

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

May 9, 1995

**Mr. Putz:** — Good morning, ladies and gentlemen. The first item of business on the agenda this morning is the election of a new Chair. And as committee Clerk it's my responsibility to preside over that election. At this time I'd take nominations for the appointment to that position.

**Mr. Swenson:** — Thank you, Mr. Chairman. I move that the member from Souris-Cannington, Mr. D'Autremont, be nominated for chairman.

**Mr. Putz:** — Mr. D'Autremont has nominated . . . I mean Mr. Swenson has nominated Mr. D'Autremont to preside as Chair of the committee. Any other nominations? With no other nominations, may I have a motion to close nominations? Mr. Cline. All those in favour? Carried.

Could I have a motion then to move that Mr. D'Autremont be appointed to preside as Chair of this committee?

**Mr. Cline:** — I so move.

**Mr. Putz:** — Okay. All those in favour of the motion? All those opposed? Carried.

In the absence of Mr. D'Autremont, I would invite Mr. Cline to take the Chair of the committee.

**The Vice-Chairperson:** — Okay, the business before us this morning is consideration of the draft report with respect to material we've covered to date, the idea being that we will ratify a report so that we can make a report to the legislature of the work we have done.

And everyone received, I hope, a draft report prepared by the Clerk on the basis of what we've done to date. And I already told the Clerk that I thought he had done a very good job of preparing this report and I think it's quite well done.

I will entertain any suggestions that people have for revisions in a moment. I do have a few changes myself. Specifically on page 4 at line . . . under chapter 7, annual reports of government departments, I'd like to suggest a change which is not really a change in substance but a change in wording which I

think would better reflect our view. And I would suggest that in line 220 that everything . . .

**A Member:** — Mr. Chair, you lost me.

**The Vice-Chairperson:** — Page 5?

**A Member:** — You said 4.

**The Vice-Chairperson:** — Oh I'm sorry. Page 5, line 220. I would suggest that after the words "Public Accounts", everything else in the next two lines and then the next three lines on page 6 be deleted and the following be substituted:

your committee notes that annual reports of government departments and Crown agencies are important accountability documents, and thus the committee and members may use and refer to those reports in its review of the *Public Accounts* and the *Report of the Provincial Auditor*.

So that it doesn't change the meaning. I just think it's better wording. And other than that, I didn't have any comments about the draft report.

Perhaps before I recognize anybody else, I'll ask, does anybody have any problem with that change or is that change agreed to?

**A Member:** — Agreed.

**The Vice-Chairperson:** — Okay. Now did anyone else have any suggestions for revisions to the draft report?

**Mr. Swenson:** — Well seeing as that I haven't been here to help you do this, I have to take your word for it. But I would like the auditor's comments as to anything that he sees.

**The Vice-Chairperson:** — Yes, I should have asked. Do you have any comments, Mr. Strelioff?

**Mr. Strelioff:** — The page 4, line 145, where it says:

After examining the issue again, your Committee came to the conclusion that disclosure of the government's investment in infrastructure should begin within the

context of departmental mandates.  
Therefore, your Committee recommends:

I was wondering if the committee would entertain, instead of focusing on departmental annual reports, that the reports also include reports of Treasury Board organizations, Treasury Board departmental and Treasury Board agency annual reports. And the reason is that we've been doing some work with not only departments but Treasury Board agencies like the Water Corporation and the SPMC, Sask Property Management Corporation, trying to encourage them to expand on the disclosure of the significant infrastructures that they have responsibility to manage. And to broaden it a little bit would continue to encourage those organizations to continue seeking ways of disclosing more fully their investment in infrastructures.

The actual recommendation doesn't require specific actions, it just suggests that the government should examine how to disclose, so there's no specific requirements. But if you expanded it to include Treasury Board agencies, it would help us encourage those organizations to report more fully and it also would encourage those organizations to seek better ways.

That's my only suggestion on this draft report.

**The Vice-Chairperson:** — Mr. Kraus, do you have any comments with respect to the suggestion made by the Provincial Auditor?

**Mr. Kraus:** — No, it sounds reasonable.

**The Vice-Chairperson:** — Yes, okay. Any further comments on the suggestion of the Provincial Auditor?

Seeing none, do I assume that that could be agreed to? Okay.

I think . . . (inaudible interjection) . . . okay. I would word it this way, in line 150 after the word "departmental." I would add the words "and Treasury Board agency" so that it would read:

The government should examine how to disclose more fully, in departmental and Treasury Board agency annual reports, information to describe its investment in infrastructure.

Any further observations?

**Mr. Swenson:** — So that would take care of both capital expenditures and depreciation?

**Mr. Streliaff:** — Yes. But it would also bring to the table issues like in Sask Water Corporation, when the corporation wrote off the cost of the Rafferty and Alameda; it just disappeared from their annual report. Yet that corporation still has to manage it.

So somehow the annual report can be used as a vehicle to show what the magnitude of that responsibility is. The costs — the Diefenbaker dam, the same kind of thing — it doesn't show anywhere but yet Sask Water Corporation has to manage it in some way. So that's the issue.

Most of the Treasury Board agencies already set up the costs of their fixed assets and depreciate them. They already do that. But it's where they've written off large infrastructures and yet they still have to manage it, and it's trying to get at that.

**Mr. Swenson:** — I remember asking you that question three years ago.

**Mr. Streliaff:** — Three years ago? Probably. It takes time.

**The Vice-Chairperson:** — Any further observations or revisions or questions? Okay, seeing none, if you turn to the appendix there are some changes that could usefully be made there.

First of all, page 1 of the appendix. Under paragraph 7 on the right-hand side, the second sentence, it should read . . . it says:

The Committee noted that the government responded in acceptable fashion to its recommendation and that the Provincial Auditor intended to include a comprehensive status report in his (and then it says) next report.

I think we could put "in his spring report" which is the report that was actually intended. Is that agreed?

And the next one, under paragraph 14 on the right-hand side, it reads:

The Committee accepted the

government's response and noted its satisfaction that the information is available either through the Crown Investment Corporation report compendium or the annual reports of the various Crown corporations.

And it should read: "or the *Public Accounts*." Is that agreed?

The next page, at the top, still under paragraph 14, III in the middle column says:

Consideration given to include a list of persons who have received money from Crown corporations in the Public Accounts.

That should read:

Consideration given by the Crown Corporations Committee to include a list of persons.

I take it that is the committee that . . .

**Mr. Putz:** — That was the committee's recommendation.

**The Vice-Chairperson:** — Yes, that gave the consideration. Okay. And is that agreed?

Then III on the right-hand side says:

The Committee noted the government's response and decided to drop the matter from further consideration.

It should read: the committee notes it reviewed the government's response and decided to drop the matter from further consideration. Is that agreed?

**Mr. Swenson:** — Does that mean in Public Accounts, you no longer can question expenditures by Crowns vis-a-vis individuals and third parties?

**The Vice-Chairperson:** — Could you repeat the question, please.

**Mr. Swenson:** — Well say you have a Crown come in here for various reasons, and is it saying that you can only ask those questions about lists of payables to third parties or whatever in Crown Corporations; you wouldn't consider that in Public Accounts?

**The Vice-Chairperson:** — The committee felt that the Crown Corporations Committee should concentrate on those questions. The notation here reflects the result of the discussion and resolution of the committee. The change is, I don't think, a substantive change to what the committee decided. It's more of a contextual change, I guess.

This is the committee's response to the government's response to its last report.

**Mr. Swenson:** — What was the government's response?

**The Vice-Chairperson:** — We'll have to find the government's response.

**Mr. Swenson:** — Not if it's going to be a pain. I'm curious by it; I've always been curious.

**The Vice-Chairperson:** — The Provincial Auditor tells me he can provide some enlightenment with respect to this issue.

**Mr. Strelieff:** — Thank you. We've recommended in the past that all government organizations in their annual reports provide lists of who they pay money to, including Crown corporations like SaskPower. The government said that's not necessary. This committee recommended that the Crown Corporations Committee discuss and deal with that recommendation, and then said, we don't want to deal with it any further; let the Crown Corporations Committee deal with it.

It doesn't prevent members of this committee from asking questions from any corporation or any agency about who they've paid money to; it's just that in their annual reports you won't get a list of who they paid money to. You'll have to ask questions to sort that out. But it doesn't prevent you from asking questions of government organizations about who they paid money to, whether it's people or suppliers.

**Mr. Swenson:** — Okay. Because I've always considered this committee to be the most open and useful committee of the legislature, at least to date. And I would hate to be sitting here — well I won't be sitting here — but somebody sitting here saying . . . asking a question and a response being: no, you have to ask that in Crown Corporations. You know.

**Mr. Strelieff:** — My understanding that this

item on paragraph 14 does not touch that. I mean this committee can ask questions of any government official that's at the table about any matter pertaining to spending of money. This is just what goes in the annual reports, and what this committee did was refer that to the Crown Corporations Committee.

**Mr. Kraus:** — It's actually intended to expand the information you may receive as a legislator, except that they're letting the Crown Corporations make . . . (inaudible) . . . as to how much additional information should be provided to you.

**The Vice-Chairperson:** — Okay, are you satisfied with that explanation?

**Mr. Swenson:** — I'll have to watch it from on high.

**The Vice-Chairperson:** — Okay. Under paragraph 28 it says:

The committee noted that the Minister of Finance agrees and the government has implemented the recommendation.

And it is suggested that that be changed to take out the word, recommendation, so that it would read:

The committee noted that the Minister of Finance agrees and the government has implemented each subrecommendation by the issuance of a directive or the implementation of policy and procedures.

This is the exact wording of what we said, so it's being changed to reflect what we actually noted rather than what it says here that we noted. Is that change agreed? Okay. Moving along . . .

**Mr. Swenson:** — . . . (inaudible) . . . that you said this change happened and that . . . Can you tell me what procedure is being changed? Where does that show up?

**The Vice-Chairperson:** — That would show up at page 697 of the verbatim which maybe I have here. No, I don't, but I'm sure the Clerk does. I think what happened was we had changed the wording at some point.

While we're trying to find that, Mr. Kraus, can you explain how this information is recorded?

**Mr. Kraus:** — Each of the items . . . We're talking about the Office of the Executive Council?

**Mr. Strelloff:** — Paragraph 28.

**Mr. Kraus:** — Well the Office of the Executive Council, as it says, is responsible for ministers' salaries, so the salary that a minister receives as minister is reported in Executive Council.

In the second case, ministers aren't to accept goods and services without charge from Saskatchewan government organizations. So of course that's a policy they're supposed to adhere to. There's not much we can really report on there. Am I on the right . . .

**Mr. Strelloff:** — In paragraph 28 where it says that the costs and expenditures of goods and services required for minister offices will be reported. I just can't remember how that takes place now.

**Mr. Swenson:** — I mentioned . . . (inaudible) . . . laid out any place. I just wonder where, where that'll happen. It says the Minister of Finance agrees and has done it already according to the way the chairman changed the wording, so if it's done already I just wondered where it shows up.

**The Vice-Chairperson:** — Okay, I'm looking at pages 696 and 697 of the verbatim which is from October 26, 1994 and it reads: Mr. Cline had (this is the Chairperson speaking . . . he says):

Mr. Cline had a note again and it was to note the government's response. And the government's response was it agrees and has implemented each subrecommendation by the issuance of a directive or the implementation of policy and procedures. Do we have agreement on that? Agreed.

So what we're saying is that this says the committee noted that the Minister of Finance agrees and the government has implemented the recommendation. And what we actually said was the government has implemented each subrecommendation by the issuance of a directive or the implementation of policy and procedures.

So in other words, we're simply saying what

we said — which is always a good thing to do — rather than saying what we didn't say. So having said that, does anybody have a problem with changing this to say what we said, rather than what we didn't say?

**Mr. Upshall:** — The only problem, Mr. Chair, Mr. Swenson's point is well made. The fact that they've agreed to with . . . by the directive they have started the process of implementation. I don't think we've seen any results of it yet, I think that's what Rick was getting at.

**Mr. Swenson:** — I wondered where it showed up.

**Mr. Upshall:** — I think the directive has been sent, but I don't think there was any result yet.

**Mr. Carlson:** — If I could just speak to that. I think part of the problem is that *Public Accounts* isn't going to be reporting everything by any means and I just go to the last point. The Office of the Executive Council, for example, should keep track of furniture and equipment for ministers' offices and account for that furniture and equipment as it moves around from minister to minister.

And there's things like that that you'd find in any department, that they have records they keep. The auditor can certainly audit that, but it isn't the type of thing that you would report in the *Public Accounts*. So some of this stuff isn't going to be appearing in *Public Accounts*.

**Mr. Stanger:** — Mr. Kraus, in other words, it is accessible if the auditor wants to look at it?

**Mr. Kraus:** — Yes, I would . . . yes.

**Ms. Stanger:** — But it isn't going to report that XY desk moved to PQ office. Is that what you're saying?

**Mr. Kraus:** — Yes, that's right. The Department of Executive Council has been charged now with keeping track of the furniture and equipment that's used by ministers and that is a set of records they have to keep. They're a matter of public record. The auditor can look at them. And I assume that if somebody wanted to request them as a citizen, they could probably receive that information through FOI (freedom of information) or otherwise.

**Mr. Swenson:** — I'll ask a question then, of the auditor. Do you believe that there should be a separate place for something like that, or is it as Mr. Kraus said, just stuff that's there and you can go find it already?

**Mr. Strelloff:** — Members, my understanding of the recommendation is that the costs and expenditures of goods and services required for ministers' offices will be reported, reported in a public way, so that you and whoever else wants to find out how much it costs for goods and services required from ministers' offices, you will be able to find out. That's what the words say to me and I think that's reasonable. I just couldn't remember what the mechanism for reporting that information is publicly. Is it in the *Public Accounts*, is it somewhere else? And I just . . .

**Mr. Kraus:** — It's possible that there could be additional information that they might provide in an annual report, but we have just enormous amounts of administrative information that while you have to keep track of it, you don't make it public.

**The Vice-Chairperson:** — Well what I would remind the members of the committee that what we are considering here is not our report but an appendix to our report. This appendix is intended to note what we decided, okay?

You can get into a debate as to . . . or renew the debate because this actually was debated for quite some time before the recommendation was arrived at. You can renew the debate as to whether it's the correct recommendation or it might be better done, but this is an appendix simply of what we have decided. And I would remind committee members of that.

**Mr. Upshall:** — Well you almost said what I was going to say. If there's a difference of opinion of opposition members on this report, then we can always remove that section and put it back, because we're not done the others, you know, we're not finished with the accounts.

I mean if that's the wish of Mr. Swenson, I don't think we should . . . in here is the place to rehash that issue; here is the place to review the initiatives that we've put forward and accept them or reject them.

**The Vice-Chairperson:** — I think that's a good

suggestion. Although I'm not even sure that this recommendation is one that is included in this proposed seventh report. This is a recommendation that was made on October 26, 1994 and has already been made in a report to the legislature. And this is intended simply to say what our recommendation was, except that it does not accurately say what our recommendation was, so it's suggested that we change it to read what the recommendation was. But if people have a problem with that, then we don't have to do that. We can report what the recommendation wasn't.

I don't have strong feelings about it one way or the other.

**Mr. Upshall:** — Well I would move that we accept the change in wording and we'll see how it goes.

**The Vice Chairperson:** — Is that agreed? Okay.

Now any other comments or observations about the contents of the seventh report? Seeing none, is there . . . would somebody like to move that the seventh report of the Standing Committee on Public Accounts be adopted as amended and presented to the Legislative Assembly? Mr. Upshall. Okay. All those in favour? Agreed.

Now the next question is, when do you want to report? Do you want to report this afternoon or tomorrow? And I might ask the question, first of all, when is Mr. D'Autremont expected back?

**A Member:** — Tonight.

**The Vice-Chairperson:** — Tonight?

**A Member:** — 9:30.

**The Vice-Chairperson:** — Okay. So perhaps tomorrow would be appropriate then; Mr. D'Autremont could present the report. Is that agreed? Okay.

Okay, I think that is all the business we have to deal with today. Do I have a motion to adjourn? Mr. Serby. All those in favour? Thank you.

The committee adjourned at 9:12 a.m.