it. It's a regulation.

SaskPower, I'm not sure who they compete with. SEDCO (Saskatchewan Economic Development Corporation), I'm not sure who they compete with.

SaskTel, I think, at least from what I read through and discussed with my counterpart in Alberta, SaskTel like Alberta Tel is going to be under very intense scrutiny and pressure over the next number of years. If I was a member of the Legislative Assembly, I would want a very significant degree of accountability coming from that corporation because there may be some significant decisions made by that corporation that I'll want to, as a member of the Legislative Assembly, challenge, scrutinize, debate before those decisions are made. From my perspective I would be very carefully monitoring what's going on there over the next number of years, whether it's in this committee and in the Crown Corporations Committee.

But what if we try to identify the commercial elements? I'm not sure where they are but . . .

Mr. Van Mulligen: — I don't think that we should do that. I think that Crown Corporations . . .

The Vice-Chair: — What about that we leave that section since we've already all agreed on it?

The next section:

Financial statements for each and every subsidiary within the purview of the Crown Management Board (Crown Investments Corporation of Saskatchewan) should be provided to the Assembly on a timely basis.

All dividends from crown corporations, joint ventures and other Government corporations should be paid directly to the Consolidated Fund not to the Crown Management Board.

Mr. Strelloff: — Is that a quick agree?

The Vice-Chair: — No, I think we'll pause for a moment on that one.

Mr. Strelloff: — So the issue here, I think . . . well I'll state the issue: is that from my point of view and from the Gass Commission's point of view, and we've discussed it further in chapter 4, that when there is money pulled out of a Crown corporation that money should go to the Consolidated Fund and its use should be fully debated by the Legislative Assembly. And that the money should not move to the Crown Investments Corporation and be spent or invested without proper legislative debate. As you know, there has been significant dollars spent in the past number of years that did not come forward to the Legislative Assembly for full debate, challenge, before it happens. And I think the Crown Investments Corporation should only get money from the Consolidated Fund. It should not have access to pulling dividends from SaskTel, SaskPower, SGI, etc. And this recommendation deals with this.

This was the central concern of the Gass Commission. This one was debated over and over and over again. And not to strengthen the ability of the Legislative Assembly to debate-approve what happens to earnings of Crown corporations, I think is a significant oversight.

Mr. Van Mulligen: — . . . disclosure and the fact that the previous government wasn't disclosing. And I think that if the government discloses and sets about to be accountable for these dividends, that's the major issue. The government proposed that these dividends stay within the Crown Investments Corporation, but unlike previous years, that that be reported to the Legislative Assembly. And that the Legislative Assembly and the public are aware of the transactions within CIC, and that that is then made public and there's an opportunity to debate what it is that CIC does. And I think that's the major issue.

We haven't had disclosure on those things. That's one of the reasons that Saskatchewan is in a big financial mess. And the government is moving, has moved, to change that.

The Vice-Chair: — Mr. Kraus, what happens in other jurisdictions across Canada?

Mr. Kraus: — I have to admit I'm not familiar with it. And I don't know whether many have developed a Crown sector like they have here in Saskatchewan. I think Manitoba had created an organization similar to CIC, but I don't know very much about it. And it would only be in recent years they did that, very recent years.

The Vice-Chair: — Does the auditor's office know?

Mr. Kraus: — It could have been. I don't know anything about it.

Mr. Strelloff: — Mr. Chairman, members, Manitoba has a management group, Crown management group that works for the Department of Finance, that helps treasury . . . or not Department of Finance, helps Treasury Board do

their job in managing, coordinating Crown corporation work.

My understanding is that corporation certainly doesn't have the ability of drawing corporate dividends into that management group and moving the money out, without the legislature debating, scrutinizing, approving.

The Gass Commission has three elements to it. The government has moved significantly forward on disclosure. But one key element of the Gass Commission was strengthening the ability of the Legislative Assembly to participate in the decision-making process and to hold the government accountable for decisions before it happens.

And to have half of your budget or a significant portion of your spending proposals not coming forward to the Legislative Assembly, how do the elected members do their job in terms of agreeing how money should be spent? And the money that has been spent within the confines of the Crown Investments Corporation without the debate that should take place before the fact, I think is a significant oversight. And certainly the Financial Management Review Commission, and its key, major thrust also agrees with that.

Mr. Van Mulligen: — There will be significant public debate, which is a remarkable departure from what has been the case because the government is proposing to report on the transactions within the Crown Investments Corporation. I mean that opportunity will exist and will be there.

And I understand it for the first . . . you know the auditor himself is going to be the auditor for the Crown Investments Corporation, and we'll be able to put that report before the Legislative Assembly and the public. And the members of the legislature will be able, I guess either here in this committee or probably more so in the Crown Corporations Committee, be able to ask questions about this transaction and that transaction and that utility rate increase and that . . . in addition to whatever questions they might ask of the individual Crown corporations when they appear before it. So the members of the Legislative Assembly will be able to get that overview that is necessary.

But you know it doesn't have to be the way that the auditor says, that every transaction has to be in here between a crown and the Legislative Assembly and then back again. I mean that's one way to do it. The government is doing it a different way, but it doesn't necessarily lessen the opportunity and the scope for accountability that's there.

Mr. Muirhead: — Harry, that's exactly what will likely happen. We'll be able to ask all the questions we want asked. It'd be wide open to ask questions, depends on the answers. You didn't say we'd get the answers. So we'll have to wait to see whether that happens or not because that's never been accountable in history yet, and I'll be so pleased to have it so we get the answers. But I'll have to see it before I believe it. I hope you're right.

Mr. Streliaff: — Mr. Chairman, members, don't you think

that the Legislative Assembly, elected members of the public, should have an opportunity to debate whether significant investment like NewGrade or the Bi-Provincial upgrader takes place before it takes place? I mean, where significant, hundreds of millions of dollars of public monies are invested, don't you think that the Legislative Assembly should be able to debate that before?

Right now, the disclosure part is an important step forward. There's improvements in disclosure. But you need . . . it seems to make sense that the Legislative Assembly have the ability to debate those significant transactions before they happen, particularly when they involve such significant dollars.

Mr. Sonntag: — Well I guess this is my question. Is that getting a little off base about what we're talking about here?

The Vice-Chair: — Yes, I'm glad you mentioned that because I thought that the section talked about all dividends from Crown corporations, joint ventures, and other government corporations should be paid directly to the Consolidated Fund and not to the Crown Management Board, and I'd like to stick on that particular topic.

Mr. Muirhead, do you have any pearls of wisdom for us on that? Just in the money instead of going to the Crown Management Board, it's been recommended by the auditor that it should go into the Consolidated Fund.

Mr. Muirhead: — I agree with him.

The Vice-Chair: — You agree with the auditor?

Mr. Muirhead: — Yes.

The Vice-Chair: — Well we have disagreement on that for right now, and I think that's the appropriate question we should maybe ask Finance and the Crown Investments Corporation when they come before us.

Mr. Streliaff: — So the question would be why should there be no legislative scrutiny of how CIC gets its monies.

The Vice-Chair: — No, I don't think that's the question . . . (inaudible interjection) . . . Excuse me, we do not have agreement on that section. We're going to move to the next section.

Mr. Van Mulligen: — I don't think the auditor's statement should let go unchallenged. To say that there will be no legislative scrutiny. The question is, how will that legislative scrutiny be arrived at, not that there won't be.

Mr. Streliaff: — Yes, that's correct. My comment was not right. It was just how best can the Legislative Assembly challenge, debate, assess the spending of the Crown Investments Corporation? Should it be done . . . Can it be done before they get their monies, or after? That's a more fair assessment.

The Vice-Chair: — Clause .21 is just information associated with number .20.

.22 The Commission recommends specific objectives, expected costs and a management plan should be clearly set out for each significant transaction and commitment. This Recommendation is valuable.

Mr. Strelloff: — Mr. Chairman, members, the recommendation in .22 is more fully explained in paragraph .25, and that relates to recommendation 5-6 of the Gass Commission. And I'm just trying to see what government proposals are on the table to date. The government agrees that each significant transaction or commitment will be publicly announced. Additional disclosures will be made through annual reporting, but it may be constrained by confidentiality agreements and regulatory legislation.

This is an interesting part. I really think that when significant transactions come forward, that this kind of information, if it is prepared and is available, will add a significant degree of rigour to what happens and also improve your ability to ask questions and to hold the government accountable for performance.

Mr. Van Mulligen: — I totally agree with what the auditor is saying. The only question for the government will be to determine what is significant.

In the eyes of some, such as the media, a \$155 payment for one day's per diem will be significant and therefore should always be reported on publicly. But in the eyes of the administrative machinery which drives the government, I suppose in many ways, perhaps there's other thresholds that reach into the tens of millions of dollars for certain kinds of transactions, or in loans, might well be something else again.

So I agree in principle with this and it will be interesting to see what the government evolves as reporting thresholds for this.

Mr. Kraus: — Just a short comment. When you have a balance sheet that has billions on it, whether your liabilities are 8.1 billion or 8.2 billion is really immaterial, and yet — or relatively immaterial, in my opinion — and yet \$100 million is more than most of us can comprehend. I can't. But that's how much difference there was in those two numbers.

But to the balance sheet, that's not a big difference. And that is the trouble with this. As you say, \$155 can be a very big issue in the media's eyes and in the public's eyes and yet 20, 30 million may not really be that large an amount of money.

The Vice-Chair: — Do we then have agreement from clause .22 through clause .27? Mr. Muirhead? I'm sorry. I'm just asking for agreement on sections .22 through .27. That has to do with:

The Commission recommends specific objectives, expected costs and a management plan should be clearly set out for each significant transaction and commitment.

Mr. Van Mulligen: — Are you going to give the government a grace period to see how that's going to work, if they come up with thresholds and so on, or are you going to . . .

Mr. Strelloff: — Mr. Chairman, members, what our first plan is to work within CIC to try to identify a couple of their significant investments that they have on . . . responsible for right now and try to put together a structure that would work, that here's . . . Let's try to define specific objectives for holding that investment and use that as a pilot project and then see how that can move around a bit, and also just to encourage other departments and government corporations and organizations to be thinking the same way. But the ability of our office to examine each of the significant transactions and in this context, that's a pretty significant step. So we'll be trying to set up some good examples and encourage other government organizations to follow those leads.

The Vice-Chair: — Okay, chapter 4 . . . (inaudible interjection) . . . Yes. I meant to mention that it's just past 10 o'clock, and we'll have a coffee and a smoke break for those of you that have that habit.

The committee recessed for a period of time.

Mr. Chairman: — And we're at the beginning of chapter 4, corporation accountability.

The auditor have any comments at the beginning of this chapter before we start going through the section?

Mr. Strelloff: — Mr. Chairman, members, the first part of this chapter deals with the paragraph .06, a recommendation of this committee that wasn't fully acted upon, and that is that all financial statements of Crown agencies established under The Business Corporations Act table their financial statements in the Legislative Assembly unless their competitive position is prejudiced. And we continue to recommend that all government corporations table annual audited financial statements to the Assembly.

Mr. Chairman: — Any disagreement with that?

Mr. Anguish: — I'm concerned that we don't have a quorum.

Mr. Chairman: — I was told that because it is simply a restarting we don't need it.

Mr. Van Mulligen: — As long as there's no decisions.

Mr. Anguish: — Well there is decisions. We're making agreements on some of these that won't be revisited. So I would prefer to wait for a . . .

Mr. Vaive: — We do have a motion to proceed without it as long as we don't made decisions. Now we can proceed and have discussions and hold the decisions on each item until the quorum comes back. Otherwise we can wait if we want to make decisions as we go along. We can't decide on each item, but it doesn't preclude the discussion.

Mr. Chairman: — I guess we'll have to proceed with this section with no firm decisions taken, just that we have discussed them.

I'll rephrase my words: is there any discussion on this section?

Mr. Anguish: — Agreed.

Mr. Chairman: — I'd like to know how many are we talking about here. I don't remember from last year which the prime offenders were. If I could just have my memory refreshed.

Mr. Strelieff: — Mr. Chairman, members, the ones that weren't tabled include corporations like the Saskatchewan Diversification company, SaskEnergy, Cameco.

Mr. Chairman: — But your recommendation dealt with 100 per cent owned by the Crown. You're dealing with things that aren't 100 per cent owned by the Crown. I want to know of the 100 per cent owned by the Crown, which ones are still problematic.

Mr. Strelieff: — Mr. Kraus, can you help us on this one in terms of what has been tabled and what is not being tabled.

Mr. Kraus: — We know SaskEnergy has been tabled but we're not as . . . we're just not that familiar with all of the Crown . . . CIC organizations, to tell you whether they all . . . all of the 100 per cent owned were tabled or not.

Mr. Chairman: — I know the other category has been a bone of contention for a number of years, but of the 100 per cent Crown-owned entities, I wasn't aware of which ones, other than SaskEnergy because of its sort of limbo status, was problematic. And I just wonder if you had something that . . .

Mr. Anguish: — All of .06 if that's what you're asking.

Mr. Chairman: — No, I just wanted to know, Doug. I mean the auditor said he raised this point in '90 and he's raising it again in '91. Are they going to be there in '92, of the 100 per cent Crown-owned companies or utilities or whatever? I mean we've gone two years.

Mr. Wendel: — Mr. Chairman, on pages 200 to 202, 203, there's a list of all government agencies. And in that list there are companies listed there that are companies created under Business Corporations Act, starting where it says Crown agencies on page 200.

Now I'm just going from memory here but some of the examples are those two numbered companies at the top, Cameco at that time was still 100 per cent owned. CIC Industrial Interests Inc., CIC Mineral Interests Corporation, CIC Pulp Ltd., CMB Fertilizer Inc.; on the next page, Hospital Laundry Services — that may now be in the compendium. I'm not sure whether that's been picked up or not. I just don't have that in front of me but . . . Nu-Net Communications; it's a sub of SaskTel.

Mr. Chairman: — What was that? Nu-Net Communications?

Mr. Wendel: — And I'm not sure if that's 100 per cent or partially owned, that one. That may be over 50 . . .

Mr. Chairman: — I've never even heard of it.

Mr. Wendel: — It belongs to SaskTel.

Mr. Chairman: — Okay.

Mr. Wendel: — SP Two Properties, Saskferco, RT and CC Investment Corporation — those are some that come to mind. SaskPen Properties Ltd., SaskEnergy at that time. There was TransGas.

Mr. Anguish: — Do they give reasons to you as to . . . Or do you ask why they haven't provided its annual report?

Mr. Wendel: — It's been a concern of the office for a considerable period of time, that the Crown can go out and create companies under Business Corporations Act to do a function and then nothing would get reported back to the Legislative Assembly on the activities of those companies. And this committee considered that some years ago. It made a recommendation that these should be brought forward to the Assembly.

And all we're doing in this section of the report is just bringing that back to the committee, saying you've recommended on this and the government really hasn't acted on this yet. And there should be some legislation in place that when they create these companies they should come back to the Assembly so that you get some reports back on them on what they're doing with their . . .

Mr. Anguish: — Do you ask at any time why a certain entity hasn't provided the annual report?

Mr. Wendel: — We get copies of the financial statements. The problem is the elected members don't. The government has that. Like, the executive government has them and the various corporations, but the Legislative Assembly doesn't have them.

Mr. Strelieff: — And organizations incorporated under The Business Corporations Act, there's nothing in those Acts that require the financial statements to be provided to the Legislative Assembly. Under The Crown Corporations Act or other kinds of legislation, there will be provisions. So when we ask, that will be the first round of answers that . . . well there's nothing in The Business Corporations Act that requires us to provide that information to the Legislative Assembly, so we've chosen not to.

Mr. Chairman: — There's a reference on page 3 in the comparison between the Gass report and the auditor's comments, sections 6-14 and 6-19, I guess would be the two that speak to the same thing.

Now that legislative change has taken place, has it not? That requirement of tabling of documents within a certain period of time — didn't that happen in the last session?

Mr. Kraus: — The action taken by the government is indicated on page 22 of their response.

Mr. Chairman: — Page 22 of their response. I thought that was already done.

Mr. Kraus: — Mr. Speaker, there were amendments made to The Tabling of Documents Act . . . Mr. Speaker, I'm sorry.

Mr. Chairman: — Don't confuse me with Herman please. I still have hair, Gerry.

Mr. Kraus: — Mr. Chairman, if you recall The Tabling of Documents Act, the amendments to that Act were to clarify what were sitting days, whether they were calendar days or whether they were the number of days that you were actually sitting in the House. As to whether or not financial statements should be tabled within 90 days, whether or not the House is in session, that was left. And do you recall that debate?

Mr. Chairman: — I recall it well.

Mr. Kraus: — I would like to raise an issue here, and that is this — that that is a worthwhile objective.

You cannot appreciate, though, the effort that was put into completing the *Public Accounts* by October 31. Much of what I do is relatively easy. I can control it, and I can get it done to some extent. But there is at least 100 to 120 other agencies that have to have their statements audited, completed and audited. And I'm more or less a middleman on that.

And the auditor . . . I get caught between the auditor and the departments, and I shouldn't use the word caught. The point is too is that the auditor has not been used to completing all of those jobs on time. The departments aren't used to having them . . . doing their work as quickly as they might. And just moving perhaps from a completion of somewhere in January, late December, we pushed it all the way to October. It was really difficult.

I'm not sure that we could see it move to about the July time period that's required in order to meet this. You'd have to have it done by June 30 in order to get it into the House or to the Speaker, say by July 15, somewhere in that time period. I don't think the auditor could do it. And I'm not sure the government — can't speak for the government — but I wonder whether they would want to amend this legislation requiring that, when I'm not sure all of the parties can deliver. I guess that's the point.

I think the auditor might support what I'm saying there. It's going to be a challenge to get there.

Mr. Strelloff: — Mr. Chairman, members, Gerry is right, that it is a challenge to meet some of those deadlines and we'd move them up considerably.

Getting the *Public Accounts* publicly released by the end of October was a significant step forward. It took a lot of effort and it happened. And there was lots of complications near the end but we moved them forward and will continue to try to move them in even earlier if we

can.

Mr. Chairman: — Are the entities in question — you listed a number of them here — are these all year ended December 31 or are some of these corresponding with the government year end at the end of March?

Mr. Strelloff: — Most of the year ends are March 31 year ends. The Crown corporation, part 2 Crown corporation, are December 31 and there's a few other on December 31, but the majority of the year ends of all the government organizations are March 31.

But there's also — hospitals are June 30. And some universities are April 30 and . . . (inaudible interjection) . . . Hospitals are March 30? So there's a significant crunch there at March 31.

Mr. Kraus: — If the auditor had the staff he required to do the work in perhaps April and May and June, I mean, I'd suggest you could double; just say for example you might double his staff, but then the rest of the year they wouldn't have anything to do. It's that type of peak in his workload.

Mr. Chairman: — The season of prime accountability in this province is in the spring when the House is in session. I mean, we're always diligent but we seem to be more diligent at that time of the year. And I think it just makes a very strong point for all year ends being the same, which is the end of December of that year and everybody can gear themselves to it.

Mr. Van Mulligen: — This is in a sense a separate question. I don't necessarily disagree with that, that everybody should have the same year end. I don't know why governments go on to the end of March anyway. But there may be other good reasons for that, having to do also with the federal budgeting cycle and transfer payments from the federal government and etc., etc.

But I guess I'm somewhat concerned that . . . I don't have any problem with the recommendation in the auditor's report itself that we, you know, all government corporations table annual audited financial statements. But I'd be somewhat concerned if we were to say to the Legislative Assembly that: look, we think you should go with the Gass recommendation as well, and it's got to be done within 90 days of the end of the fiscal year, if that means that in order to achieve then that artificial objective that we set of 90 days, the government is going to have to devote extra resources, i.e., extra tax dollars, to meet that target.

Whereas, if you're target was 120 days, you could do that without the extra resources. Then I guess I would say that I agree with the intent of what he's saying but I'd like the government to do some analysis to see what's practical and what's possible.

And I think that people are dreaming in Technicolor if they somehow think that extra resources, in light of everything else that's happening with budget cuts and so on and tax increases, that somehow we're going to put additional resources and expend extra money on meeting some artificial deadline of 90 days. I would have some concerns about that.

So when the government says that, look, they agree with intent of the recommendation and is considering the most appropriate way to deal with that, then I'm inclined to agree with that, as opposed to saying no, it's got to be 90 days.

Having said all that, I agree with what the auditor's saying in his recommendation.

Mr. Strelloff: — Mr. Chairman, members, we didn't say there that they should be done within 90 days. We didn't say that . . . (inaudible) . . . you're saying. We still want to make them as timely as possible and they are moving. I mean, the year before it was in . . . or two years ago, it was in March or something that we got the *Public Accounts* all done; then it was December and then it was October, and we'll still try to move them forward, but it's also in the context of practicality and doability.

Mr. Kraus: — I believe within two weeks of October 31, or three weeks, there was still upwards of 30 financial statements that were potentially not going to make it into those big double volumes I have. And I was tearing my hair out and we were phoning the auditor and we were phoning the departments, and I guess the point I'm making is so in the end you received information a lot earlier than you ever have before. Because while some of those individual agencies aren't making it within 90 days, they're at least . . . they're part of the whole *Public Accounts* by October 31, and that's a pretty good step forward.

And I almost see that we're going to have to sort things out here amongst the auditor's office, myself, and the departments, so that I can make sure that that job is done with a little less hassle, perhaps by early October. Again, it was just right down to the wire and we can't afford to manage in that fashion. I'd like to think that if we worked hard we could say they're printed and ready for review by the minister, or whatever, let's say by the middle of October, and then we can move in a sensible, relaxed fashion to get them to the Clerk by October 31. This way it's just terrible. So all I can say is, I guess, even to move it ahead two or three weeks is going to be a challenge, just so, you know, things work better. But 90 days is . . .

Mr. Strelloff: — But, Gerry, that was the first time that we've done that. And in the context of the first time, we did quite well. And the ones that were outstanding near the end, there was some sort of controversy to them. They were just . . .

Mr. Anguish: — Why are we stuck on this about the time frame? I don't see in the auditor's report here anything about time, whether it's two weeks or 90 days, or anything. It talks very specifically at .06, at chapter 4, and I think we've agreed to it, and I've got better things to do than listen to a debate between the Provincial Comptroller and the Provincial Auditor.

Mr. Chairman: — Well I guess the only reason, Mr. Anguish, it kind of got stuck was because the Gass Commission put a 90-day thing on it.

Mr. Anguish: — Yes, and we're going to be revisiting that

and I'd rather just proceed with the agreement on the Provincial Auditor's report than having to rehash that date twice.

Mr. Chairman: — We don't have a quorum here so we can't agree on anything. We're just discussing.

Mr. Anguish: — Well then we'll revisit it all as soon as Mr. Muirhead or Ms. Haverstock arrives.

Mr. Van Mulligen: — Can we formally agree on this one?

Mr. Chairman: — We're doing that informally. We'll revisit it after the draft.

Mr. Strelloff: — Mr. Chairman, members, does that mean that the informal agreement also pertains to the corporations in paragraph .08? So where the government owns less than a hundred per cent of the issued share capital, do we agree that those financial statements also should be brought forward to the Assembly? I just want to make sure that that's part of it.

Mr. Chairman: — I think that's a question that would be well placed with CIC and the Department of Finance when we have them in February. That question begged yesterday and it begs again on that point that when those two are here that we ask that question. We won't dwell on that.

Mr. Van Mulligen: — We talked about that yesterday and I'm still of the firm view that the government should be reporting to the Legislative Assembly on the investments that it has. Now it may not be in a position to order some company in which it has a certain share value to require that company to do certain things in terms of tabling a report, but by virtue of the fact that the government is a shareholder and therefore is the beneficiary of certain information, the same as any other shareholder, then yes, I think the government has an obligation to table that information with the members of the Legislative Assembly.

And again, the case that I would make is Saskoil. It was always a strange thing to me that as a member of the Legislative Assembly, I was not given the benefit of any statement, any report at all as to the activities of Saskoil even though the government had some significant share ownership in Saskoil. It was suggested to me, if I wanted to get that, I could just go out and buy a share of Saskoil and therefore get it.

Well that may well be, and one of our members did go out and get a share of Saskoil so that he could have the benefit of that information. But it seems to me that the government has those shares. The government should be relating that information to the members of the Legislative Assembly, saying here's the information that we received and the same information that anyone who is a shareholder or the Securities Commission receives. Yes that information should go to members of the Legislative Assembly.

I'm not quite sure how we frame, you know — those are my sentiments — I'm not sure how we frame a policy under this .08 at this point in time, and maybe it's going to

be redundant in a few years anyway. Who knows? But those are my sentiments. And those are sentiments we had before, and I continue to have them. I just think it's more than passing strange that this anomalous situation has existed.

Mr. Anguish: — And I think it is appropriate for asking questions of CIC ... (inaudible) ... but I think we have agreement ...

Mr. Chairman: — Just for the record then — .06, we've informally agreed that that's on; .08's informally agreed that's on, and we can go pursue further questions in that regard.

So that would hold also for .09.

A Member: — Agreed.

Mr. Chairman: — Ten.

A Member: — Agreed.

Mr. Chairman: — And that doesn't necessarily get into the details of the Financial Management Review Commission's recommendations. Okay?

A Member: — Number .08 isn't a real recommendation.

Mr. Chairman: — Number .08 isn't a real recommendation.

Mr. Strelloff: — Well by agreeing on .09, .09 would be viewed in the context of what .08 is saying. That it ... by Crown corporations meaning corporations that are subsidiaries of ... and also with less than 100 per cent ownership. That's just part of a government corporation.

Mr. Chairman: — Right.

Mr. Strelloff: — I just wanted to make sure that that was part of the understanding.

Mr. Chairman: — The next section is equal accountability. Here .11 speaks back to what you just commented on.

Mr. Van Mulligen: — I think the operative phrase here is ... In .23, is that the bottom line on this one? This whole ... or no.

Mr. Strelloff: — Mr. Chairman, members, the .11 to .15 says that we've had these discussions a few times. Last year we were discussing that the information coming to the Legislative Assembly from departments, the same kind of information should be coming from all government corporations.

And then the previous government announced that they were going to increase the disclosure requirements of what they described as all organizations, all government organizations funded primarily by tax dollars. Now the interpretation of that, I think, was they were going to increase the disclosure requirements similar to that of departments for government organizations, commissions, corporations that are ... we call them

Treasury Board-related corporations, and in yesterday's language, it was those that appear before the Committee of Finance — that kind of language. And I think over the past year one of those organizations presented similar information — Sask Property Management Corporation. But we haven't seen anything in a similar fashion to that being provided by other Treasury Board-type organizations.

Paragraph .15, we're saying that yes, that's a good step forward and it should take place, But we also think that the same kind of disclosure requirements should apply to all government organizations unless there's a specific, competitive reason that should be brought forward and this committee can debate and understand and agree.

But in general we're still holding the view that all government organizations should report, similar to departments. And certainly in the special report that we just went through, that was one of the main issues, that spending was taking place in organizations that didn't have to provide the same level of detail as departments.

Mr. Van Mulligen: — But there's no recommendation in here. There is a firm recommendation in .23, I believe.

Mr. Strelloff: — Well .15 says the increased disclosure requirements should apply to all government organizations. But paragraph .23 certainly is a more focused recommendation dealing with individuals; .23 doesn't deal with suppliers of goods and services and stuff like that, but it does focus on individuals.

Oh, sorry. Fred has indicated that a list of persons also would include persons being suppliers and other organizations. So, Mr. Anguish, you're right ... or Mr. Van Mulligen — .23 is the more focused recommendation.

Mr. Van Mulligen: — .11 through .15 are comments or, as they say in the legal profession, *obiter dictum*, and .23 is a specific recommendation in this regard.

Mr. Kujawa: — How many of you people speak Latin?

Mr. Chairman: — Never hope to either.

A Member: — Only the dead.

Mr. Chairman: — You two can excuse yourselves and go out in the hall and speak Latin.

Now that we have a quorum, are we agreed with the recommendation in item .23? No? It's the only recommendation I can find from .11 to .23.

Mr. Van Mulligen: — We've discussed this previously where we said that, you know, if corporations want to be exempted from that, then they should state that in their mandate. And I agree with that. But to say that nevertheless all Crown corporations should then deal with that, no I don't.

Should some corporations do it? Probably they should. Certainly the Treasury Board Crowns where there's no competitiveness. They're just providing a service and

doing a different . . . (inaudible) . . . Yes, I think they should have the same reporting requirement. And I think the government, in the case of Property Management Corporation, has set out to do that. I have no problem with that.

Should that same rule apply to SaskTel? I spent a couple of hours with somebody at SaskTel who was explaining to me some of the things that SaskTel is doing and examining. And my guess is that there are some private companies in this province and in this country that would be very, very interested to know the details of what he spends money on and the kinds of research that he might be doing and so on because it would help their position. And so therefore should that information be divulged? I say no way.

And I mean you've got to draw a line on some of these things. Where that line should be, I don't know. I mean, is there any big deal in publishing the major salaries of the people that work in SaskTel head office? Probably makes no difference at all to their competitive position. Should all of the payees under the research and development department be listed? Well I have some questions about that. I mean there are some cable companies in Saskatchewan who'd love to get their hands on that information. And I don't know if they should be allowed to do that because they may be competing for the same dollars some point down the road.

Mr. Anguish: — I don't think we have agreement on .11 through .23, Mr. Chairman.

Mr. Chairman: — Could we say . . . because everyone that I've listened to in the last few days, as far as Treasury Board Crowns, I detected no disagreement. So could we at least have a recommendation that . . . take it that far?

Mr. Van Mulligen: — Yes.

Mr. Chairman: — Well I know you do, Harry, but I . . .

Mr. Kraus: — Could I have clarification, Mr. Chairman? Does that mean that you're recommending that SPMC's information be in the *Public Accounts*, or that just that SPMC provide information like departments have to in the *Public Accounts*. There is a definite difference.

Mr. Van Mulligen: — What difference does it make if they're in the *Public Accounts* or if there is a separate statement, Gerry?

Mr. Kraus: — Well a lot of this stuff is excellent, but it's theoretical. I quite frankly don't know how we would possibly get all that information from all of these organizations. I'm not responsible for them. I don't make the payments for them. And it's one thing when I make payments; I have my own records; I can put all that stuff together across the departments; I can give you whatever you want.

But you're talking about quite a few different organizations, including SPMC, which are completely divorced from my administrative processes. And I have to ask them to develop this information and try and get it into the *Public Accounts*. I suppose that's just a personal

preference of mine. But if I'm interested in SPMC's expenditures, I would like to look at their annual report and use it, as opposed to having to thumb through the *Public Accounts* document which then . . .

My recommendation would be that you would ask each of these agencies to report their expenditures in their own annual report and provide it to the legislature, the way SPMC has done. Do you agree?

Mr. Van Mulligen: — Yes.

Mr. Chairman: — So how would we word this recommendation? Would you do an either/or like was done in the special report where it was . . .

Mr. Strelloff: — Mr. Chairman, members, my understanding of what Mr. Kraus was saying is that the individual organizations — Treasury Board corporations, commissions, agencies — would prepare in their annual reports the same kind of information that is required by departments. And then of course those annual reports get folded into the compendiums to the *Public Accounts* so that the members have access in one set of documents to all that information.

So Mr. Kraus doesn't have the responsibility of preparing all that detail. The instructions go to the individual organizations, and they just include that in their annual reports. And then those annual reports just become part of the compendiums.

I mean that's a reasonable thing.

Mr. Kraus: — I'm sorry, Mr. Chairman, but we in the compendiums include the financial statements. And that's all. If you want the annual report with the reporting of all of the activities and so on that SPMC would report on, you have to look at their annual report which has again their own financial statements plus a story about what they've done. And then that is where they've included this additional information. That's what I would suggest. Otherwise it means the financial statement, we'd have to get the financial statements and these lists of expenditures from each agency, put it in the compendiums.

Mr. Chairman: — I don't want to sound overly negative, but I'm almost getting the feeling here that government has simply got so big and so far beyond it, we simply have no way of ever reining it in so we might as well say, to hell with it . . . (inaudible interjection) . . . Well sitting in this committee for a year I guess, Doug, has helped.

Mr. Anguish: — It didn't just happen.

Mr. Kraus: — I think the important thing is that it's provided to the legislature and how it's done should be what is most administratively efficient. And you know, those compendiums now are two volumes about that thick. If you add payment schedules as well, I mean it would be like that. And I think there's some merit, isn't there, in this organization and that organization, having all of the information for that organization in one annual report. You pick it up, there it is.

Mr. Anguish: — I have a strong preference that it go with the annual report, that there be an addendum to the annual report similar to what SPMC has provided. As an MLA (Member of the Legislative Assembly) I find it much easier if you want to know something about SPMC, instead of guessing which book is it in *Public Accounts*, and then there's about five of them, and all I have to do is go to the annual report and attached to the back of the annual report is the information I want. It's just much easier to search through.

I mean it sometimes gets complicated for members on the Public Accounts Committee to find something, where they should locate it in the *Public Accounts*, let alone members of the Legislative Assembly that don't look at the *Public Accounts* as closely as what we do in this committee.

So I think it's advantageous if you're concerned about having information to members so they can hold government to account, I think it's much better to have it in the annual report.

Mr. Strelloff: — Well, Mr. Chairman, members, the *Public Accounts* do have three or four documents, but you might think that three or four documents might be easier to search through than a hundred different annual reports that may be provided to you over time. And maybe the annual report then should be referred to this committee then. So that for sure you are provided it and you know that you have it and that it's for the purposes of this committee. And maybe that's the way around it.

Mr. Anguish: — Well it may not be for the purposes of this committee. Because unless you or an individual member of the committee has a concern, why would we want to bring that Crown corporation before the committee? I mean if there's a problem, I trust through the due diligence of your office, it's going to be reported in your annual report. And that's the reference for us to bring in there.

If I'm an individual member of the Legislative Assembly, instead of looking at three or four volumes of *Public Accounts* — and most people consider this to be part of the *Public Accounts*, although technically it's not — I mean all they have to do is go and find the annual report of SPMC and look at what they want to determine. They don't have to flog through all this information.

Mr. Chairman: — What we're still talking about here . . . I go back to my . . . is Treasury Board Crowns. Let's start with something and we'll sort the rest of them out as they fall, kind of thing. So we can agree that all government organizations up to Treasury Board Crowns, or how . . .

Mr. Anguish: — Well, Mr. Chairman, why don't we just say that we continue to recommend all Treasury Board Crowns provide a list of persons who receive money to the Department of Finance for inclusion in *Public Accounts*.

Mr. Van Mulligen: — Can I suggest that we write it this way: that the committee recommends that all government departments and agencies and Crown corporations reporting to the Treasury Board provide a list

of persons who've receive money.

Mr. Chairman: — Either through *Public Accounts* or their annual report.

Mr. Van Mulligen: — Well I'm silent on that part. I mean that's . . .

Mr. Anguish: — You won't get agreement on that here today, I don't think.

Mr. Van Mulligen: — Some will be through the *Public Accounts*, some will be through annual reports I guess.

Mr. Anguish: — So just period after money.

Mr. Van Mulligen: — Yes.

Mr. Anguish: — Could I suggest also while we have a quorum here to go back and test to see if we have agreement on items .01 through .10.

Mr. Chairman: — Yes we're dealing with recommendation .06.

Mr. Anguish: — Actually .01 through .10, Mr. Chairman.

Mr. Chairman: — Nine is the only recommendation.

Mr. Van Mulligen: — Eight is asking what the committee wants to do. The committee has said, well we've got some thoughts on that but we're not framing anything particular today and we may wait until Mr. Ching comes here to frame something.

Mr. Chairman: — I thought we had informally agreed to . . . 100 per cent was agreed.

Mr. Van Mulligen: — Eight raises the question of when it's less than a hundred per cent.

Mr. Chairman: — Eight raises those questions of commerciality.

Mr. Van Mulligen: — And the committee has not yet made a recommendation. We agree that there should be some form of reporting. How we would word that and so on, we don't know. We decided we'd wait until Ching comes and talk to him on that one as well. I think that's what we agreed.

Mr. Anguish: — Well that certainly wasn't my understanding. I'm sorry to disagree with you. I feel that we agreed on that but we wanted to hear from Crown Investments Corporation on some of their views so that the committee could maybe formulate some recommendation on these corporations in the future is my understanding.

Mr. Chairman: — That was my understanding also.

Mr. Anguish: — Do you want to test then whether there's agreement now from the committee for sections .01 through .10?

Mr. Chairman: — That's what I was attempting to do.

Mr. Anguish: — I know that.

Mr. Chairman: — Do we have agreement from the committee on sections .01 through .10? Thank you. Now .23.

Mr. Anguish: — Does the Clerk have a wording. I saw him scratching there — your head.

Mr. Vaive: — My understanding is that there is agreement on number .09 but nevertheless it can still be discussed with the Department of Finance and CIC when they come here. And that is really the only clear recommendation — .01 to .10 — that's the only clear recommendation that I see in this report. And that's where we're at.

Mr. Chairman: — Now .23. Mr. Van Mulligen you proposed a wording.

Mr. Van Mulligen: — The committee recommends that all government departments, agencies, and crown corporations reporting to the Treasury Board provide a list of persons who will receive money.

Mr. Anguish: — Very good, Mr. Van Mulligen.

Mr. Chairman: — The auditor's just pointed out to me that .17 has a . . . it does say: . . . we continue to recommend. So I guess we either have to dovetail that with something else or it has to stand alone. I think it can stand alone.

Mr. Strelloff: — Mr. Chairman, members, Mr. Kraus, this is the intention of what's going to happen in the future anyway, isn't it?

Mr. Kraus: — We're moving in that direction, yes. Now whether everything will be in there next time around I'm not sure, but . . .

Mr. Chairman: — This is a consistent recommendation of this committee I think over the last few years, isn't it?

Mr. Van Mulligen: — It's the question of the reporting. Is that . . .

Mr. Chairman: — Yes, well I think we accepted Mr. Van Mulligen's wording on .23.

Mr. Van Mulligen: — Can I just make one other comment, and that is that one of the things that we may wish to recommend to the Legislative Assembly, that as opposed to the Public Accounts Committee sitting here trying to determine under what circumstances in addition to Treasury Board Crowns, commercial Crowns might begin to report on the lists of persons, that as opposed to this committee trying to sort through that issue, that we recommend to the Legislative Assembly that the Crown Corporations Committee review this matter.

Perhaps they, given their ongoing contact with commercial Crowns, they can develop a better idea of what people can report or should be reported and which areas might compromise commercial integrity and all those kinds of things, so that they can get some better,

clear recommendations in that regard than we do, because they have far more contact with them.

Mr. Kujawa: — On this business of all government organizations — whatever that includes — giving a list of the persons who have received money, in certain situations it seems to me that if . . . Is SaskTel a government organization? Let's say it is. If it says: we spent \$50,000; we gave \$50,000 to Maynard, everybody in the world in the business knows that Maynard has a certain sort of a new invention in the telephone system. So by saying that we gave him money gives away a trade secret and gives our competitors a great big edge. Where we said that we were going to protect the competitiveness, this could give it away in some instances. And maybe we should make a provision for that.

Mr. Kraus: — Just following up on the Crown Corporations Committee suggestion, I notice here in the response to the Gass Commission it does say that one of the actions the government recommends is that CIC, along with the Crown Corporations Committee, will develop appropriate reporting requirements for government-owned corporations. So CIC may know what they are doing in that regard and whether they're working with the Crown Corporations Committee.

Mr. Chairman: — Well as I said yesterday, we can't refer this thing to Crown Corporations; we can ask the House to refer it to Crown Corporations.

Mr. Van Mulligen: — Quite a lateral pass, but it's the same purpose.

Mr. Chairman: — We'll dump it at their feet, Harry. How's that?

Mr. Van Mulligen: — Right.

Mr. Chairman: — So .23 in effect is two recommendations then, right? The one that we have the wording for. The second will be that this committee recommends to the Legislative Assembly that the Crown Corporations Committee study the question of commerciality in Crowns less than 100 per cent owned by the Crown,

Mr. Van Mulligen: — Well not quite. I'd say that the Crown Corporations Committee be encouraged to consider the matter of public reporting requirements for Crown corporations, for commercial Crown corporations, or for Crown corporations other than Treasury Board Crowns.

And then by inference that means, well what should be recorded, what shouldn't; to what extent does that affect commerciality, or you know . . .

Mr. Chairman: — I don't know about this by inference stuff all the time. Why can't we just tell them directly what we think?

Mr. Van Mulligen: — Because there may be more to it than that.

Mr. Chairman: — Well let them sort that out.

Mr. Van Mulligen: — No, including commercial . . . you know if you want to say including . . .

Mr. Chairman: — I just find that when you're telling somebody to do something, the looser-gooser you make it . . .

Mr. Van Mulligen: — If you get too specific and that's all they focus on then . . .

Mr. Anguish: — You better stick to one wording for now, I mean one we have agreement on.

Mr. Chairman: — That's called riding the fence. There's two recommendations.

Mr. Anguish: — There is? You've agreed on the two?

Mr. Chairman: — Well Harry's proposing two.

Mr. Strelieff: — Mr. Chairman, members, my understanding of the second recommendation is that this committee recommends to the legislature that they ask the Crown Corporations Committee to consider whether those corporations that in a general way are incorporated under part 2 of The Crown Corporations Act, whether they should report the same kind of information as is required by departments.

Mr. Van Mulligen: — . . . what the limit should be on that?

Mr. Anguish: — If that's what the second one is, I guess there's agreement.

A Member: — That's what the second one is.

Mr. Anguish: — The Provincial Auditor has that wording down pat. Both the chairman and Mr. Van Mulligen both agreed to it.

Mr. Van Mulligen: — You can put it that long or you can put it in the short version.

Mr. Strelieff: — Mr. Chairman, members, paragraph .17 deals with a recommendation we have that the *Public Accounts* just include the financial statements of all government corporations so that they are complete. And my understanding is that the government is moving towards this for the '92-93 year and that we would like your support for this move. So that's paragraph .17.

Mr. Van Mulligen: — I'd just like to ask Mr. Paton, because I know Mr. Kraus and he have great interest in any reference to the *Public Accounts*, what he thinks of this.

Mr. Paton: — Currently all the financial statements except for the Crown corporations responsible to CMB (Crown Management Board of Saskatchewan) are included in that compendium. I think there is a move, as Mr. Strelieff said, to include also those other Crown corporations as well.

Mr. Van Mulligen: — It wouldn't necessarily be the same

year end but it might be for . . .

Mr. Paton: — It would be a different year end. It would be the December 31 financial statements which are completed prior to ours, so they would be included. It shouldn't be that much work to include those as well.

The Vice-Chair: — Is .17 agreed?

Section .24 to .29, which runs to the end of chapter 4, is basically what we deferred to the next sitting of the committee when we can have Finance and CIC appear before the committee. So we can just defer that? Or are there any questions on this section? Comments? For .24 to .29.

Chapter 5, the accountability process. Is there a recommendation that's in there?

Mr. Strelieff: — Mr. Chairman, members, the purpose of chapter 5 is to just go over the principle that the executive government is accountable to the Legislative Assembly, and then the importance of an independent legislative auditor. And then paragraph .12 does relate to a change in our Provincial Auditor's Act that we've been recommending for some time now and that is, that the Board of Internal Economy, because it is a committee of both — of members, of all members — that they approve, debate, challenge, our spending.

Now that's been the practice over the last couple of years and as far as I know that's still is supported, was previously supported, by this committee and we certainly would appreciate continued support on moving our spending through the Board of Internal Economy.

Mr. Van Mulligen: — I'm on the Board of Internal Economy.

The Vice-Chair: — Are Mr. Muirhead and myself setting your budget? I'm sure we'll do a fine job.

Mr. Van Mulligen: — Great.

Mr. Kujawa: — Mr. Chairman, I'm glad that we don't have a quorum. The best pressure . . .

The Vice-Chair: — Remember, I just want to caution you that there's still a verbatim transcript as to whether or not we have a quorum so you be careful what you say.

Mr. Kujawa: — All right, I will be careful. I start with the first line.

The Vice-Chair: — We now have a quorum, Mr. Kujawa.

Mr. Kujawa: — Not until that gentleman is seated.

Our system of government is modelled after the British Parliamentary System . . .

This should say: was so modelled until 1982. Then we went to the infinitely inferior system in the United States of America, and went to the Charter, and now the courts have the final word, not the parliaments. And we are still under the rule of law; to that extent, I think, that is

accurate.

But it's not accurate the way it's stated.

.01 Our system of government is modelled after the British Parliamentary System . . .

That was true until 1982; chapter 5. Now I know it's not maybe a big thing and maybe what I'm really trying to do is get in my lick about how we are selling out by the day to the United States and everything that goes with it, but we should keep in mind that we are changing our way of life and government. And that's why I refer to that comment.

Mr. Strelloff: — Mr. Chairman, members, the next time that we draft this kind of wording, we'll be a little bit more careful on how we phrase it.

Mr. Anguish: — . . . do a referendum on it if you want.

Mr. Kujawa: — Will we have to be accountable for the half billion it costs?

Mr. Anguish: — Oh, certainly. Prior to searching for consensus on number .12 — number .12 and number .01 if you so wish, Mr. Van Mulligen — would it be possible for the auditor's report in coming years on the sections where there's actually a recommendation, to either bold print the recommendation or to use a different style of print so the actual recommendations jump off the page and are easily identified?

Mr. Strelloff: — Mr. Chairman, members, Mr. Anguish, yes we will. We were just discussing the need for that and we'll bold it, or we'll shade it, so that it jumps off the page right at you.

Mr. Van Mulligen: — One of the other things I just tangentially wonder, if your future report might also list a progress report on previous recommendations, or do you do that? I know it's kind of woven in here and there but it's . . .

Mr. Wendel: — The way we've always treated that in the past, Mr. Van Mulligen, is if the recommendation has been carried out, we don't report on it.

Mr. Van Mulligen: — Right.

Mr. Wendel: — And if it isn't, then it's highlighted like it's there.

Mr. Van Mulligen: — Right. So the question I have, if you made the recommendation and the government is actually doing that, would you care to also report that? I appreciate that you're always going to report when the government doesn't do something; might be interesting to point out when the government actually does do something.

Mr. Chairman: — Now, Harry, why would you want to deviate that far from past practice?

Mr. Sonntag: — Mr. Kraus already said we have too much paper, Harry.

Mr. Van Mulligen: — Too much?

A Member: — It's too much paper.

Mr. Chairman: — Somebody will accuse you of cutting down another tree.

Mr. Anguish: — I seem to have lost track here, Mr. Chairman, but have we reached agreement on the recommendation contained in chapter 5 in support of the auditor's Act when it's reviewed to have his budget under the Board of Internal Economy?

A Member: — Agreed.

Mr. Anguish: — Does chapter 6 contain any recommendations or it's just a statement of fact as to what you do in your audit?

Mr. Strelloff: — Mr. Chairman, members, the main purpose of chapter 6 is to explain how we carry out our work. In paragraphs .06 to .08 we note that we do focus on exceptions, and Mr. Van Mulligen just pointed out that he would like our report to have a chapter in it setting out all the recommendations that we have in here in this report and with a status of whether they're implemented or not implemented. So it begins to put a little bit more context to our exception reporting.

We also use this chapter to bring out our concerns about the appointed auditor relationship that we're in. And I think yesterday we agreed that in chapter 2 we would wait until CIC and I guess maybe Finance — I'm not sure; I think it was CIC — comes in to discuss our concerns with the need to change the audit system and The Provincial Auditor Act.

Paragraph .13 touches on that, and .14 to .17 again elaborate a little bit about our concerns which are also set out in chapter 2. But those will be, I assume, fully discussed when we deal with chapter 2 in the context of CIC and maybe some other issues.

So in general the purpose of chapter 6 is to explain our process, to flag the exception reporting focus, our concern with the existing audit system, and how we carry out our work with appointed auditors.

Mr. Anguish: — There are no recommendations there that stand alone that wouldn't be referenced to another chapter then?

Mr. Strelloff: — No.

Mr. Anguish: — Okay. We agree on chapter 6.

Mr. Chairman: — Chapter 7, "Value-for-Money Audits", a very important area. It means changing the accounting system of the province.

Mr. Anguish: — Is it of greater importance now than it used to be, Mr. Chairman?

Mr. Chairman: — Well has the government not given an indication that they're going to move to full accrual accounting by 1994 . . . (inaudible interjection) . . . Hasn't

It? Oh, I thought it did. So there's no specific recommendation?

Mr. Streliaff: — Mr. Chairman, members, the purpose of chapter 7 is to give a status report on our initial work in carrying out broader types of examinations. This was last year, so we review the three types of projects that we were initiating. One had to do with annual reports of departments. And the research question that we were looking at ... or the accountability question that we're looking at is to determine what information in annual reports is needed to provide members the information needed to assess the performance of government departments. We've completed that project and will be reporting in our next annual report on that.

And then we carried out two more specific projects in the Department of Highways. One relates to the way the department ... the system that they have in place to manage contracts with private-sector road-builders to make sure what they contracted for actually takes place, actually happened. And the second project relates to the system that the department has in place to ensure that their annual plan for highway surface maintenance repairs actually gets done, and gets done in a reasonable manner. This chapter just sets out a status report on those projects.

Mr. Van Mulligen: — Just one question that I have, and a comment too. Are these going to come out as separate reports or are they going to be part of *Public Accounts* next year? Or how are you going to report that?

Mr. Streliaff: — Mr. Chairman, members, those will be ... they'll be chapters within next year's annual report so that you'll have our findings on the annual reports and on the Department of Highways.

Mr. Van Mulligen: — The other thing I wondered, if there is — you don't have to do this — but I'm wondering if there is any utility in engaging the Public Accounts Committee and maybe the members of the Crown Corporations and the comptroller in a discussion at some point about the whole value-for-money process, how you think it will work in the context of Saskatchewan, on how it's worked in other jurisdictions, various approaches that might be taken within that, the options that are available, that are open to you.

I have my own ideas in terms of value-for-money audits and what directions I think are most productive as opposed to the direction that you may be taking. It's my opinion that you're better off to audit the processes within departments to see what kind of audits those people are capable of doing so that our ongoing basis departments are doing the kind of things that, you know, you're doing on a piecemeal basis. And that's perhaps more important in the long run than to pick this operation or that operation. You know, I guess I'd like to see some kind of discussion.

Having said that, there may also be ... you may get feedback from people as to priorities that they can identify in terms of specific government activities that they would like to see a more comprehensive audit undertaken.

Mr. Streliaff: — Mr. Chairman, Mr. Van Mulligen, I certainly welcome that kind of discussion and feedback on the approaches. When you mentioned, are we going to do separate reports on this, does that mean that you would rather us do separate reports?

Mr. Van Mulligen: — No. I haven't really thought about it. I was just curious.

Mr. Streliaff: — Okay. The focus on process rather than on specific results. As you know a couple of years ago we proposed legislation. The purpose of that legislation was to get direction on that, that we thought that it was appropriate to focus on the systems in place or the processes in place to ... that the government has in place to make sure that they're carrying out their operations in an economical, efficient way. I mean, that's where we would like to move it, and that was the purpose of the proposed legislation, just to confirm that that's the direction you would like us to move.

And in terms of the long term ... what's happening in my profession is that we're ... profession and management and governance is moving together to try to encourage the management to report on how it's carrying out its job in an efficient, effective, and economical way, or how it's ensuring that that's happening, and that the auditor attests to those kinds of representations, which even moves it even further.

At first you focus on the process but really management is the one that should be saying, okay, here's how we ensure that our highway surface repair program is being carried out as we planned in an economical way. And then we say, okay, we've looked at what they've said and how the systems they've put in place. And they are. They are doing that rather than more fragmented or specific exams.

So certainly we welcome that discussion. And in next year's annual report what we'll do is provide a preamble to the approaches that we're taking. So we'll explain it and then have the individual projects that we've done. But the preamble I think should set up the opportunity to discuss alternative approaches.

I think the Department of Finance should be carrying out these kind of examinations.

Mr. Kujawa: — I see we're last in Canada to start doing this and I didn't know that any of the other provinces or places had a reincarnation of Solomon. How is it possible for anyone to know everything from how much oil to put on gravel to reduce the grit, to brain surgery? How is it possible for one entity to know all of that and be able to judge it and give us a value-for-money adjudication? If I needed brain surgery, and many people think I do, I will go to the brain surgeon, not the auditor.

Mr. Sonntag: — I want to hear this response.

Mr. Chairman: — Do you have a response to that?

Mr. Streliaff: — Mr. Chairman, members, I think it relates to what Mr. Van Mulligen said, and that is the auditor

should be focusing in on the process that the government has in place to ensure that GRIP (gross revenue insurance program) is carried out in the right way or the highway maintenance program is carried out in the right way. And as far as the audit office is concerned, I mean, it's a step-by-step thing and you're talking a slow, cautious approach.

Mr. Anguish: — Are there any recommendations in chapter 7, this information item? We agree with chapter number 7. We may proceed to chapter 8.

Mr. Chairman: — Chapter 8, "Board of Directors Pay and Expenses."

Mr. Strelloff: — Mr. Chairman, members. This has to do with the authority of boards to pay their directors, or has the authority of the boards of directors to receive remuneration.

And paragraph 2 starts off with the principle that the executive government has the authority to appoint the directors and it uses order in councils and ministers' orders to do so, and we believe — our office believes — that the Act requires an order in council or a minister's order to set the pay and expenses for directors.

In a previous report or reports, we reported that the boards of directors for the Crown Investments Corporation didn't have the necessary authority. And although CIC challenged and did not agree with us, they said that they would use future orders to set the pay and expenses. But in our discussions with CIC, they advised us that the problem was widespread, that it wasn't just at CIC, that there were other government organizations that didn't have the necessary authority to pay their directors.

So we decided to look further into this, and paragraph .10 lists those organizations that, after further scrutiny, we found didn't have the necessary authority. And I'd like to bring to your attention that we included Sask Research Council in that list, and on further investigation we found that we were not correct, that Sask Research Council did have the necessary authority.

And then we continue to recommend, which is paragraph .08, that all government agencies obtain the proper authority for their pay and expenses of directors. So the key recommendation is that they obtain the necessary authority. And the reason that we moved through this project was our findings at CIC and also our discussion at CIC.

Mr. Kraus: — A little balance on this. There appear to be two issues here, and one is, what is the legal requirement to establish remuneration for directors on boards? The opinion of the auditor is, is that because they . . . Correct me if I'm wrong, Wayne, but I believe because orders in council are required to appoint these people, they feel that their remuneration should be established by OC (order in council) as well, or something to that effect. In any event, they feel that OCs are required to set the remuneration for these people,

I saw a recent opinion from the Justice department that approached it this way. They felt in many cases that if

legislation permitted a board to be created, then it followed that that legislation would allow or that organization would have the right to establish the remuneration for those directors and that it didn't necessarily follow that you needed an order in council to set remunerations for all of these boards of directors or whomever.

But in the same letter they said that perhaps the current policy is not appropriate, perhaps what the auditor is trying to accomplish is appropriate. Maybe people who are appointed in this manner should have their remuneration established by OC just because it would be better; it would provide better accountability.

So the reason I'm just raising it is, is there a legal opinion on the one side that doesn't necessarily agree with everything the auditor has reported here, but the bigger issue is, should OCs be used to establish these levels of pay just as a better policy? I just think that's a more balanced viewpoint.

Mr. Strelloff: — Mr. Chairman, members, Mr. Kraus, are OCs going to now be used?

Mr. Kraus: — I was asked my opinion on the matter and I recommended that they look at moving forward and using the OC route because of better accountability. Whether that will happen or not I don't know, but it's possible that that's what will happen.

Mr. Kujawa: — I feel I should say something because I've been under many an order in council for many, many years. The order in council appointing me to X position was passed, as opposed to any other formal hiring process. But the pay for that position was fixed and in place ahead of time. So even if the order in council didn't mention my pay, it was fixed. It usually did mention it, but somebody got it off the chart; for this you get 20 cents a day, you get the job, you get your 20 cents a day.

I think that having maybe a range — because a director, for one thing, might have to work a lot harder and earn a lot more money — but you should have a range that's set ahead of time so that you can't take a buddy of yours and give him too high a contract right off the bat, and then the OC is fine.

Mr. Anguish: — Is there such a thing? Is there a range?

Mr. Chairman: — Not to my knowledge. Most of them are a set fee.

Mr. Kraus: — There currently are ranges but they are under review and I would expect that there will be material going all the way up through Treasury Board and into cabinet. They probably will be looking at that over the next . . . hopefully over the next month or six weeks. But there are levels now, but they're under review.

Mr. Strelloff: — Mr. Chairman, members, I think what your comments are . . . or one aspect of your comments is that that original schedule that you're referring to, would have legislative sanction, approval, and then when you appoint a member to the board they then have . . . wherever they fit in the slot, they fit.

It could be done that way or it could be done in a specific OC related to the appointment or subsequent OC?

Mr. Kujawa: — I think it's much more efficient to have the schedule there and apply it.

Mr. Chairman: — How are they handled in the annual reports right now? Is it a lump sum or is it broken down?

Mr. Kraus: — You're asking whether they show remuneration for directors, director by director? I don't recall seeing that but it may be.

Mr. Chairman: — See, your directors will have varying amounts because they're allowed mileage in some cases, they're allowed per diems that vary as to meals and all that sort of stuff, agency by agency. And I don't think I've ever seen it broken down by director.

Some of the points we've made in the past about the reporting practice . . . I think we were discussing it either yesterday or the day before about having that addendum in the agency's annual report that would show a special line denoting ministerial expenses related to that Crown or agency — that'd be anything that involves a minister inside of there — that it have its own line.

Mr. Kraus: — It seems to me in some private sector, publicly traded corporations, they'll have quite an extensive section on if the directors own any shares which wouldn't be appropriate here. But I think they do detail remuneration so you know what they're getting.

Mr. Chairman: — All public trading companies do that.

Mr. Kraus: — Yes.

Mr. Chairman: — You can tell director X what he . . .

Mr. Anguish: — Mr. Chairman, I think if you tested the committee, you'd find agreement on the sole recommendation in chapter 8 and maybe we could move on to chapter 9.

Mr. Chairman: — Do we really have one?

Mr. Anguish: — Yes. We recommend the agencies attain proper authority . . .

Mr. Van Mulligen: — It's not a specific . . .

Mr. Anguish: — Please don't talk at the same time as someone else is talking. We recommend agencies obtain proper authority for the pay and expenses of directors. That's the only recommendation in there, is that correct, Mr. Strelieff?

Mr. Strelieff: — That is correct, Mr. Anguish.

Mr. Anguish: — Thank you. We agree with that recommendation, Mr. Chair.

Mr. Chairman: — Anyone else? That's agreed. "The Tabling of Documents Act."

Mr. Strelieff: — Mr. Chairman, members, we had

reported this item in the past, on annual reports not being tabled in the right time period. And we had discussion as to exactly what the right time period is. Paragraph .03 notes that clarification has happened, and we still continue to check whether organizations do table their documents in the right time frames. And we note that in '91 there has been significant improvement, so we didn't have a long list of late reports. And also for '92, as we discussed earlier today, it's moving forward even better in terms of the timelines of reports that are being made public. And that's a good thing.

So in general this is an information chapter with no specific recommendations that are relevant.

Mr. Chairman: — So noted. Chapter 10. "Controls Over Information Systems." What are we doing here?

Mr. Anguish: — Are there recommendations in this section, Mr. Auditor?

Mr. Wendel: — Mr. Chairman, Mr. Anguish, members, chapter 10 is an update on the 1988 annual report we made on computer security, and we advised at that time the comptroller was going to be doing some more work in this area. And what we're doing here is providing you with just what's happened on computer security.

There still remains three problems even though there's been significant progress made. One of them is in paragraph .07. We think there should be a policy on how often security audits should be done on service bureaus like, say, former WESTBRIDGE — I'm not sure if it's ISM (Information Systems Management Corporation) now — has a lot of the government's records on it. And we think the government should have some assurance that ISM has proper procedures in place to safeguard what's on those systems, and that would require a security audit of ISM. And while the government's had two audits done in 1989-1990, we think there should be a policy on how often those should be done. That's the one issue.

The second issue is there's still a need to improve contingency plans. There's been significant improvement since 1988. And we note here the Department of Finance has done a good job of coming up with a contingency plan for their major systems and note that there's still other agencies that need to do more, and they're recorded in separate chapters.

The last one is in paragraph .08. And it deals with the need to get more control over computer programs so that programmers can't get access to live data when they're changing programs and could therefore cause some lack of integrity in the system.

Mr. Strelieff: — So, members, if you think of it in terms of recommendations, paragraph .07 would have a recommendation like the government should have a policy on when or how often a security audit is required — unless Gerry may want to comment on a recommendation like that. Paragraph .08 would be that the government organizations should improve their controls over the access of computer programmers to government records. So when you are adjusting programs and you have the ability to get into the actual records,

there needs to be improvement in controls.

And in the third one, related to paragraph .12, would be that government organizations . . . we recommend government organizations should have adequate written and tested contingency plans.

Mr. Kraus: — I concur with everything the auditor has said.

Mr. Chairman: — Does anybody have problems with that?

Mr. Anguish: — No. You say that you report these deficiencies in other chapters. Other chapters of this auditor's report?

Mr. Wendel: — Yes.

Mr. Anguish: — Would there be recommendations then in those other chapters in this regard?

Mr. Wendel: — They likely would be phrased in the same way, that they should improve controls. They wouldn't actually uphold this recommendation . . . actually it says, we recommend.

Mr. Strelloff: — But they would pertain to that individual organization that we looked at. So the government organization A should have a written and tested contingency plan, because when we examine government A, it didn't. Now this is a general and then we'll . . .

Mr. Anguish: — I've sort of catalogued, for my own mind at least, the chapters that are information items and chapters that contain recommendations. Do you suggest that chapter 10 should contain those three recommendations as you've outlined for us, or should we address those three items as we come to them in the appropriate chapter further on in the auditor's report?

Mr. Strelloff: — Well I think in a general way these are good, general policies that should be moved right across the system and that in that context, here is how you could address them.

Mr. Anguish: — Does the Clerk have a grip on this? Okay, we agree.

Mr. Chairman: — Agreed.

That completes the introductory chapters of the report. The rest of it is a specific department exercise effort. So I suggest that we break for lunch.

Mr. Anguish: — That's a good idea.

Mr. Chairman: — And reconvene at 1:30.

Mr. Anguish: — That's okay with you, Gerry, at 1:30?

Mr. Chairman: — Nobody has called any departments so perhaps at 1:30 we can just try and agree on some departments to call or . . .

Mr. Anguish: — Yes, and I think we need to revisit a few of the items in here that we don't have agreement on.

Mr. Muirhead: — We got to hear your report yet too.

Mr. Anguish: — You won't hear my report, so you'll be given a copy of it and you can read it . . .

Mr. Muirhead: — Mr. Chairman, when will there need to be departments called?

Mr. Chairman: — I think we were planning on using our February meeting to sort of . . .

Mr. Anguish: — . . . to start on new departments. That was the intention but . . .

Mr. Muirhead: — We won't need departments this week then.

Mr. Chairman: — We hadn't intended on calling any.

Mr. Van Mulligen: — But we can go through some of them. We might even be able to go through some today and tomorrow to figure out which ones we don't want to call and we don't have to call.

Mr. Chairman: — There's been some that have had long-standing issues, like the Education with the student stuff . . . been there for ever.

Mr. Strelloff: — We're trying to come to grips with it . . .

Mr. Anguish: — I think over the remainder of them today and possibly tomorrow, if we can identify the departments that there's no reason to call.

Mr. Chairman: — Anyway we've got lots of time to talk this afternoon. Go eat.

The committee recessed for lunch.

Mr. Chairman: — Perhaps the first item of business can be the report of the 14th annual conference of the Canadian Council of Public Accounts Committees which was held in Fredericton, New Brunswick, July 5 to 8, 1992.

Mr. Anguish: — Yes, Mr. Chairman. I'd like to present the report. I had the honour of attending on behalf of the Public Accounts Committee since the chair and the vice-chair were unable to attend.

Also I think for the first time this conference the chair of the Crown Corporations Committee also attended. Part of the reason for that was that there was a section of the Canadian Council of Public Accounts Committees that dealt with the accountability of Crown corporations.

The meeting was held from July 5 to 8 in Fredericton, New Brunswick. And I found it actually quite informative. The thing that stood out the most was the variations in which public accounts committees actually operate across the country from province to province in terms of the federal Public Accounts Committee.

There is a report here that the Clerk has prepared, and I have signed it. I think as an accurate reflection of the workings of the committee. In addition, attached to the back of the report is a letter that I received from the Auditor General of Canada. One of the sessions that we held, I had asked some questions in regard to something called *Public Service 2000*, and this letter from the Auditor General of Canada is a result of some questions I'd asked in the particular section.

There are actually three documents attached which members may find of some interest. There's one entitled *Public Service 2000 . . . a Current View*; *Public Service 2000 . . . Developing a Common Understanding* is a second paper; and there's a third paper on the *U.K. Civil Service Reform*. And I've attached those for your information, and I've tabled a report. If members have any questions after they've had a chance to look at it, I'd be happy to answer those later today or tomorrow at some other committee meeting.

Mr. Chairman: — Good. Thank you, Mr. Anguish. I'm sure by looking at the agenda that it was very informative. It's always nice to know how you stack up with people in like circumstances. And I'll be very interested in reading the report, and I'm sure others will.

Maybe we could look forward to our February meetings, having a bit of a discussion on it. So I'd just encourage all members to read it through.

I wonder at this time, because we only have half a day today and again a half a day in the morning, for the benefit of the auditor and the Clerk if we shouldn't give some thought to how much time we would like to spend in our week in February, particularly with the Department of Finance and CIC because of the number of questions that have cropped up during our discussions. There's been a number of points that have not been agreed upon simply because of your lack of information that allows for a credible decision or because they are new directions that would require significant change for government in operating on a day-by-day basis.

I'd like some feel from members what they anticipate in the way of a time commitment so that we can notify these people and also maybe flag for them some of the sections in the first 10 sections of the auditor's report which we could refer to them, to have them prepared to answer some of the questions that we might have.

Does anyone wish to voice an opinion?

Mr. Anguish: — I guess we generally agree with the approach. One of the things that we'd like to try and accomplish this afternoon is have the auditor inform us as to whether or not some of the departments and agencies . . . what?

Mr. Strelieff: — Well, complete the thought. Just what were you going to ask?

Mr. Chairman: — That's okay, just slap him and go on.

Mr. Anguish: — I was wondering if there would be sections of the report that we wouldn't have to worry

about because the concerns that you've noted in your annual report have already been addressed by the appropriate department or Crown or agency.

Mr. Strelieff: — Mr. Chairman, members, we haven't got the up-to-date . . . we haven't got an update on what has been solved or resolved and what hasn't been resolved in each of the chapters.

In a general sense it's hard for me to determine which particular departments and organizations you are interested or not interested in, in addition to what we put in our report. Sometimes we'll put just one issue in the report, and really there's 10 issues that the members bring to the table. And it's hard to therefore say that you shouldn't be looking at the Agricultural Development Corporation or the Public Service Commission. Because we may have identified only a part of the issues that you might want to discuss.

Mr. Anguish: — Well I think if we want to identify those departments we could maybe either do that now or think about that and do it tomorrow morning. I also . . . we should maybe revisit some of the items in the first 10 chapters that we didn't have agreement on and see if there's a way of coming to agreement.

There's some . . . I don't really recall for certain, but I think there are some that we maybe want to revisit, are there?

Mr. Chairman: — I took the opportunity at the lunch break to go over those. The Clerk kept a very careful list of what we had kind of identified. And it seemed that almost in each and every situation we had targeted CIC and Finance on all of them that they were . . . members didn't feel comfortable with the information that was available to make sort of recommendations.

So unless members have sort of changed in the last couple of days, then we could maybe change. But they all seemed very apropos to asking people that know.

Mr. Anguish: — Well if that's in fact the case then yes, we can leave them and deal with them when we have the witnesses before the committee.

Mr. Chairman: — What I was going to suggest, if we could sort of get in our minds some time frames about things, I'm also . . . want to suggest to the committee, as I did on Monday, that I think it would be very beneficial for this committee to have an opportunity to discuss the management review commission report with some of the principals. I took the opportunity yesterday of speaking with Don Gass on my own and asked him how he would feel about that, and he indicated to me he had no problem with it.

Now I don't know about the rest of the individuals and he couldn't speak for them either. And I'm not talking about a formal letter of requesting—their-presence type of thing. I think that's not the vein that I'm approaching this in. It's a request from me, simply if it was possible that we would appreciate it; if you want to tell us go chase ourselves, that's your business, type of thing.

But he indicated that he thought it would be a very

worthwhile exercise for us. He may change his mind by February, I don't know. And if the rest of them want to tag along, so be it. I throw that out there to members because I think you would want to dedicate probably a day or half a day anyway to someone who is travelling in from Saskatoon to give you that kind of time.

And CIC has enough stuff with what the Clerk has indicated to me here from our previous three-days deliberations, plus what I see potentially in the auditor's report here, that I think they're going to need probably a half a day by themselves. And to combine Finance and CIC to sort of get the ebb and flow from John Wright to Don Ching and back and how they see issues may require a little time too . . . (inaudible interjection) . . . Well that's true. The auditor's just pointed out to me that there'd be an awful lot of synergy between Don Gass, Don Ching, and John Wright, you know, because a lot of his report comments on CIC. So I don't know if you would want to mix the water that much.

Mr. Anguish: — Are we talking about a bull pit session with those three individuals as witnesses before the Public Accounts Committee?

Mr. Chairman: — No, I'm just throwing out suggestions to members as to what would be a reasonable approach and be informative and at the same time allow us to get through some of these thorny questions as to accountability that are sitting there that need answering.

Mr. Van Mulligen: — Why would . . . Gass appear here? What is it that we wanted to ask him?

Mr. Chairman: — Well there were all sorts of recommendations, Harry, that came from the commission. We have the printed verbatim.

I always get more out of actually having a person sort of present their case in person. I think you learn much more for it because the nuances that they attach to certain things, they have more significance than others. The printed word never gives you quite the feeling for it. And this man has spoken to university classes, he was at the thing yesterday, I mean, he's done a lot of public things that I think would be very beneficial to us because we're a legislative body that can speak with some frankness.

Mr. Anguish: — Can we maybe give that some thought and visit that tomorrow morning?

Mr. Chairman: — Sure. What about the other two — CIC and Finance and the combination of things that we would like to ask? Do you want them . . . Would they be better done each one separately and then have the two together? Or you don't want the two together?

Mr. Anguish: — Well I don't know that we've ever called two different government entities together at the same time in the same room. I think we're kind of breaking new ground; I'd want to think about that.

Certainly we want to talk to both CIC and the Department of Finance. I've not in the past had the experience at having two groups like that together at one time being witnesses. I don't quite get my mind around how that

would work.

Mr. Kujawa: — I haven't been involved in this particular sort of a deal before but some others like it, and unless there's a special reason for in effect bringing them into conflict, I think the committee would be better off to have them individually present their answers to our questions. We know what we want to ask. We know what the other side might be concerned about. So we I think would do better to avoid the conflict and get our information individually. But certainly I'd like to hear from all of those people.

Mr. Van Mulligen: — It seems to me there's only, of the issues that we looked at, there is one issue in particular where we identified that it would be beneficial to hear from both Finance and the Crown Investments Corporation. Although the others . . . We did want to touch base with Crown Investments Corporation, putting the question of appointed auditor, which I don't know if the Department of Finance sort of has much thoughts on really much cares in that matter because it really doesn't affect them in any major way.

There's the question of dividends. But we wanted to touch base with CIC on that. But there was the question of the Treasury Board and the auditor's suggestion that there be a greater degree of central coordination, Treasury Board vis-a-vis CIC. And that was the issue that was specifically identified where it would be beneficial to not only get the comments and input from CIC but also from Finance.

Now whether we do that jointly on that issue or we ask them severally, I'm loose on that. But certainly we can arrange for them to both be here, you know, follow each other in here.

Mr. Chairman: — That's why I was suggesting that we maybe have an idea today, that they're both long-standing public servants who are quite capable, so I'm told. And I'm sure with enough forewarning they could avoid the . . .

Mr. Anguish: — At least 50 per cent you're absolutely certain of, right?

Mr. Chairman: — The thornier things that might get under each other's skin. I mean they're here as professionals to present positions on . . . and I have no doubt in my mind they'll have discussed those positions well before they get here. That's life. So I'm not expecting to have the two of them sort of duke it out over . . . That's unrealistic.

Mr. Anguish: — I really don't have my mind around that very well. As I say, for the five years or whatever I spent in Public Accounts in Ottawa and the six years now here, I've never seen that.

Mr. Chairman: — But you've never had a chairman like me either so . . .

Mr. Anguish: — That's very true. Bill Clarke was quite close.

Mr. Chairman: — Just some thoughts. If you want to leave it till tomorrow morning before we . . . But I would like to give them some warning as to time commitment. I think it's important.

Mr. Anguish: — Let's discuss those two items, the Gass Commission and the Finance and CIC in the morning.

Mr. Chairman: — Sure. Because they're into a budget cycle in a big way at that time and you don't want to jerk somebody away for a whole day when you could make due with two hours.

Mr. Muirhead: — I tend to say just . . . We'll think about it overnight, like Doug says. But I tend to agree with Serge that I'd like to hear from all three but maybe at separate times. But we could think about that.

Mr. Van Mulligen: — Let's hope it doesn't keep me awake all night thinking about it, Mr. Chairman. That's all I have to say.

Mr. Muirhead: — I don't intend to lose any sleep over it.

Mr. Chairman: — Well, Harry, just park your political instincts and then you'll have a good night's sleep.

Perhaps then for the rest of the day we could go through some of these chapters to do some identification. There's recommendations in almost each and every area. And we can touch on them; some will be quite easily dealt with. I don't know of any other way to sort of approach this next 200 pages without sort of . . .

Mr. Anguish: — When we've gone through a chapter, can we have the auditor respond to what . . . instead of looking through it for the recommendations, respond to which are the recommendations or the observations and which are the most important.

Mr. Chairman: — Tough.

Mr. Anguish: — Tough to do?

Mr. Chairman: — Well I'm open to direction here from the auditor. If you have some idea in your mind how better to deal with this situation . . . Normally at this time we would have certain areas targeted. In discussions with the vice-chairman we . . . from neither the official opposition or the government had any particular areas singled out.

Mr. Strelieff: — So the purpose of doing this would be to help you set the priorities for February and which organizations to call in first because there's where the more difficult issues are and which ones later that you might not get to and therefore will go through quite quickly. And you've identified CIC and Finance and perhaps the Gass Commission as probably at the front of your agenda in February.

What I can try to do then is to go through each of the chapters to give some sense, some quick sense, from my perspective, of which chapters you may want to put at the beginning of your agenda. But again, quite often in the past what I think should have been looked at quite

carefully tends not to be, and what I think wasn't that essential became a huge issue. So it's sometimes difficult to assess your priorities.

Mr. Chairman: — Well we probably won't disappoint you.

Mr. Anguish: — You stick with the technical stuff and we'll worry about the politics.

Mr. Strelieff: — Okay. So chapter 11 is . . . this corporation is now defunct, so some of the issues there are probably not that essential.

Mr. Van Mulligen: — Can I just ask on that — I don't know if there is any reason to call them, there probably isn't — but there is this one outstanding matter of a wholly-owned subsidiary company operating in a joint venture in an overseas country.

Mr. Strelieff: — Have we got that in here?

Mr. Van Mulligen: — Yes.

Mr. Chairman: — That's the Pakistani one, isn't it?

Mr. Van Mulligen: — I don't know. I have no idea. Is that still going on or . . .

Mr. Strelieff: — Gerry, do you know if the . . . On page 40, in that auditor's report it says:

The auditors of that joint venture have advised that they are not able to complete their audit and report on the joint venture . . . because the accounting records . . . are not complete.

Do you know the status of that joint venture?

Mr. Kraus: — No I don't. But I do believe it was to do with a firm that was in Pakistan. I think you're right.

Mr. Strelieff: — Is this a CIC company?

Mr. Kraus: — Yes it is. You see it's a CIC company so we . . .

Mr. Strelieff: — So when we bring in CIC, we'll have been prepared for it and they . . . So link that to CIC.

Mr. Chairman: — Maybe I'll have to go to the witness end of the table.

Mr. Anguish: — Agdevco is with CIC?

Mr. Kraus: — Agdevco was, yes.

Mr. Van Mulligen: — CIC, no question though because . . .

Mr. Strelieff: — So CIC . . . Now the Department of Agriculture and Food. As you know, the way we've organized this, there's a lot of corporations or organizations that the department is responsible for. So because there are so many organizations within the department's purview, you probably want to examine

them.

Mr. Kraus: — I would like to point out for the committee that I think in some cases the deputy minister of a department like Agriculture might not be able to speak to each and every one of these institutions. And I think in the past if you . . . if there was a problem with some of them anyway, the people that managed the particular institution had to show up. So just to ask the deputy minister to show up, he wouldn't necessarily be able to speak to all of them.

Mr. Van Mulligen: — I just want to underline what Gerry said, that there have been times in the past when the deputy just wasn't able to address the question of the sheep development board and so on very accurately.

Mr. Kraus: — That's right. He didn't know anything about it.

Mr. Strelieff: — Wouldn't that just mean you'd bring someone to the table that can, when he prepares?

Mr. Van Mulligen: — Exactly.

Mr. Chairman: — Agriculture, if I remember, last year had certain deficiencies on reporting that had been long-standing ones. Are those still . . . They weren't big things; they were like the keeping of minutes at the vegetable producers marketing board, the vegetable producers or something, that type of thing. Is that still an issue?

Mr. Strelieff: — Most of the issues that we've got in here relate to organizations that they have boards and commission that they have an oversight responsibility for. That's where most of the issues are, from our report's perspective.

Mr. Sonntag: — I just want to ask the auditor, counselling and assistance for farmers, just flipping through this, I'm just curious where that . . . The counselling and assistance to farmers program, CAFF program, is that not . . . Well I'm just asking under the Department of Agriculture and Food, would that not come under that department? Or where would that be?

Mr. Chairman: — Justice.

Mr. Sonntag: — Oh, okay. Thank you.

Mr. Strelieff: — What was the name of the program, just for my information?

Mr. Sonntag: — Counselling and assistance for farmers, CAFF, C-A-F-F.

Mr. Kraus: — Is counselling and assistance for farmers implementation of guarantees? Provide funding for farm loans which are guaranteed and are in default to the learning institutions.

Mr. Strelieff: — Mr. Chairman, members, we haven't listed all the programs, every program that's under the Department of Agriculture. We've noted some of the ones with significant dollars, but we just haven't. So it could be

one of the programs that's under this department.

Mr. Chairman: — Rather than shotgunning this one though . . .

Mr. Muirhead: — . . . department of its own for years. I mean it don't need a department but . . .

Mr. Strelieff: — But a program within the department.

Mr. Muirhead: — Well, same as me using the services of the Farm Land Security Board.

Mr. Kraus: — I've got the benefit of . . . I mean I've been referring to the '91-92 *Public Accounts*. I realize that we're not dealing with that, but as you recall, we put the mandates in the departments, and under Agriculture and Food you'll see its counselling and assistance for farmers is under the Department of Agriculture.

Mr. Muirhead: — Just mediation services and Farm Land Security Board that went to Justice.

Mr. Anguish: — In terms of Agriculture and Food, we'd like to talk to the Agricultural Credit Corporation? Is this what we're . . .

Mr. Chairman: — This is what we're trying to define. Where under the recommendations within this very large purview?

Mr. Anguish: — There's a list right on the first page in the shaded area that I'm going by, Mr. Chairman.

Mr. Chairman: — Okay. But in your later comments was there anything directed at ACS (Agricultural Credit Corporation of Saskatchewan) that would sort of hold some significance for us to . . .

A Member: — Page 52.

Mr. Chairman: — Page 52, okay. Oh yes, here we go, .48. There's a recommendation attached to ACS, so that gives us a thing to sort of work off of, okay?

Mr. Anguish: — And the other one under Agriculture that we would be particularly interested would be the Milk Control Board. And have we determined that counselling assistance for farmers is actually under this department?

Mr. Kraus: — Yes, it is under Agriculture.

Mr. Anguish: — We'd also, Mr. Chairman, like to call the counselling assistance for farmers.

Mr. Muirhead: — Well, Mr. Chairman, there'd be nobody left in counselling assistance. It's completely defunct now, so there's nobody to call, they're under ACS now. So the same officials for ACS would be able to answer . . . (inaudible) . . . I mean, I'm quite sure of that. It just happened this last summer here that they got all . . . Counselling assistance closed down, closed down their office about August and moved all the accounts into ACS. So ACS officials could answer all those.

Mr. Anguish: — I appreciate that information. Maybe we

could ask ACS when we call them before the committee to be prepared to answer questions about counselling assistance for farmers as well.

Mr. Strelloff: — The deputy minister might be able to, too, because he was there prior and he's there now and it's a program within . . . So he might be able to help as well.

Mr. Chairman: — Are there any specific recommendations in here on either the Milk Control Board or counselling assistance?

Mr. Strelloff: — Not under counselling assistance. I don't see anything under the . . . No, there isn't.

Mr. Anguish: — Maybe it's inappropriate to call them if there isn't a reference in the . . .

Mr. Chairman: — It's never stopped this committee in the past.

Mr. Anguish: — No, but we've never had a chairman like you before either.

Mr. Chairman: — Well what you'll get, you'll get Stan Barber will come in with Stuart and tell you about the Milk Control Board. I mean if there's something there that . . .

Mr. Muirhead: — I would think likely that when you call the deputy minister of Agriculture and you would notify him that you want to ask questions about the Milk Control Board, it's up to him to bring you enough officials to answer the questions.

Mr. Chairman: — We do have a specific recommendation that we will need to deal with on ACS, so we have that and any other area — I haven't noticed one that sort of stands out.

A Member: — What's the pulse crop board?

Mr. Chairman: — The pulse crop board? That's the lentil, pea guys. They are like the canola council; they're like the broiler guys.

Mr. Van Mulligen: — The broiler board, the canola council.

Mr. Chairman: — They have a check off now, producer check-off on products sold to export market and by legislation they have to have a board in place and manages their funds and that type of thing.

Mr. Van Mulligen: — But the pulse crop is peas and lentils.

Mr. Chairman: — Peas, lentils, beans, any of those.

Mr. Van Mulligen: — I know we grow them in our back yard but it didn't know they were pulse crops.

Mr. Anguish: — I've had a reconsideration. The Milk Control Board items I wanted to discuss, like they aren't in the year under review, so we'll scratch Milk Control

Board.

Mr. Chairman: — Okay. Anything else in Agriculture?

Mr. Anguish: — No.

Mr. Chairman: — Good. Chapter after 14?

Mr. Van Mulligen: — One of the major issues in here pertains to the Saskatchewan Diversification Corporation. I wonder if there's any questions we might have, we might be asking them of CIC but I don't . . .

Mr. Chairman: — Is there any specific recommendations in this one here that pertain to anything in the past or . . .

Mr. Van Mulligen: — Isn't the Saskatchewan Diversification Corporation some subsidiary of CIC? No?

Mr. Wendel: — Mr. Chairman, the point we are making in this chapter is the responsibility belongs in this department. They've delegated authority to carry out some transactions but they remain responsible for whether it was done by the Saskatchewan Diversification company. They didn't have proper procedures to know what was going on in the Saskatchewan Diversification company.

Mr. Kraus: — Mr. Chairman, further to that, I would say though that if you were really going to find out anything about how the corporation worked, you'd probably want to ask CIC even though the auditor's comment is appropriate.

Mr. Van Mulligen: — . . . put it in the chapter on the CIC. So okay, we don't have to call Economic Diversification and Trade. Not by our books. There's nothing there.

Mr. Chairman: — I don't see anything that . . . any recommendations anyway that would take us anywhere.

Mr. Van Mulligen: — I haven't read this chapter on the student aid fund, but . . .

Mr. Anguish: — Yes, we'd like to call the Department of Education.

Mr. Chairman: — I notice in this Education one, sort of a number of assertions, but not a specific recommendation. Is that an error or is that . . .

Mr. Strelloff: — Mr. Chairman, members, there are recommendations in there but we — and we'll have to change this in next year's report — we didn't boldly say we recommend that the teachers' superannuation . . . or the Department of Finance's . . . or the government's contribution to the teachers' superannuation plan be clarified. We would state that there is an uncertainty as to what the department or the government's contribution to the Teachers' Superannuation Commission that needs to be clarified. So you can't just quickly pull them out, pull out the recommendations and we'll do better next time.

So if this makes it difficult for you to read, just quickly move through it and pull out the recommendations. There are matters that need recommendations but they're

not stated clearly enough.

Mr. Anguish: — Is it appropriate that you could do a clarification for us prior to the Department of Education coming before the committee in February?

Mr. Strelieff: — Is that what you would like? For each chapter a summary of the recommendations.

Mr. Anguish: — That would be helpful.

Mr. Strelieff: — So what we would do is just reword some of these paragraphs so that you could pull it out.

Mr. Anguish: — Yes, in a concise, one-page sort of format.

Mr. Strelieff: — And we'll just put the paragraph number and you would put new wording, recommend that.

Mr. Chairman: — Because I detect about four here.

Mr. Strelieff: — Yes, they're all the way through it.

Mr. Anguish: — Will your office have the ability to do that then prior to the first week of February?

Mr. Strelieff: — Yes, I think our office would have the ability to do that prior to the next meeting.

Mr. Chairman: — Department of Energy and Mines.

Mr. Van Mulligen: — Could I ask you a question? It seems to me we made a recommendation the last time we met, on this question of the royalty exemption or forgiveness for NewGrade. Do you know, Gerry, if there's been any action on that?

Mr. Kraus: — I don't believe they've acted on it, and unless I'm told otherwise by Terry, I'm not certain that they feel they should. I think they . . .

Mr. Anguish: — Feel they should what?

Mr. Kraus: — Take the . . . and like I say, they may have taken action. But the information I have, they still contend that the legal advice they're getting supports their position and I'm not sure that they are changing the way they're managing that expenditure.

Mr. Chairman: — Gerry, before going any further on this, and maybe it's putting the car before horse because we're already into our deliberations, but would it be reasonable to sort of expect, from your point of view, like you were just asked a question about something we raised last year, sort of have a status report? And I realize we're darn near at the end here, but I mean, as part of our . . . I was told in the past at some distance that you did that sort of thing.

Mr. Kraus: — Yes, and my status report is stale; it's dated April 1992. We prepare for the spring and we just haven't had these updated in the interim. I guess that's the problem. You're right. I've got a status but it's dated April '92 and I just haven't had the time to update them.

Mr. Chairman: — Could we expect for February that perhaps . . .

Mr. Kraus: — We'd have them updated?

Mr. Chairman: — That we have them updated? Because the question Harry just asked is a very valid one and things are changing sort of on the fly here.

Mr. Kraus: — Terry was wondering himself whether or not Gass had even . . . and I think maybe he did make some comments about payments along these lines, and then we think maybe they did try to respond to that. But as you say, I'm not up to date on what the committee is.

Mr. Chairman: — And we might be able to save the government \$1,500 a day with Willard Estey, if we came up with something really great here.

What answer did you get, Harry?

Mr. Van Mulligen: — I'm told that there's no action on it . . . or that we know of.

Mr. Kraus: — Well the last that I was advised, that they were going to stick to their position that they had authority as provided by order in council and supported by the Justice department.

Mr. Van Mulligen: — It wouldn't be high on my list at this point, but I would think that it would be valuable to call them in the end. But if between now and then we get information from the auditor or from the comptroller that the government has in fact addressed this problem a certain way then we can always drop it, even by . . .

Mr. Anguish: — So we'll call this not a high priority?

Mr. Chairman: — I would suspect that you wouldn't want to call Energy and Mines on this anyway.

Mr. Strelieff: — What about the paragraphs .15 to .21?

Mr. Chairman: — Other places would know more about it.

Mr. Van Mulligen: — Yes, we'd probably like to ask about that one too.

Mr. Kraus: — This is a rather complicated issue and I don't want to try and explain it right now. Because without rereading it in some detail I'm not sure I could explain it.

But they feel again they have a strong legal position on this and they just disagree, I think, with the auditor on it. Like I say, it's pretty complicated.

On this particular item I might say the department was concerned about the issue being reported because they were afraid there would be other producers who would be requesting compensation of some sort. So I say it's complicated and it's legal.

Mr. Anguish: — Mr. Chairman, we think we'd like to call Energy and Mines, or at least to have them on the list, and

if we feel it's not necessary, delete them.

Mr. Chairman: — Okay. Department of Environment and Public Safety.

Mr. Van Mulligen: — Having read it, I think this is a matter that is deserving of the highest priority in appearance before our committee. Not.

Mr. Anguish: — There's no burning desire on our part to call Environment and Public Safety . . . (inaudible) . . . auditor's report.

Mr. Van Mulligen: — If they haven't made the change, we'll catch them the next time around.

Mr. Anguish: — Is it okay to pass on them, Gerry?

Mr. Chairman: — Department of Executive Council. This is back into another issue. Do you think because they've started some initiatives on their own that it may be useful to have them come in and sort of explain the parameters of that?

Mr. Anguish: — Explain the parameters of what?

Mr. Chairman: — What we discussed the other day about. We were told Executive Council is now accounting for all of the furniture and stuff in the building, and they're going to do ministers' salaries.

Mr. Anguish: — Want to call them?

Mr. Chairman: — Maybe. Mr. Clark, is it, the new head bureaucrat?

Mr. Kraus: — I think they might actually be happy to come in and explain some of the things that they're trying to do. They've worked on quite a few different procedures, so that they might well be happy to talk about it.

Mr. Chairman: — I think as sort of the head honcho in government it would be nice for him to get a feel for the committee too.

Department of Finance we've already agreed will be here on at least one issue. Is there any recommendations that . . .

Mr. Strelloff: — Yes there is. We'll move all the way through it.

Mr. Chairman: — Move all the way through it. Well we'll just have a little chat with Johnny right now.

Mr. Anguish: — Maybe Mr. Ching at the same time.

Mr. Chairman: — Maybe Mr. Ching at the same time.

Department of Health. Lots of Health.

Mr. Anguish: — Do you want to call Health?

Mr. Chairman: — Are there any recommendations that stand out? Was Health one that had a repeater last year?

There was two or three department that had offended many years in a row. I know Education was one and . . .

Mr. Muirhead: — I think you better put them down.

Mr. Anguish: — Do you want to call them, Gerry?

Mr. Chairman: — Let's put them on the list and toward the back end if we don't want . . .

Mr. Kraus: — Just note though, I think quite a few of the items are fixed already but with some of the little . . . like Lakeside Home I've got a note it's fixed and La Ronge hospital board, I've got "fixed". So, I mean, at least they fixed a number of them.

Mr. Muirhead: — Just put them on the back end in case we decide. Don't need to be a high priority.

Mr. Anguish: — Will we have access to that fix-it? Is that what you're going to do, the status? Is that what you told the chairman you're going to do?

Mr. Kraus: — Well, what I normally do is when you ask what has happened, I can often tell you whether or not they've made some corrections to the procedures or whether they're working at fixing the problem.

But since my material is fairly . . . is not up to date, there might be other things they've fixed that I wouldn't be, you know, bringing you up to speed on.

Mr. Anguish: — Not today, but prior to our meetings in February, you'll have some status report for us.

Mr. Kraus: — Okay. What I might be able to undertake is, for the departments you're contemplating other than CIC and Finance, I would . . . any of the issues that appear to be of a problem nature, I would at least say: here's the problem, and I'd indicate whether something's done or not. Would that be fair?

Mr. Anguish: — Yes.

Mr. Kraus: — But it'd be short.

Mr. Anguish: — Oh, it doesn't have to be very long. It can be real short.

Mr. Kraus: — Okay. A few pages.

Mr. Anguish: — Okay. We'll call Health then.

Mr. Chairman: — Department of Justice.

Mr. Strelloff: — There's a few issues here that are continuing and then there's a few that are new ones.

Mr. Anguish: — Do they have a response to the issues that are continuing? Because at some point you maybe want to be a little firmer with them.

Mr. Strelloff: — What was their response to some of these issues?

Mr. Anguish: — Do they have a legitimate response for

the concern that you note that are ongoing?

Mr. Strelloff: — Some of the responses sometimes are just: I haven't got there yet and I plan to get there and hopefully we'll fix it up in the next year. And then sometimes they just don't get there.

I think some of these items for this year have been fixed.

Mr. Kraus: — In Justice, I think in Justice you have a case where they have adopted an internal audit policy. They have a disaster recovery plan. It may not be completely there but they've got one and they're working on completing the thing in its entirety.

They've addressed some controls over the revenue. There was weaknesses in controls over revenue. They've addressed that. Addressed some problems they had in the correctional facilities industries revolving fund.

The victims' fund is a situation where the department felt they had an adequate structure in place to provide authority, in the situation where the auditor didn't think that, but I mean the department has a position that appears valid.

And the other one that might be a little bit more controversial is a payment in conjunction with the investigation of the STC (Saskatchewan Transportation Company) corporation. The department believed and we believe that they had the right to make that payment. The auditor doesn't agree. But that was well researched; it was thought through. Discussions were held with several people including probably the auditor at the time, and it was felt that they were in a position to pay that bill because of their position as Justice and so on.

But I wouldn't think any of these things are out of control, let's put it that way. I think they're under control.

Mr. Strelloff: — In general I concur with his . . .

Mr. Van Mulligen: — Maybe there's no need to call Justice.

Mr. Chairman: — I thought you did slap them around last year, Harry.

Mr. Anguish: — We like to put those unpleasant experiences out of our minds as soon as possible.

Mr. Chairman: — Parks and Renewable. Last year they had a problem with their assets being spread around and not being accounted for. Has that been cleaned up?

Mr. Strelloff: — I don't think we've reported on that, so that means it must have been . . .

Mr. Chairman: — Yes, I remember there was woodsheds and tools and vehicles. There was \$150,000 worth of stuff sort of . . .

Mr. Kraus: — That I believe has been corrected.

Mr. Chairman: — So the main stickler appears to be the wildlife development fund?

Mr. Strelloff: — Which is not providing financial statements in a timely way.

Mr. Kraus: — However I'm not aware that they were a problem this year for '91-92. So they must have been included . . . for '91-92 they'd be up to date. You would have received that in October. So that issue should be resolved.

Mr. Anguish: — We see no need to call them.

Mr. Chairman: — Okay. Department of Social Services.

Mr. Kraus: — I think there's two problems there. One is this disaster recovery plan and so on, and they are working on that project. Several departments are. And the other one was a legislative problem with the Saskatchewan skills development program. It was identified by the auditor that perhaps they didn't have the proper legislative authority.

I think I saw a note the other day that something was passed in the summertime of '92 to put the proper legal authority in place. That one has been resolved just not too long ago.

Mr. Anguish: — And they're coming along through a disaster recovery program as well, is that what you stated?

Mr. Kraus: — Yes, they're working on a recovery plan with ISM.

Mr. Anguish: — We see no need to . . .

Mr. Chairman: — No, I don't see anything there either. Gerry?

Family Foundation.

Mr. Strelloff: — Mr. Chairman, members, there are some . . . Well I think all the issues in this report are important, but there are some outstanding issues with Sask Sport and with the Arts Board and the Centre of the Arts and museums that probably should be asked about.

Mr. Chairman: — We'll put them on the list.

Mr. Van Mulligen: — Can you please tell us what your relationship is now with Sask Sport.

Mr. Strelloff: — Mr. Chairman, members, I was asked the question of what's our relationship with Sask Sport right now. Sask Sport administers some public money that they receive through the western Canada lottery foundation, and we're working with the — Department of Community Services now, I think — Department of Community Services to sort out what accountability relationships and accountability reports should be provided by Sask Sport to the government. And that's happening right now. And to . . . Well, sorry, to the Assembly rather than to the government.

Mr. Chairman: — Just out of curiosity on this one. Who is going to sort of, now that we're in the video lottery business in a big way, will sort of watchdog that?

Mr. Van Mulligen: — I will personally look after that, for a fee.

Mr. Strelieff: — That's run under the Saskatchewan Gaming Commission, and that Gaming Commission is a government organization. I'm not sure which minister . . . Oh, Ms. MacKinnon is responsible for the Saskatchewan Gaming Commission.

Mr. Anguish: — Is it helpful to get this on transcript if everybody speaks at once into the microphones like we're doing just then?

Mr. Chairman: — We'll be orderly; I promise.

Mr. Anguish: — We'll call the Family Foundation in.

Mr. Chairman: — No, we didn't . . . Did we see anything in Community Services?

Mr. Muirhead: — I make a motion that we adjourn for a smoke; I'm starving for a cigarette.

Mr. Chairman: — Mr. Muirhead moved that we take a short . . .

Mr. Anguish: — Come back at 3?

Mr. Chairman: — Come back at 3.

The committee recessed for a period of time.

Mr. Chairman: — We had just concluded the Family Foundation, I believe, on the list of things that should be looked at. Investment Corporation of Saskatchewan . . .

Mr. Strelieff: — Mr. Chairman, members, I certainly would appreciate your support on this corporation as we still have not had access to the financial records of this corporation.

Mr. Chairman: — Is this thing still alive?

Mr. Strelieff: — Yes it is, very much so. Oh, it has the five-year review . . . is this March or April?

Mr. Chairman: — It had a sunset attached to it.

Mr. Strelieff: — It wasn't a sunset. Mr. Chairman, members, when it was formed various government organizations by law were required to provide their monies to the Investment Corporation for investing — a number of pension funds and organizations like the Workers' Compensation Board and SGI — and that was for the first five years. And at the end of the first five years, then that was supposed to be reconsidered. And the end of the five years is March, April, or right around . . . or May maybe of this coming year.

Mr. Chairman: — When this was discussed last year, there was some fairly strong-held opinions from members because of the make-up of the board. Do members still have those feelings?

Mr. Van Mulligen: — No, it seems to me, if I recollect, we

weren't sure how to handle this thing this year. And we kind of left it hanging. I think, at that point.

Mr. Chairman: — We did.

Mr. Van Mulligen: — And I still don't know how to . . .

A Member: — Harry, speak up a little.

Mr. Van Mulligen: — We left it kind of hanging last year when it was brought up. This is no small issue to try and sort out their relationship with the Legislative Assembly and the government.

Mr. Strelieff: — Mr. Chairman, members, we haven't explained it very well this year, but we'll explain it in a little bit more depth next year, and that is the key issue is who owns the shares of ICS (Investment Corporation of Saskatchewan). And it's very easy to go through the organizations that own the shares and quickly come up with about 80 per cent would be held by government organizations like various pension funds and also SGI and SaskPower and Workers' Compensation Board and all sorts of organizations like that, that would show that the organization is a Crown agency in the context of certainly our Act.

Mr. Kraus: — . . . one comment forward on this is the problem is that I'm not sure a decision's been made as to what to do with it, and I don't know who you would talk to. I mean you can talk to ICS, but they will hold their position. And who is it that would be responsible to make a decision as to whether they should be made into a Crown or made even more independent than that? That is part of the problem. I don't think the president of ICS could respond to that.

Mr. Strelieff: — But, Mr. Chairman, members, we're not really concerned about what its future is going to be. We're concerned that we're not able to do our job for the Legislative Assembly. So the Legislative Assembly can't get what we can't . . .

Mr. Chairman: — Let's let this committee make that sort of decision. Let's have them here and we'll ask them some questions. And if they tell us to . . . it's none of our business then we'll have to make an informed decision and go from there.

Liquor Board Superannuation Commission.

Mr. Kraus: — That issue's been resolved.

Mr. Chairman: — Yes. And it's there and it's done.

A Member: — The same with the next one too.

Mr. Anguish: — Liquor Board's okay?

Mr. Chairman: — Yes. The issue that was there before seems to be resolved.

A Member: — Okay.

Mr. Chairman: — Municipal Employees Superannuation Commission?

Mr. Kraus: — It's fixed too.

Mr. Chairman: — This one the same? Public Service Commission?

Mr. Kraus: — I think that thing has been dealt with.

Mr. Anguish: — It has been dealt with?

Mr. Kraus: — Yes.

Mr. Anguish: — Do you feel it's adequately been dealt with, the problem? Okay.

Mr. Chairman: — Saskatchewan Economic Development Corporation.

Mr. Kraus: — This is the same thing. SEDCO would probably be represented by CIC if you call them in.

Mr. Strelloff: — Mr. Chairman, members, I suppose if the government chooses to have CIC represent SEDCO with respect to what SEDCO does, I guess that's the government's decision. I was assuming that SEDCO would speak for itself and SaskPower would speak for itself and that CIC would speak for itself as well.

Mr. Kraus: — Perhaps I'll rephrase that. What I really meant to say is I don't know anything about some of these corporations because they're under the auspices of CIC. So I can't give you an update. CIC is responsible for them, so I can't help you here at all.

Mr. Chairman: — SEDCO was in Crowns all day, wasn't it?

Mr. Strelloff: — Today, this morning. Yes, that's true.

Mr. Chairman: — Is there anything from your view on them that this committee can add to what Crowns was doing?

A Member: — I don't think we need them here.

Mr. Chairman: — Saskatchewan Housing Corporation?

Mr. Anguish: — I'm sorry. Do you feel the need to have SEDCO here then?

Mr. Chairman: — Like, is there an issue or a recommendation or a . . .

Mr. Strelloff: — Well, members, we have reported they haven't complied with the law, so you may want to ask them why they wouldn't comply with the law.

Mr. Chairman: — Is that under The Industrial Development Act?

Mr. Strelloff: — Yes.

Mr. Chairman: — Do you have a list of the sort of the infractions over the two million, five hundred that would be ones that . . .

Mr. Strelloff: — Is this not a specific loan?

Mr. Chairman: — This is one specific loan that was over the limit?

A Member: — Yes.

Mr. Van Mulligen: — Can we flag down a question mark?

Mr. Anguish: — If it's one specific loan . . . I read that over quickly. I thought it was a number of loans that had . . .

Mr. Chairman: — No, it's just one.

Mr. Anguish: — No, if they're . . . I think they . . .

Mr. Chairman: — They've been flagged on this.

Mr. Anguish: — If it continues to be a problem in the report we're going to get when the session comes in, then we'll call them next round. So scratch them.

Mr. Strelloff: — The Housing Corporation is an issue that's been outstanding for a number of years. This is chapter 30 now. It's the home improvement plan where the program was introduced without adequate authority, and we've been reporting this for a number of years.

Mr. Chairman: — But you have two divergent legal opinions? Is that what it . . .

A Member: — Yes.

Mr. Kraus: — Yes, the other side of the coin is that there is authority and the program's been in existence for five or six years now, I guess, or at least — yes, five or six years — and I wouldn't imagine anything would be done because . . .

Mr. Anguish: — As a result of not having the proper authority, are there some problems in terms of their accountability to the program?

Mr. Strelloff: — Yes, I mean the legislature gave the Saskatchewan Housing Corporation certain powers, and in my view those powers . . . they've acted outside those powers. So their accountability to the legislature has been impaired because of that.

Mr. Van Mulligen: — But the program is no more.

Mr. Strelloff: — The program is still there. They're not new loans going out, but there's a big balance. Is there new loans going out? No, just a big . . . loan guarantees?

A Member: — Are these loan guarantee programs?

Mr. Hunt: — They're guaranteed, I believe.

Mr. Anguish: — They're 6 per cent loans that people got for home renovations. You get \$10,000 at 6 per cent.

Mr. Chairman: — Six per cent over 10 years.

Mr. Strelloff: — So the principal is still out there and being repaid, so in that sense the program is still going. So

that's . . .

Mr. Chairman: — They don't want to report — what? — who these individuals are?

Mr. Anguish: — No, that's not the issue.

Mr. Strelloff: — The issue is that one of the things we do is look at transactions and determine whether they have legislative authority to put on a program or to spend some money. And in this case, it's a big program. And when we looked at it first, we determined that the program was outside of the authority of the corporation. And so we've been reporting it every year.

Mr. Chairman: — Right, I noticed that, since 1986, or no . . . '89 on.

Mr. Kraus: — But there's no problem with the reporting of the expenditures for the program or anything. It's just the fact the auditor, in his opinion, has stated that the Housing Corporation didn't have authority to actually undertake that program; whereas the government said, well they had opinions that said they did have authority, so . . . (inaudible interjection) . . . it may. I suspect it may. But for a program that's . . .

Mr. Anguish: — I don't think the government's going to do that after the program's been running this long. It's hard enough to get legislation on the docket as it is without willing to get in a change to an Act that's about six years after the fact.

Mr. Van Mulligen: — Can we perhaps take the position on this one that the committee notes the concerns of the auditor and also notes the government's position and certainly encourages the government in future where it's contemplating programs to ensure that these are clearly provided for in legislation.

Mr. Kujawa: — Well that pretty well covers what I was going to say. What I was going to say is, it's not putting out loans now. It's collecting the payments properly. There's no need now to go to the Supreme Court or to alter the legislation or anything else; we're not being hurt by it. That's how it looks to me.

Mr. Chairman: — What is the committee . . . (inaudible) . . . agreed with the position taken by Mr. Van Mulligen that we . . .

Mr. Anguish: — Put in our report that this situation should not happen again.

Mr. Chairman: — Saskatchewan Liquor Board and the Saskatchewan Liquor Board Licensing Commission.

Mr. Anguish: — What is the issue here, and how pressing is it?

Mr. Chairman: — Chairman's pay. That was an issue, though, back awhile. The authority of . . . you name 20-some agencies you believe didn't have the proper legislative authority on remuneration. Are these not one of them?

Mr. Strelloff: — Mr. Chairman, members, it's along the same lines, but it pertains to the chairman and his salary rather than board of directors' pay. It's similar and it's an example of a payment that requires proper authority.

Mr. Kraus: — It's basically resolved, would you not agree? I mean they've . . . There's a new chairman and they would have been appointed . . .

Mr. Wendel: — This particular instance is resolved. We're required to bring these to your attention, that there's been noncompliance with the law and bring it to your attention.

Mr. Anguish: — How long will something like this keep reappearing? You brought it up in '89 and '90 and now it's in '91.

Mr. Strelloff: — We would be looking at the current . . . or for the chairman's pay for '91-92. We would look at it to determine whether this is still the case. If this is not the case or it's been rectified, then we would say . . . we either would be silent on it or we would say it's fixed.

Mr. Chairman: — But this involved a different issue. This was the combining of the chairman of the board and the president. Was it not?

Mr. Strelloff: — That was part of it.

Mr. Anguish: — Chairman of the Liquor Board and chairman of the Liquor Licensing Commission. They were combined in this case more than what there was authority to pay.

Mr. Chairman: — There was 60,000 or something remuneration for each one, but . . . or 60,000 for one and no way to do the other one and they were combined.

Mr. Strelloff: — And the proper OC was not issued.

Mr. Anguish: — So I have no desire to call him. If it reoccurs when you do your next examination . . .

Mr. Chairman: — My friend spandex Weber.

Mr. Anguish: — He blames it on the other guy.

Mr. Chairman: — Saskatchewan Power Corporation.

Mr. Anguish: — Sask Power Corporation.

Mr. Kraus: — I think all of this Sask Power . . . and again just going from what I understand, I think most of this Sask Power problem has been dealt with.

Mr. Strelloff: — Mr. Chairman, members, I'm not sure what the status of paragraphs .16 to .21 are where we recommend that . . . paragraph .20 that if SPC is going to consent to the supply and sale of natural gas to individual consumer, we recommend a change to the Act to make sure that they clearly have the authority to do that.

Mr. Chairman: — As a stand-alone Crown now, under The Crown Corporations Act, they will have that power the same as Sask Power does to deliver electricity to an

individual producer.

Mr. Anguish: — Do you suspect this is not taken care of by the creation of a new Crown?

A Member: — Don't know.

Mr. Anguish: — Let's leave this until next year, and you have a look at it. And if it's still a problem, then we'll deal with it next year.

Mr. Wendel: — Four to .15 would be taken care of.

Mr. Anguish: — Yes. But I'm talking specifically of .16 to .21. So let's leave it until next round. Property Management Corporation gets in here every year.

Mr. Van Mulligen: — I don't think the year has gone by where we haven't been graced with the presence of the officials from the Saskatchewan Property Management Corporation. I don't know if we want to make an exception this year or not.

Mr. Kraus: — Saskatchewan Property Management Corporation has been paying the money to us that they've been earning through their sale of surplus assets. So I believe that issue at least has been resolved, from my perspective.

Mr. Strelieff: — And on paragraphs .12 to .20, at our last meeting I think Mr. Serby, maybe, asked Sask Property Management Corporation to do an inventory of all furniture and capital assets. And my understanding is that they're actually studying that or moving towards that.

Mr. Anguish: — Are you willing to give up the Property Management Corporation this year?

Mr. Chairman: — Am I willing to?

Mr. Anguish: — Yes. I certainly am.

Mr. Chairman: — Well the only two issues seem to be . . . that are identified here are in hand, unless we ask them how they're doing on inventory.

Mr. Anguish: — Well let's do that then and get into the next round when the session is on.

Mr. Chairman: — Saskatchewan Telecommunications.

Mr. Strelieff: — Now, Mr. Chairman, and members, on SaskTel, the issue that we bring to your attention is that you would have been reviewing the financial statements of SaskTel in the past and not knowing our views on the auditor's report on the investment in WESTBRIDGE.

Mr. Anguish: — Does the auditor or the comptroller have a good handle on how the whole investment in WESTBRIDGE worked?

Mr. Strelieff: — Mr. Chairman, members, I think we would need the help of people from SaskTel to help us move through that transaction.

Mr. Anguish: — And if we didn't know where we were

going, of course, two offices would help us ask the questions.

Mr. Strelieff: — The issue that we brought to the attention relates to . . . the auditor's report on SaskTel, we think should have noted that they didn't have sufficient evidence to comment on the value of its investment in WESTBRIDGE.

Mr. Chairman: — Was that the time of transfer to ISM?

Mr. Strelieff: — Right, during that period . . . just before — before that transfer.

Mr. Anguish: — There was an issue there also of ISM . . . or IBM maybe had requested a write-down on one of the assets. Is that still an issue? I didn't see it noted in your report.

Mr. Chairman: — Did Gass comment on WESTBRIDGE/ISM in his report? Was there a section?

Mr. Strelieff: — The Gass Commission did not comment on what we commented on here.

Mr. Chairman: — So it wasn't a direct question of a write-down as in the case of others. Gass recommended write-downs on certain assets or shares.

Mr. Strelieff: — That's right. They didn't recommend a specific write-down of any kind in SaskTel. I think what they did refer to in their report related to the EDP (enterprise development program) contracts that SaskTel had with ISM. But I just can't remember the exact focus of their discussion.

The Gass Commission said about related activities:

The formation of Westbridge Computer Company involved the merger of assets owned by the Saskatchewan Computer Utility Corporation (SaskComp) and certain divisions of SaskTel with the assets of two private companies. The objectives for this merger were summed up as the achievement of "synergies" among the various components that would create the new company. However, we were not able to clarify, through documentation, the nature and significance of the "synergies" and how it would be possible to measure the achievement of this objective.

Of particular note is the decision to include Mercury Graphics Corporation in the initial merger. This was a printing company that produced such products as tickets for sporting events and boarding passes for airlines. We, and others whom we interviewed, were unable to explain how a synergy could be achieved between this printing operation and the new company's computer operations. This unexplained synergy was eventually clarified when, within two years of the acquisition, Westbridge sold the printing operation to its employees. Clearly-stated objectives at the time of the merger may have placed greater rigor in defining how Mercury Graphics integrated with

the company's other components.

That's one aspect of SaskTel.

Mr. Anguish: — Rick, what do you want to do? Do you want to call them or do you want to leave them until next year?

Mr. Chairman: — I'm wondering, given the response that we got from the letter which this committee sent to ISM vis-a-vis there under the special report, other than writing them another one, I don't know where you're going to get, quite frankly . . .

Mr. Anguish: — Well I think we'll be calling SaskTel, not WESTBRIDGE . . . or ISM, whatever they're called now.

Mr. Chairman: — Yes, I think that SaskTel would make more sense if there's . . .

Mr. Strelloff: — Mr. Chairman, members, the item that I was thinking about when I was thinking about SaskTel and the Gass Commission relates to a paragraph on 92. What they are discussing here doesn't relate to what we've said in our annual report, it's just another issue and that is:

Similar to foregoing revenues or transactions where as part of its financial contribution, the Government agrees to purchase goods or services for a period into the future. For example, as part of the Province's agreement to sell certain assets to Westbridge Computer Corporation, SaskTel's internal computer processing requirements were to be fulfilled by the new Corporation under a facilities management agreement. Through this agreement, Westbridge would receive revenues from SaskTel of approximately \$100 million over a five year period. We understand that Westbridge also has facilities management agreements with other governments departments and agencies. There is no documented evidence to suggest whether the compensation being paid to Westbridge under these agreements is fair or unfair. Nevertheless, our conclusions are two-fold.

First, in any transaction where the Province's contribution includes a facilities management agreement or other similar procurement arrangement, the full-term financial implications should be included as part of the Government's public disclosure of the transaction.

Second, these types of agreements are, in our opinion, inconsistent with government procurement practices where competitive pricing and independent evaluation criteria are essential components of ensuring the cost-effective delivery of programs and services.

Mr. Anguish: — Is there a reason why you'd like us to call them? I mean do you have strong need? Do you want the committee to pursue SaskTel?

I guess the reason I ask you that is I don't think I have any

strong desire for it. If the chairman doesn't, I want to know whether the comptroller or the auditor have a special reason they would like SaskTel to appear before the committee.

Mr. Strelloff: — Mr. Chairman, members, the concerns that we have are in paragraphs .8 to .16. I don't have any other specific issue that I would bring to the table for that discussion, and the issue that we have in those paragraphs deals with whether the auditor's report was appropriate.

Mr. Chairman: — Who's the private sector auditor for these people?

Mr. Strelloff: — The privately appointed auditor for SaskTel is Deloitte & Touche.

Mr. Chairman: — Maybe we should ask Don Gass.

Mr. Anguish: — Okay. We're not calling SaskTel unless you want to. Do you want to call SaskTel?

Mr. Chairman: — No. STC, where's Kim Trew when you need him, eh? What are the . . .

A Member: — Offences.

Mr. Chairman: — Offences, yes. It's quite long. Are we beyond the legal stuff now? I mean last year it was always problems with talking to people because of legal difficulties.

Mr. Anguish: — Yes, I don't know whether we are or not. I expect that some of the charges are still under appeal, but I don't know that. Does our legal counsel follow those items? Are they still, SaskTel or Eagle Bus?

Mr. Kraus: — I think some of them were wrapping up. The last reports I read that . . .

Mr. Strelloff: — Mr. Chairman, members, the issues on our chapter on SaskTel relate to management issues.

Mr. Chairman: — Like sections .27 through .30 and then .31 to .42. Why don't we put them on the list and the Law Clerk will check for us as to who can talk and who can't.

Mr. Anguish: — I thought maybe they were going to bring the deputy minister of Justice with them and shut the committee down.

Mr. Strelloff: — Mr. Chairman, and members, chapter 36 relates to the Saskatchewan Water Corporation, and we identify payments that lack authority, which we're required to do. And we've been informed as of paragraph .09 the corporation subsequently obtained an order for these payments.

Mr. Anguish: — Tout finit. Taken care of?

Mr. Strelloff: — This one is, yes.

Mr. Chairman: — Isn't that a lot of stuff? Holy smokes. I wonder for the sake of time if on this STC (Saskatchewan Transportation Company) thing if we couldn't have the

auditor and the comptroller sort of compile for us a . . . I mean we've got pages and pages and pages here of . . .

Mr. Anguish: — I was to understand they were going to do that in any event for the witnesses that we're going to call in February.

Mr. Chairman: — For everybody? For everything?

Mr. Anguish: — I was thinking so. The recommendations at least.

Mr. Strelloff: — Mr. Chairman, members, in STC, paragraphs .04 and .05 really deal with the main messages. And if you're trying to put it into sort of a recommendation format or that thinking, paragraphs .04 and .05 you would see what the recommendations are. And then the rest of the chapter discusses why these recommendations, why these issues are important and what went wrong at this corporation.

Mr. Kraus: — I know the committee normally doesn't do this, but with something as large as STC, rather than having the auditor or myself put a report together, would you not be interested in a course of action that the new management has taken? And could they, in this case . . . might you be well advised to get them to write a report before you call them in and they could say, well here's what we're doing on these issues?

Mr. Anguish: — Well we can instruct them to do that, I guess. And maybe in the instructions if we wish to do that, to ask them to have it correspond to the concerns brought up in the auditor's report and don't write their own book. We'd just like the report to respond to the auditor's concerns.

Mr. Kraus: — Yes. They could use this as their guide and say, here's what we've done.

Mr. Chairman: — Just points .04 and .05 then?

Mr. Van Mulligen: — Related specifically to these paragraphs.

Mr. Chairman: — Well that has given us a fairly extensive list of potential for the week in February. That gives us nine different departments besides CIC and potentially the Gass Commission people.

Mr. Anguish: — I think we've got more than that. One, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve.

Mr. Chairman: — Is that including Finance and the CIC?

Mr. Anguish: — And the possibility of Gass.

Mr. Chairman: — Yes. That would make 12.

Mr. Anguish: — That makes 12?

Mr. Chairman: — That makes 12. Yes. But we had, like you said, nine besides, sort of what might be our front end. Okay . . . (inaudible interjection) . . . For a week, yes. You'd be hard-pressed to get through that many in a

week.

Mr. Anguish: — Does the Clerk usually work out the order in which they will appear?

Mr. Chairman: — Usually we contact them and . . .

Mr. Vaive: — Except for two or three of them, they're sort of pretty high priority it seems. And therefore we'll contact them and coordinate their availability.

Mr. Chairman: — So can we think about, like, those first three, about sort of time allocation for tomorrow morning, sort of what . . .

Mr. Anguish: — CIC, Finance, and Gass?

Mr. Chairman: — Right. What amount of time that we think we could allocate or would like to allocate to those three and then maybe some of this other stuff will fall into place easier.

We've got section 2 of the front end that deals extensively . . . you know, the whole section on private sector auditors which we will want to be able to clean off after we talk to them. And then we have — what is it? — two or three more points. There's dividends. And part of chapter 1 that was on the management.

Mr. Anguish: — Will the Clerk contract CIC and Finance to let them know, not the specific questions, but sort of the topic areas that would be covered within?

Mr. Vaive: — The specific area that we really . . . were stood.

Mr. Anguish: — Is it standard practice that you would do that?

Mr. Vaive: — Yes. With respect to these in particular. Now with respect to the other departments mainly on the whole, they'll appear on the issues that were reported in the auditor's report. Last year we had indicated that we would prepare, if no questions, at least, you know, a clear focus for the deputy heads just to speak on and to even maybe for them to even prepare an opening statement, if you still want to do that.

Mr. Chairman: — That's when we thought we were going to have our researcher.

Mr. Anguish: — I think that normally the departments can pick up what they need from the auditor's report. And there will be special situations from time to time for CIC and Finance because there's different parts throughout the introduction chapters. And also I guess information was in the chapters if we wanted to discuss it. And so I think they should have some kind of a guideline as to areas that would likely be covered.

Mr. Vaive: — Yes. In those cases it's those that we identified like yesterday and this morning.

Mr. Kraus: — In the case of Finance though, would you be going into the department of Finance as well in dealing with Public Employees Benefits Agency?

Mr. Van Mulligen: — Yes, whatever there is.

Mr. Kraus: — Does that mean you'd likely be bringing Finance alone and then CIC alone? Is that most likely?

Mr. Anguish: — I still want to think about it. But it kind of appeals to me to have Finance and CIC together.

Mr. Kraus: — Just one suggestion there. I know that once you get into some of those big issues and you have the two senior people talking, that could take an hour or two or even three. And I'm just thinking that a lot of this other stuff in the Department of Finance, John would probably bring three or four people. He might not need them, you know, until late or . . .

Mr. Anguish: — Let's sort that point of it out tomorrow morning. But I appreciate the point you make.

But going back to these prepared questions ahead of time, I'm not real keen on that. I mean it creates extra work, and you as a Clerk, I mean, really don't know what the members are going to ask. They could ask questions that — heaven forbid — might be political in nature, and how would you know what a member is going to ask on a topic that becomes political? So except for special situations like the Finance-CIC thing, I don't see a need to prepare them in advance with questions.

Mr. Van Mulligen: — A few years ago we found that there was a pattern — that's when we were in opposition — there was a pattern to the questions that we were asking all departments that came before us. Yes, at one point we prepared . . .

Mr. Anguish: — And submitted to the chairman?

Mr. Van Mulligen: — Yes, we prepared a set of standard questions to be put to the department. Because those are questions we were going to be asking them invariably, and we suggested that we have these standard questions and send them to departments and say, whatever other questions are going to be asked, these questions will also be asked, so you should get your answers ready.

But then the government members decided they didn't want to do that. It seems to me that from the viewpoint of saving time, that if there is some questions that you're always going to be asking or the committee feels it wants to ask, then let's get those out on the table.

I don't know if that's the case for these departments that are coming now, but it may well be in future years. I mean, I don't have any standard questions.

Mr. Anguish: — But I still think a number of those prepared questions though that were standard questions quite often were more political in nature than . . .

Mr. Van Mulligen: — Yes, they're about *Public Accounts* and spending in the ministers' offices and . . .

Mr. Anguish: — But the prepared questions were quite often more political in nature than they were the topic of the auditor's report.

Mr. Van Mulligen: — Yes, they had to do with the *Public Accounts*.

Mr. Anguish: — So I don't know why you would advise the opposition members on the committee to prepare that. I think if the opposition members on the committee now want to prepare those questions, they should lay them before committee so we're all well prepared in advance.

Mr. Vaive: — I remember that last year . . . last winter when we discussed this issue of preparing questions for witnesses, at one point the auditor indicated, you know, as an example of what the kinds of, as you say, standard kinds of questions, not specific to the issues raised but sort of very general kinds of questions that normally would be asked of all departments. Maybe this is the sort of thing that you're referring to as well.

Mr. Van Mulligen: — Yes, the questions that we were dealing with were questions not dealing with the auditor's report; these were questions in follow up to . . . for trying to ascertain a further level of detail as to stuff that was reported in the *Public Accounts* — all the ministerial travel, all the ministerial office staff, and give us the details of that. I don't have any problem if there is a standard set of questions to . . . so that you can give it to them . . .

Mr. Anguish: — Sure. I don't have a problem with that either, if you want to do that.

Mr. Chairman: — It has some merit. Because I know from estimates this year, where we came in with a . . . I don't know if you guys have privy to them, but they were the same set of questions that every minister got. And the ministers in general said, we like the format because it allows us to be consistent.

Mr. Van Mulligen: — Ed's bureaucrats worked it out; there's the answer.

Mr. Chairman: — And quite frankly the level of detail was pretty darn good. That's why I hope our representatives on the Board of Internal Economy keep carrying the torch for further research.

Mr. Anguish: — Mr. Muirhead and I will be discussing that.

Mr. Chairman: — Good.

Mr. Anguish: — Can we just . . . (inaudible) . . . for a sec. What do we have to conclude yet tomorrow morning?

Mr. Chairman: — We need to set our agenda for the next week. And if you want, we can try and revisit some of these front-end ones.

Mr. Anguish: — Okay.

Mr. Chairman: — If you think there's some chance of resolving some of those issues. And other than that, we can do more comparisons between Gass and . . .

Mr. Anguish: — It's not a real heavy agenda tomorrow; we're going to be able to get away by . . .

Mr. Chairman: — Before noon.

Mr. Anguish: — By noon, okay. We've decided then on the first week of February, February 1st to the 5th?

Mr. Chairman: — As far as anyone knows.

Mr. Anguish: — Would it be possible for us to . . . It seems to me that there's . . . Is it possible we could start at 10 o'clock tomorrow instead of 9? Does that cause a problem for anyone?

Mr. Kraus: — At what time?

Mr. Anguish: — At 7 instead of . . . No, I was thinking of maybe 10 rather than 9 o'clock.

Mr. Kraus: — Sounds great.

Mr. Anguish: — The committee will start tomorrow at 10 o'clock rather than 9, okay? And you'll let Gerry know?

Mr. Chairman: — Is that agreed? The committee is adjourned.

The committee adjourned at 4:05 p.m.