

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**May 10, 1994**

**The Chairperson:** — We'll begin this morning. And we were looking at a number of issues last . . . two weeks ago, I guess. I had Mr. Serby on the speaking list and Mr. Koenker. Would you like to start? Do you recall the questions?

**Mr. Koenker:** — I can't recall the question right offhand or the context.

**The Chairperson:** — Or the context. It's been two weeks. I gave you some time off to reflect; I guess it was just a little too long.

While you're thinking about that, next week Regulations Review Committee is going to meet on Tuesday morning. And I guess there are two people on this committee that are on that committee — Mr. Boyd and Mr. Koenker. I gave the nod to Charles yesterday that we wouldn't be having Public Accounts next Tuesday because they're going to have to have that involvement. So I took that freedom to do that. And if you've got a problem with that, come see me later on some time. But that's the gist of where we're going.

If members don't have questions, I have a few that I'd like to ask. There is some observations made by the auditor's office about various things that he makes observations about. On page 6 under item no. .18, "The Crown Investments Corporation . . . is improving its practices in several areas:" and then it outlines where they are.

What does the auditor's office do to find out whether the offices of CIC (Crown Investments Corporation of Saskatchewan) and its subsidiaries are in fact improving its practices? What do you do to make sure that that is happening?

**Mr. Strelloff:** — Mr. Chair, members, chapter 8 of this report deals with CI . . . to Crown Investments Corporation and our audit last year of the Crown Investments Corporation. We identify many significant issues that we think require your attention and relate to practices that need to be moved forward.

On paragraph .18 of chapter 1 we note that since our direct examination of CIC and watching what was happening in the Public Accounts Committee and the Crown Corporations Committee, we note that the officials of the Crown Investments Corporation are more proactive in providing information both to this committee and also to the Crown Corporations Committee on the status of their investments and also the status of how they're managing or overseeing the other Crown corporations.

And we thought that that was a very good practice in terms of being more willing to provide information before you even ask questions about their practices. And so we're taking the opportunity in that first rubric to encourage them to continue to do that. The second rubric deals with the budget information that it provides to its board.

In our chapter 8, dealing with the Crown Investments

Corporation, we noted that the board of CIC did not receive a budget for their approval until — this is the year 1992 — until about eight or nine months into their year. So the board of CIC was not presented a budget for CIC activities, and also for the CIC and its designated subsidiaries, so that it could approve what was going on.

Well we have noted that for 1993 the board did receive and approve a budget at an earlier time; I think it was . . . I'm trying to recall. I think they approved the budget in February of 1993 for '93, and then more recently for their 1994 activities, they reviewed the budget proposals and financial plan for the Crown Investments Corporation in October or November.

So in terms of improving the budget information provided to the board, in 1992 it was eight or nine months into the year before they brought that to the board for approval; in 1993 they got it to the table in January or February; and for 1994 they had the financial plan on the table in October or November of '93. So they're improving that element of their practice, and we're pointing that out and thinking that that's important.

The third rubric deals with the systems that CIC uses to manage its significant investments in matters like the NewGrade, the Bi-Provincial, Saskferco, the Meadow Lake pulp mill. And we've expressed concern over the last couple of years in terms of having a framework provided to the Legislative Assembly for each of its investments, and the framework relates to such items as the objectives of the investment, the criteria to determine if those objectives are being achieved, the expected costs and revenues of the investment of commitment, and the management structure that they have in place.

So that has been a concern of our office for quite some time, and we're planning to examine the system and practices that they use. I've had discussions with the president of the Crown Investments Corporation on how best such an examination could take place. We've been doing some background research in terms of frameworks used in other jurisdictions and plan to move that forward.

And again, I am pointing this out in paragraph .18 because I think that's good. I think that the practices need to be examined, and CIC needs to participate in that examination.

**The Chairperson:** — Mr. Kraus, do you do anything in CIC as it relates to any of your office's running any of those areas?

**Mr. Kraus:** — No, I don't, Mr. Chairman.

**The Chairperson:** — Okay. Then I'll ask you the question on no. .19; and I'll ask the auditor's office to respond first and then you can respond after that.

The Department of Finance introduced more rigorous and useful accounting principles to

manage the revenues and expenditures of the General Revenue Fund. Such principles help ensure the Assembly and the Government is provided with more relevant and reliable financial information.

And how do you know that that is happening? Do you have signals that . . .

**Mr. Strelieff:** — Back in — sorry, members, Mr. Chair, the years go by — back in March 31, 1993, the government introduced what accountants call accrual accounting — emphasis on the “crual” to some people — accrual accounting for how it accounts for transactions carried out through the General Revenue Fund. So for those transactions carried out through the General Revenue Fund, the government decided to recognize the transaction when a liability is incurred and when a receivable is incurred.

It means that there's just more rigour to how they're measuring the financial results of the General Revenue Fund, and then accordingly also asking the departments that manage their activities through the General Revenue Fund how they manage and account for their operations. It provides a more rigorous way of reporting and also managing. And that happened for the year ended March 31, '93?

**Mr. Kraus:** — Close.

**Mr. Strelieff:** — Or effective April 1, 1994.

**Mr. Kraus:** — Right.

**Mr. Strelieff:** — Gerry may want to elaborate on this. We know that that's happening because we've been auditing to that change in accounting policy. There's still some items that aren't quite addressed, like the costs of pensions aren't fully booked and that's a significant cost each year that goes unrecorded. But there are other kinds of costs that now are recorded; for example, the interest on debt that hasn't been paid but is owed at the end of the year in the past was not recorded as a cost, now is.

**Mr. Kraus:** — Yes, that's correct. Just to add to what the auditor said, I think what it does is it gives you a better understanding of the liabilities as well as the financial assets at any point in time. Many of the liabilities that we now book always existed, but you wouldn't be aware of them from looking at our financial statement. So with the introduction of accrual accounting, it means that, as the auditor has said, interest that's accrued but not yet payable at March 31, for example, is set up as a liability on the books of the province, whereas before it wasn't.

And it's a relatively significant number, as you can imagine, on the amount of debt that any province has today, in our case I guess it's around \$250 million. And when you're only accounting for things on a cash basis, a liability like that doesn't have to be reported, while under accrual accounting it does.

So it provides a better picture for you and for the public and anyone else as to what the true liabilities of the province are. As well as there are some accounts receivable as well that are booked but they tend to be a bit overshadowed by some of the liabilities that we've had to account for.

**The Chairperson:** — I just ask a question on the summary financial statements in '92-93 and '93-94 under Crop Insurance, and I don't have my books with me, but under Crop Insurance there was an \$85 million overstatement in the liabilities in I think '92-93, and it hasn't been identified at any place at this point. And I don't know where to raise the issue, but I know that there has been significant discussion about it — enough to alert the government that it's there.

And that issue has to be identified some place because, if I understand it correctly, the dollars will have to be put on the plus side in the ledger some place because it was overstated in '92-93, I believe, under Crop Insurance. It was a \$150 million loss and in '92-93 and in '93-94 it was a \$200 million surplus And somewhere that \$85 million wasn't identified in the second year; it wasn't identified in the first year, and some place it's going to have to be done.

Does that come into play when you're talking about the volume of debt that is incurred by the . . . or that the province has? And that has to do with accrual accounting because they've got to make an assessment for the year under review at a third into the year for corporations that don't have the year ending at the same time as the fiscal year end.

**Mr. Strelieff:** — Members, I can take a shot at that. In the summary financial statements the results of the Saskatchewan Crop Insurance Corporation are reported. In '91 . . . for the year ended March 31, 1992, the Crop Insurance, the accounts for that year end were closed off perhaps in September of that year, about five months after the year end, by the time all the estimates and accounting was done.

And Sask Crop Insurance Corporation would have been asked at that time to provide their best estimate of the results of their program, and one of their programs directly relates to the price of grain. And so as of September they would have had reports from the . . . I don't know, the Saskatchewan Wheat Pool or the Canada Wheat Board or the national grain bureau.

The national grain bureau — they would have got an estimate from the national grain bureau on what their estimate of the price of grain was. And say their estimate was \$5 a bushel and that was the best estimate that the national grain bureau provided. Well the national grain bureau, when finally when the markets settle and they determine what price they received for the grain for that year, that doesn't happen until January.

So March 31 year end, they're asked to provide their best estimate for the financial statements in September. They estimated \$5 and the subsidies

program that they were operating would be based on that \$5 estimate. The national grain bureau finalizes its price in January — ten months later from the year end. At that point there was a significant change in what actually happened to grain prices. So perhaps it either went down or up; I think in this case it went down. And the financial results of the Saskatchewan Crop Insurance Corporation, as reported as of March 31 given the best information that they had available, was inaccurate by the \$85 million that you mentioned.

And therefore the financial results of the Sask Crop Insurance Corporation reported for March 31, '92 overstated their deficit by \$85 million. So that overstatement was then reflected in . . . was adjusted for in the Crop Insurance Corporation's March 31, 1993 results; the next year's results.

**The Chairperson:** — I've asked the question and I haven't seen it addressed anywhere in a change in the financial statement. In the summary financial statement it says the next year there's a \$200 million surplus and it hasn't been identified anywhere that the \$200 million should be, not 200 million; it should be down to \$115 million.

**Mr. Kraus:** — The financial statements for March 31, '93 would be based on the best estimates of the Crop Insurance Corporation, that they had . . . that they had when they finalized their statements. Now as the auditor is saying, if there's something that happened subsequent to that, then all they can do legitimately.

**The Chairperson:** — It happened prior to that, Mr. Kraus. The year prior to that, they had 150. I understand all of the details that the auditor has brought forward, I understand all that.

**Mr. Kraus:** — Yes.

**The Chairperson:** — What I don't understand is, where does Crop Insurance put the adjustment of that \$85 million in the summary financial statements when it comes to the auditor's office?

**Mr. Kraus:** — Without having full knowledge of this, it is going to have to be reflected, it would have to be reflected, that adjustment, in either 1992's, '93's or '94's, but it should be taken into account in the calculation of the net profit or loss for the year in one of those three years. And I just used those three because obviously if you're saying '93 has the 85 in one way or the other and it shouldn't be, then it's going to be adjusted subsequently, or it was already appropriately accounted for the year before. It couldn't just disappear.

**Mr. Strelieff:** — As far as my understanding is, it was included in the '93 results. So '93 results, we added . . . the preparers, the Crop Insurance Corporation, added the \$85 million adjustment to the 1993 results.

**Mr. Kraus:** — Okay. Because they were here to talk to that, I thought, and I've got a little notation here — 200

minus 85 equals 115 — but I can't remember what they said. Unless they were saying that their 1993 results — does this make sense? — were better by \$85 million. And that because of . . .

**Mr. Strelieff:** — Were less.

**The Chairperson:** — So then they would have had a profit of 285 million rather than 200.

**Mr. Kraus:** — Well I've got 115 here. And I'm speaking without having the facts so, you know, without having knowledge of it I can't explain it to you, other than I believe the 85 million would have to be accounted for properly in '93.

**The Chairperson:** — It isn't, I don't believe, identified in the summary financial statements in either of the two years that we have identified it, and it might be in the third year which isn't there yet.

**Mr. Kraus:** — I would say you wouldn't necessarily — how can I say it? — you wouldn't see \$85 million as an individual line; I believe what you would see is that the net income would be up or down by that 85 million. I mean if you ask them, they'd say, well our results would have been different by 85 million one way or the other.

**The Chairperson:** — And the question, Mr. Kraus, that I asked, identified it as 115, not the 200. So it hadn't been put into the summary financial statements as of that year, so I don't know where it went. And I'd just like to know where the accountants or the auditor put it when they did a review after the fact. And that's what I'd like to know.

**Mr. Strelieff:** — The \$85 million . . . Sask Crop Insurance Corporation's loss for 1992 was understated by \$85 million. We found . . .

**The Chairperson:** — No. The loss was overstated by \$85 million in . . .

**Mr. Strelieff:** — Yes.

**The Chairperson:** — It should have been 65 million loss in '91-92.

**Mr. Strelieff:** — Okay. So for 1992, Sask Crop's operating loss was overstated by \$85 million.

**The Chairperson:** — Right.

**Mr. Strelieff:** — That fact didn't come to light until the national grains bureau's price was finally settled in January 1993. As a result, the \$85 million was placed in Sask Crop Insurance Corporation's results for 1993, moving it from \$115 million to \$200 million. And that financial result is in the summary financial statements of the province for March 31, 1993.

**Mr. Kraus:** — I could just follow up on that. That is consistent with the note then, in that Crop Insurance's profit for the year March 31, '93 would be only \$115 million if it wasn't for the fact that they had to adjust

for the 85 million that they had incorrectly estimated in the prior year.

So if you say the loss was overstated in 1992, because of your best estimate, so they then had to take that \$85 million, adjust their accounts accordingly, and that then gave them this profit of 200 million, which they said if you could go back and adjust the books magically, I guess their profit for '93 would be 115 million, and their loss for the year before would have been \$85 million less. But under the accounting rules you can't do that, so it is accounted for.

**The Chairperson:** — I'll check to see whether the individuals who audited made a note of that because that is significant. It changes significantly the volume of dollars that the government earned from year to year, and that's, I would say, a difficulty with the accrual accounting method. I'm not negative to it, but that's the difficulty that there is there in estimating those volumes of dollars.

Anyway, on item no. 20, on page 6: "The Department of Health is developing an accountability framework for the new district health boards." Would either you, Mr. Strelieff, or Mr. Kraus, be able to provide us an update as to how that's coming along. We had the Department of Health in here last fall and had a lot of discussions with them. How is this proceeding?

**Mr. Strelieff:** — Members, Mr. Chair, the Department of Health accountability framework. Our office, with the comptroller's office, did a lot of work with the Department of Health in trying to make sure that as the district health boards are formed that there's a basic set of accountability information that is being provided to the department, as well as to the community. And we worked together to provide some information or a package of information that we sent out, or the department sent out, to the district health boards.

And the elements of the — what we refer to as the accountability framework — relate to a financial statement framework, or a financial statement model, that each of the district health boards would use, making sure that the auditors of each of the district health boards are examining for compliance with the legislative authorities and service contracts that are being established with the district health boards, to make sure that the auditors are also examining whether the district health boards have good internal control systems, to make sure that they're getting the information they need to manage, as well as to flag the need to begin to develop costs of services, costs of treatment information, and measures of effectiveness or outcome.

What are the outcomes expected within the district health community, and are they gathering that information to ensure that their programs are effective? And those costs of treatments and measures of outcomes or effectiveness are also required within the legislative framework that was established when the district health boards were created.

So that package was sent out to all the district health boards through the Department of Health. We had a seminar that was organized by the department, our office and the health boards, where we discussed the accounting and information framework that was coming together. And our office, in a direct sense, is examining 6 of the 30 health boards to make sure that those reports and practices are moving forward. And we've sent out, through the department, sample audit programs to the district health boards and advice on how to tender out the work. And that seems to be moving forward.

Our office also is getting a lot of phone calls just from the boards and from public accounting firms just seeking advice on some of the practices and requirements that they now have to meet.

**Mr. Kraus:** — I don't think I have anything that I could add to that. I understand the implementation is proceeding. I'm not aware of any difficulties, but . . .

**The Chairperson:** — I noticed in the newspaper that the Saskatoon Health Board had overspent their budget by a significant amount, and I know that you're doing the audits of Saskatoon and Regina. They're not allowed to do that by law. How are you going to view that when it comes to providing information for the Legislative Assembly? I know that they've had monies sent to them by the department to cover some of those, but not necessarily all of them.

Are there other boards that are running into the same difficulty? I haven't heard of any, but are there others? Are you aware of others?

**Mr. Strelieff:** — Mr. Chair, members, I meet with the audit committee of the Saskatoon Health Board at 1 o'clock to discuss the audit of '94 and . . . no, the audit of '93 and then the audit of '94.

My understanding of what you refer to in terms of, they're overspending or incurring a deficit, related to what they were projecting for '94-95, given whatever financial arrangements were being put in place, that they were . . . my understanding was that they were saying, that given the financial arrangements in place right now, they are projecting an \$11 million deficit at the end of March 31, '95, unless they make some decisions or unless they get additional funding.

**The Chairperson:** — I see.

**Mr. Strelieff:** — If the law says that they can't incur a deficit and how we measure that deficit is clearly established and they do incur a deficit, we certainly will be reporting that to you or to the Legislative Assembly.

**The Chairperson:** — Their year end is the calendar year end.

**Mr. Strelieff:** — It's March 31. March 31. So the same fiscal year as the province.

**The Chairperson:** — Oh, I see. Well we'll be watching

for that.

The area in item no. .25, the task force examining audit systems: in 1994 a task force was formed to provide advice on how to improve the existing auditing system. The task force is co-sponsored by CIC and the auditor's office. The task force is supported by us.

I just wanted to say that both Mr. Cline and myself . . . That's the task force we're talking about?

**Mr. Strelloff:** — Yes.

**The Chairperson:** — Both Mr. Cline and I appeared before there, and I am not going to put words in Mr. Cline's mouth because he isn't here, but I found that very . . . not only informative but helpful in, first of all, formulating some of my ideas about what we should be doing and then having the individuals ask questions about the various aspects of how I perceive the Public Accounts Committee to move. Mr. Cline and I didn't agree entirely but we did have a lot of things that were similar.

I have been getting the copies of that information sent to me that the task force is having and you will be receiving that, because I didn't know that they were just sending it to me. I'm going to make that available through the Clerk's office to all the members of the Public Accounts Committee so that you can see what has transpired; how they're viewing some of the responsibilities in CIC and how we responded to it.

Mr. Trew and Mr. Toth, I believe, went to visit the committee as well and pointed out some of the areas that they believed were to be considered as it relates to Crown Corporations Committee. So I just wanted to report to you on that; and when that information comes, you'll know what it's about.

I have a question. On page 8, Mr. Strelloff, you talk a little bit about, on item no. .29, that you're going to issue two reports a year. This report comes out in the spring. And in the fall I assume then that you're going to take and make another report. Is that accurate?

And then my question to you would be: what are you going to base that on? How are you going to . . . is it going to be an audit report, how you're . . . Well you tell me what you anticipate having in it.

**Mr. Strelloff:** — Thank you, Mr. Chair, and members. The plan to issue two reports is to provide you more timely information on the results of our work. Over the three and a half years that I've been here I've noted that we often get to discuss issues that are over a year old, and therefore it's very difficult for the members, for the government officials, to focus on the issues because they are . . . or they do relate to events that happened quite a while in the past.

And I also notice that the government itself has been moving forward in terms of preparing more timely financial reports and issuing them earlier. For example, the *Public Accounts* and the summary

financial statements of the province are issued by the end of October, and maybe even earlier this year.

And we thought, well it's time for our office to be more timely as well. And so we thought in the fall we would focus our report on the summary financial statements that would have been just issued, explaining our annual report or our report on those summary financial statements.

So you would have that information, say for example the chapter 3 type of information where we explain the finances of the government. That would come to you earlier. And also the results of our work related to government organizations that have fiscal years ending December 31 so that the results of the work that we do there would be more timely. I note that the Crown Corporations Committee seems to be particularly interested in getting our views in a more timely basis.

The spring report, which would serve as our annual report, would focus primarily on the results of our work for the government organizations who have years ended March 31. So there would be a . . . that would be the two focuses for the reports.

We are trying to provide more timely information to the Assembly and also to make it more efficient for government officials and our office to handle issues. When we . . . for example, quite often when everyone knows that we don't report or finalize our report until January or February of the year, which is 10 or 11 months into the year, issues tend to drag on and on and on, where we think that if we can issue more timely reports, those issues would come to a head more quickly; they would get resolved. Practices, where they need to be moved forward, would move forward in a more timely way, and the members would be able to discuss, debate, assess, scrutinize the results of our work.

**The Chairperson:** — That concludes my questions on chapter 1. Does anybody else have any questions on chapter 1? Okay. Chapter 2.

**Mr. Strelloff:** — Before we leave chapter 1, what I just went over in terms of a fall and a spring report, does that make sense to you as members, like in terms of getting more timely information? I know the Crown Corporations Committee seems to be very interested in getting a more timely report on activities that . . . or getting access to a more timely report on activities that relate to fiscal years ended December 31.

**Mr. Cline:** — Yes, I think of course it makes sense. I mean it should be almost axiomatic. I think the things you were talking about earlier are very positive, the ones that Harold was asking about.

And this committee, I guess, sort of looks at things *ex post facto*. And I think it's very positive that, first of all, what you said about the CIC looking at its budgets for the upcoming year in a much more timely fashion, and hopefully they'll continue that. I think you said for '94 basically we were looking at them in November of

'93.

And I think it's very positive that the Crown Corporations Committee is going to be trying to examine the plans of the Crown corporations before they occur, as well as looking at the year under review. So they're going to examine things *ex post facto* and prospectively, as I understand it.

And I think that's a positive development because if you do that, then you're forcing people, and us in particular, to think about issues that you might otherwise just sort of let go. And I think it improves accountability and takes a lot of the decision-making power . . . well I don't want to say it takes decision-making power away from the bureaucracy, but I think it makes the bureaucracy more accountable to the public.

So I think that what you're talking about is positive. I think that what the Crown Corporations Committee is talking about is very positive. And I think that in terms of the prospective review of the activities of the Crowns, they are in a position that we're not, in terms of having a mandate to look at things prospectively. And so I think it's quite positive.

**The Chairperson:** — I have two observations: one is that the annual report deals with everything after the fact and all of the issues have been settled. And what you said about the fall, one would push the various agencies to resolve issues more quickly, and I think that that's a positive aspect to it.

Charles just provided me with some information that says that the Act controlling the auditor only allows or establishes one annual report. And the question that I would have by the committee, we could either deal with this by resolution here, asking him to report back to this committee as a part of his responsibility in delivering that report, or we could make a resolution that would say that the fall report, or the second report, would be tabled with the auditor . . . or with the Speaker, and then the Speaker make it available to all of the members of the Assembly.

Now that is a hurdle that we could . . . I'm not sure whether we'd have to have an amendment to have that done legitimately, but we could at least get the process going so that the report could come to this committee, understanding that it will be done likely this fall. So we should probably take a serious look at how we handle that before we conclude the session here today or this year.

**Mr. Koenker:** — What does the legislation say? Does it expressly prohibit the issuing of a fall report?

**Mr. Robert:** — The problem is, the reason why it is automatically referred to this committee is that it's done in compliance with statutory requirement. There is no statutory requirement for the second report.

It repeats the problem we had when NEFI (northern enterprise fund incorporated) was before the committee and they offered, well, we can give you a

report if you want it, but it's not done according to some kind of requirement or legal provision.

A solution might be to consider the fall report an addendum to the annual report, so that it would be automatically referred, but there remains the technical problem that the Provincial Auditor is not obliged to submit such a report and there is no automatic provision that it would be referred to this committee.

**The Chairperson:** — Nor would we have, necessarily, the responsibility of looking at it or being given the responsibility of looking at it.

**Mr. Streliaff:** — Members, our Act allows us to issue special reports at any time that we wish, and also an annual report. And we thought that the spring report still could be seen as the annual report and the fall report would be in the context of a spring report but then . . . or the fall report would be in the context of a special report.

The next issue though, then, is how do the members get access to it? And considering issuing a fall report, we consulted with our colleagues in British Columbia who are doing the same. And what the practice there is that the auditor will issue a fall report or a periodic report there to the Speaker, and then the Speaker makes it available to all members. And then once that happens, once the report is made available to all members, it then is a public report. And that's the mechanism that they use to make it happen, which seemed to be fairly reasonable. And therefore at that point perhaps — well, the members having it, therefore this committee would have access to it as well.

**Mr. Koenker:** — So I hear you saying that the issuing of the spring report as the annual report, you refer to that in section 31 . . .

**Mr. Streliaff:** — Yes.

**Mr. Koenker:** — It doesn't present any problem. You're just issuing a special report to the Speaker . . .

**Mr. Streliaff:** — We've thought of it that way, yes

**Mr. Koenker:** — . . . and then the Speaker shares it with members.

**Mr. Streliaff:** — That's the practice that was followed in British Columbia when they went through this, and it seemed like a reasonable, a reasonable way of handling it.

**Mr. Koenker:** — Is there a precedent for that here?

**Mr. Streliaff:** — We've done special reports, but I think usually the Assembly would be in session when the special report would be made available and tabled.

**Mr. Koenker:** — Well then the protocol would be, if the Assembly isn't sitting, is just to give it to the

Speaker.

**Mr. Strelloff:** — Yes.

**Mr. Cline:** — Did we amend The Tabling of Documents Act? I should know this so that if you submit a report to the Speaker for tabling, that the Speaker can — while the legislature isn't sitting — the speaker can distribute that to the members? Did we pass that amendment to The Tabling of Documents Act?

**Mr. Robert:** — That sounds familiar, but I'm not certain.

**The Chairperson:** — I'm not certain either; however, I would say that that dealt with your Crown corporations more than with . . .

**Mr. Cline:** — See, that provision is in The Crown Corporations Act that we passed last year, and what I'm trying to remember is what The Tabling of Documents Act now says. Because if it says something similar, then that resolves the difficulty.

**Mr. Kraus:** — I think The Tabling of Documents Act only contemplates tabling through the House while the House is in session.

Consideration has been given in the past to whether amendments would be . . . lead in the direction of tabling when the House isn't in session. But they have never been brought forward to the legislature, I don't believe.

**The Chairperson:** — Would it be possible for us to ask the Legislative Law Clerk to do a review of this issue so that he could provide that information to us? The only problem I have — that is if there is a problem — then Mr. Strelloff has to wait till the session is in place before he delivers it, which really isn't timely either. And that's the concern that I would have; and that wouldn't help him or help us in any way. So I would suggest that we take a look at that to see how we can solve that problem.

**Mr. Kraus:** — Mr. Chair, I just recall that we've had discussions in the past — maybe it was last fall, maybe it was in January — about the idea of having annual reports or financial statements tabled to the Speaker or provided to the Speaker. And you may recall that I think it got into . . . well first, the law doesn't provide for it. And then there was discussion around practices that the legislature follow, and members' privilege, and all of that, seem to be getting off into that type of thing. So I'm pretty sure The Tabling of Documents Act doesn't provide at all for tabling unless it's through the legislature.

**Mr. Cline:** — Well I think that's right. I think we had a discussion about this and I think we ended up making a recommendation to the legislature in one of our reports that said that we recommended that The Tabling of Documents Act be amended to avoid the problem that there was last year with respect to tabling of certain documents. And I'm just trying to find the

resolution that we made.

But I think Mr. Kraus is right — I think we've already recommended to the Legislative Assembly that The Tabling of Documents Act should be amended.

So I think what we need to do is to find the recommendation that dealt with that issue, and then reiterate to the Executive Council, I guess, that we feel that this amendment should take place to accommodate the Provincial Auditor in making more than one report.

**The Chairperson:** — What we should maybe make a decision about is how we deal with this in the future, how we would deal with a report that would be coming out this fall.

And did you have some observations about an addition to, or a special report in attachment to the report that you have here? Would you make it that way? Or have you got an opinion on that?

And then we could probably as a result of some discussion and serious consideration on this matter move so that we could do this for the next sitting.

**Mr. Koenker:** — Maybe I don't understand the issue, but I don't hear any prohibition on the auditor sharing a special report with us; then there's the auxiliary concern about the requirement that such reports be shared, okay. But I don't hear that there's an obstacle or an absolute prohibition that he shares special reports. And I think that needs to be researched and we need to have a report on that.

But if there is no obstacle or prohibition for a special report, I think there's a clear consensus here that we want such a special report; if there's no obstacle or prohibition, let's work with the understanding that that would be available to us. I think we need to clarify the larger context, you know, for the future. But if there's allowance for that, I think common sense would dictate that that would be released to us and through the Speaker — it's done in other jurisdictions — and away we go.

What we might want to do is then establish a formal procedure, you know, a formal provision, if we want to, to ensure that it must be . . . a certain procedure must be followed. But in the absence of a prohibition, let's receive it and . . .

**The Chairperson:** — The observation that I would have — I don't disagree with you for getting it here — but the observation that I would have is this: that the prohibition is not there; however the auditor's report assigned to this committee by the Legislative Assembly when it is tabled in the Assembly, the responsibility goes to this committee to review that. We don't have the authority to review a whole lot of other things. Right offhand I wouldn't have an example. We couldn't just branch off and investigate something else that wasn't included in the auditor's report because that hasn't been assigned to this committee.

So therefore in order to get the special report which we had earlier, which dealt with four specific items under the special report that the auditor had, that was tabled in the Assembly, given to us, and then we were asked to review it and provide a resolution or a motion of concurrence with the special auditor's report.

We have done some of that already, but that is assigned to us by the Legislative Assembly through the Speaker tabling the document. Now we don't have that document tabled, so then how do we get it here? And it's logistics but it needs to be addressed.

**Mr. Cline:** — Well I think I'm sympathetic to what Mark Koenker is saying, but I think the problem is we did talk about this in the context Mr. Kraus is talking about, that is there was criticism by . . . well in the media about the fact that some Crown corporations' reports were prepared last fall but not made public because they could not be tabled in the legislature because we weren't sitting last fall. And at that time they thought, well we'll be sitting in January or February, and there was a delay.

And then the opinion was expressed that, well if somebody wanted to make these things public, they could. And then we had a discussion about that. And I think the feeling was that if there was an obligation to table it, it could be a breach of parliamentary practice to make things public in advance and that actually the Crown corporations and the government were following the correct procedure, but it wasn't very good procedure. And then we made a resolution saying that The Tabling of Documents Act should be amended.

And I think what we have to do is apply some . . . not pressure because I don't think it's anything anybody would object to, but try to be proactive in terms of asking the government to bring forward an amendment to The Tabling of Documents Act in accordance with the recommendation I'm sure we made several months ago, although I don't happen to have that with me.

And I think this underscores the wisdom of our recommendation, that we need to have The Tabling of Documents Act changed so that we can do things in a more timely fashion and the Provincial Auditor can get reports before us more than once a year, and not necessarily when we're sitting.

**The Chairperson:**— I agree.

**Mr. Cline:** — And I will undertake with you, if you like, Mr. Chairman, to go to the minister in charge of that legislation immediately and ask that these amendments, if possible, be brought forward at the very next session.

**The Chairperson:** — Okay.

**Mr. Cline:** — And perhaps we should have a letter from you, Mr. Chairman, to the minister in charge, where you could indicate that it's the feeling of this

committee that this legislation should be brought forward as soon as possible. I doubt that that will be during this session but in the next one.

**The Chairperson:** — Would you make a motion to that effect? Then I have some authority to do that.

**Mr. Cline:** — Sure. Well I will so move:

That the chair write the minister to whom responsibility for The Tabling of Documents Act is assigned to ask on behalf of the committee that amendments, in accordance with the previous recommendation of the committee, namely recommendation 38 . . .

**The Chairperson:** — Thirty-five, I think, or 38.

**Mr. Cline:** — Yes.

. . . namely recommendation 38 . . .

**The Chairperson:** — Section 35 of the Crown . . . or similar to the section 35 of The Crown Corporations Act.

**Mr. Cline:** — Yes.

. . . be brought forward as soon as practicable.

And that's it. Do you want me to read that again?

**The Chairperson:** — Sure.

**Mr. Cline:** — Moved:

That the chair write the minister to whom responsibility for The Tabling of Documents Act is assigned to ask on behalf of the committee that amendments in accordance with the previous recommendation of the committee, namely recommendation 38 of the sixth report, be brought forward as soon as practicable.

I so move.

**The Chairperson:** — I just have a question on process. Should I ask the Legislative Law Clerk to draft that and then send a copy of what could be an amendment to the minister responsible, or how would you like me to proceed? If I write a letter directly to the minister, it may not have the same impact if I already have it set up.

**Mr. Cline:** — Yes, I think you can take that as implicit in the motion that if . . . I think it's a relatively straightforward amendment because we already have the same provision in section 35 of The Crown Corporations Act and this is just bringing The Tabling of Documents Act into line with that.

And also, I think, Mr. Chairman, it would be in order for you, once you've prepared the letter, to ask, either informally in the legislature or formally, that you be able to meet with the minister in charge of that



legislation and then I would suggest that you and I sit down with the minister and try to get an assurance from the minister that he will attempt to bring that legislation forward in the next session.

And if one wanted to be really optimistic — since I think all the parties in the legislature would agree to the amendment. I don't know if this is possible — I mean, if you wanted to talk to the minister right away, perhaps we could even ask that this be done in this session, if we had the wording, because we're all agreed on it anyway. Because otherwise we might not see it for a year, which wouldn't accommodate the process for this year.

**The Chairperson:** — Okay, I will see what I can get done and proceed with it that way. And in the meantime, may we just provide a . . . if we don't get this done, put it in, and nobody is going to kick about it. That's what I would say.

**Mr. Robert:** — There is one other alternative possibility, following the model of the fourth report of the Standing Committee on Crown Corporations. Instead of having the revision to The Tabling of Documents Act, you could have a revision to the rules of the Assembly, to permit the permanent referral of all reports submitted by the Auditor General — the Provincial Auditor, pardon me — to the Standing Committee on Public Accounts. There was a similar motion made last week as a result of the Crown Corporations Committee report.

If you take that route, we could propose a draft report for the consideration of the committee at the next meeting, which could be quickly turned over to the Assembly and adopted, and you'd have a rule change that would allow you to have permanent reference of all reports prepared by the Provincial Auditor to the Standing Committee on Public Accounts.

**Mr. Cline:** — I wonder if there is a difference in requirement in this sense, that the Crown Corporations Committee is asking for a change in the rules on the basis that The Crown Corporations Act, 1993 made a change. And as I read it, they're thinking that the rules of the legislature can be changed to be in line with what The Crown Corporations Act, 1993 now says. Do you see what I mean?

Because everything they get is with respect to a Crown corporation that that Act applies to. We're in a slightly different position in the sense that we're dealing with matters that go beyond The Crown Corporations Act. And I don't want to express an opinion, but I don't know that the situation is quite the same in the sense that we may not be able to amend by a rule of the legislature a situation that exists because of statute, namely The Tabling of Documents Act that we're stuck with, you know.

So I appreciate what the Clerk is saying, but I'm not sure that the situation is completely analogous, because they're trying to operate within the regime set out by The Crown Corporations Act, 1993.

**The Chairperson:** — Under the auditor's Act:

Notwithstanding *The Tabling of Documents Act*:

(a) the provincial auditor shall submit to the Speaker, as soon as practicable, his annual report prepared pursuant to section 12 and any special report that is prepared by him pursuant to section 13; and

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

And then it has the section.

**Mr. Cline:** — So the point here . . .

**The Chairperson:** — It doesn't say that he shall do that while the session is on. See, if your session is prorogued, which is different than when the session is recessed, so I would say that the Speaker — and I'm not a lawyer — that the Speaker has the right to lay before the Assembly each report received by him.

If we would say in a motion that the Speaker refer it to the Public Accounts Committee as he receives it pursuant to item 14(b) of The Tabling of Documents Act under The Provincial Auditor Act, then we might be able to do that.

I would make this suggestion so we don't take too much more time — that I take this and have the Law Clerk do some work on it for us and then bring a reasonable suggestion back to this committee at the next sitting of this committee.

**Mr. Kraus:** — Mr. Chairman, I do want to raise this point, that it might be simpler if you could find an answer for the auditor's report. And the only issue I'd want to raise is that there are still a considerable number of agencies whose financial statements would not be audited by, let's say some time and be available sometime in July, which would be necessary by law if you amended The Tabling of Documents Act.

Which means, if you just assume you went and amended it tomorrow, the auditor would have to report, I believe, that a whole series of financial statements and annual reports are not provided according to law by let's say July 15 of this year. So in trying to resolve one problem, you're going to create a whole bunch of others; and maybe the auditor would disagree with me, but I think that's fair to say. At least at this point, it's not possible to do all the rest on time.

**The Chairperson:** — I just have one observation about that, Mr. Kraus, and that is that the . . . I don't want to put any additional pressure on above what is there now, and how and when they need to be having their reports tabled, or when they need to have them in, but I just think it's kind of interesting that the auditor can't report to us even when he gets them. That's the thing that I see as a problem. And that's a bigger issue, I

think, than having them completed at this point, is when we get them.

**Mr. Sonntag:** — Just a practical observation here. If you're wanting to bring this suggestion back for the next committee meeting, and in light of what Mr. Cline said, if there is unanimous consent on . . . if it requires legislative changes and there is unanimous consent, we may miss the opportunity to put it through this session, if you're going to wait until the next committee meeting which is two weeks away. So it would be my suggestion that you and Mr. Cline and Ms. Haverstock simply get together on that. It would seem to me to be logical to do it that way.

**The Chairperson:** — Charles, do you want to say to the committee what you just told me?

**Mr. Robert:** — Well, Mr. Cline's motion, as I understand it, has not yet been adopted. It's still being debated. And we've considered . . . already we've raised other alternatives.

Why don't we defer voting on this motion for the time being, and then we follow the chairman's suggestion to consult with the Law Clerk and present the range of options that might be available to the committee to solve the problem that we seem to have, or we perceive we have, and then it could be discussed with the chairman, Mr. Cline, and Ms. Haverstock, to reach some kind of solution.

And it could be either dealt with as expeditiously as possible if there was still time, or it could be deferred for consideration of the committee in the fall when you will be meeting to pursue your work on the Provincial Auditor's annual report.

**Mr. Cline:** — I think that's a good suggestion, because now that I'm looking at The Provincial Auditor Act, I'm not sure that an amendment to The Tabling of Documents Act does the trick, because the problem is that it sets out a procedure.

And I think this is why Mr. Hunt is pointing this out, that it says: notwithstanding The Tabling of Documents Act; so probably what you actually need is an amendment to The Tabling of Documents Act.

But maybe what I should do is withdraw that motion, but have another motion authorizing the chair to consult with the vice-chair and Ms. Haverstock, and asking the chair to make whatever representations are appropriate to the appropriate ministers of the government to have the matter effectually dealt with. It being understood that what we're trying to do is simply get whatever needs to be done to allow the release of the report when the legislature isn't sitting.

I mean I don't think anybody cares how it's done, as long as it can be done. And if that seems to be agreed to, why don't I withdraw the first motion and make a motion to that effect?

**Mr. Koenker:** — You didn't know all this was involved when you said you were going to issue a fall report,

did you?

**Ms. Crofford:** — Nothing is simple around here.

**Mr. Strelloff:** — I knew it could be worked out.

**The Chairperson:** — I have a question for you, Mr. Kraus. Whose responsibility is the tabling of documents? Do you know?

**Mr. Kraus:** — The Minister of Finance.

**The Chairperson:** — Okay. I thought so; might have to use "notwithstanding" then.

**Mr. Koenker:** — While we're waiting . . . What is the legislative authority in B.C. (British Columbia) for their provision?

**Mr. Strelloff:** — My understanding is that it just became a new convention; that when the Auditor General provided a report to the Speaker, the Speaker makes it available to the members.

**Mr. Koenker:** — No resolution of the Assembly, no amendments to The Tabling of Documents Act or . . .

**Mr. Strelloff:** — Not that I know of. But I don't know how they dealt with referring the report to the Public Accounts Committee. I don't know if they've dealt with that, outside a sitting of the Assembly. So perhaps when they make the report — a periodic report available to the Speaker — and the Speaker moves it to all the members, I don't know if it is automatically referred to the Public Accounts Committee.

My understanding . . . their Public Accounts Committee meets almost primarily and maybe only when the Assembly is in session, that they rarely meet outside, intersessionally?

**Mr. Koenker:** — Fundamental difference.

**Mr. Strelloff:** — So that issue hasn't surfaced as far as I know. And I was talking with the Auditor General about this, of B.C., about two weeks ago just to see how it was working because it's been taking place for the last couple of years, I think. And the issue of when the Public Accounts Committee meets surfaced as a difference in practice.

**Mr. Cline:** — Let me try this one . . .

**The Chairperson:** — And maybe we should have the clean-up of the withdrawal, make it official, and then . . .

**Mr. Cline:** — Okay, well I withdraw the first motion.

**The Chairperson:** — Okay. Do we need a motion, Charles?

**Mr. Robert:** — Oh, it has to be done by unanimous consent.

**The Chairperson:** — Is everybody agreed? Agreed.

Thank you. Moving forward rapidly.

**Mr. Cline:** — Right. Let me try this one, move:

That the committee ask the chair to consult with the vice-chair and Ms. Haverstock and make appropriate representations to the appropriate member or members of Executive Council, along with the vice-chair, to effect any changes required to allow reports of the Provincial Auditor to be released when the legislature is not in session.

And I so move.

**The Chairperson:** — The release is not the problem; the auditor can do that. It's the referral. Okay, your amendment.

**Mr. Cline:** — Let me try this. Let me withdraw that last motion, if I can have unanimous consent. Okay, so that's withdrawn. And then let me try this; move:

That the committee ask the chair to consult with the vice-chair and Ms. Haverstock and make appropriate representations to the appropriate member or members of Executive Council, along with the vice-chair, to effect any changes required to allow reports of the Provincial Auditor to be released and referred to the Public Accounts Committee when the legislature is not in session.

And I so move.

**The Chairperson:** — Any further discussion? Do I hear the question? All those in favour? It's carried.

We'll get on that as quickly as we can.

In light of the fact that it's near 10 and this would conclude our discussion perhaps on chapter 1, I think we could entertain a motion to adjourn and then reconvene at the call of the chair, with consultation by myself and Ms. Haverstock and Mr. Cline. Is that in agreement? Thank you.

A motion to adjourn has been received and adopted, and thanks for your information and consideration.

The committee adjourned at 9:55 a.m.