

Public Hearing: Department of Justice

The Chair: — First of all, I would like to welcome the members of the Department of Justice, Mr. Cotter, and officials. I would like to briefly go over the procedure we've been using in these deliberations.

Firstly, we ask the Provincial Auditor and his personnel to give an overview of the appropriate chapter of his report. After that I'm required to read into the record a statement for the witnesses and then invite you to reply, in a general sense, on behalf of this department. After which we open the floor up to questions from members of the committee. And finally, we move to deal with each of the individual recommendations specifically to see what the status of those issues are.

So with that, I would like to firstly . . . I've been remiss in doing this, is giving the opportunity for the Provincial Comptroller to introduce people that he has here today.

Mr. Paton: — Mr. Chairman, I have with me today Jim Fallows, who's the manager with the financial management branch.

The Chair: — Thank you very much. And I'll turn it over to you, Mr. Strelloff, and include introduction of the people you have with you today, please.

Mr. Strelloff: — Thank you, Mr. Chair, members, and officials. Good morning. With me today are Fred Wendel, assistant provincial auditor; Bob Black, Loyd Orrange, and Curtis Smith, as well as Ray Bohn, who's going to read us through the chapter 11 of our spring report pertaining to the Department of Justice. Ray.

Mr. Bohn: — Thank you, Wayne. As Wayne mentioned, our report for the Department of Justice is chapter 11 beginning on page 223 of our 1996 spring report. Our report actually relates to our audit of the department for the year ended March 31, 1995.

Now I'll briefly go through the highlights of the chapter with you. On page 223, paragraphs .03 and .04, we provide information on the appropriations and revenues managed by the department. Additional information about these revenues and appropriations appear in volume 2 of the *Public Accounts*.

The components of the department's expenditure of 172 million are listed in paragraph .04. As you can see from this paragraph, the largest components are for police services, adult corrections, and operations of the court systems in the province. The larger components of the department's revenue of 50 million are from court services, fines and registration fees, and \$15 million from land titles registration fees.

Paragraph .05 shows the department is responsible for the operation of a number of trust and special purpose funds and certain Crown agencies. And there are 10 of these agencies in total.

On page 224, paragraph .06 contains our audit conclusions and findings. Firstly, in our opinion, these financial statements for the funds and the agencies listed in paragraph .05 are reliable.

Secondly, we're able to provide assurance that the department and its agencies had adequate rules and procedures to safeguard and control their assets, and comply with authorities governing their activities except as we report otherwise in this chapter. And you will note as we go through the chapter that the department has already dealt with many of the issues.

Moving to the matters that we have reported, in paragraphs .07 to .13 we report the department's rules and procedures for preparing internal financial reports need improvement. We first reported this matter in our 1993 annual report. Since that time the department has undertaken a thorough review of its internal policies and procedures for financial reporting, and based on this the department has made several improvements in this area.

Paragraph .10 on page 225 lists some of the improvements that were made during this audit year. Since that time there have also been other improvements since, such as the use of an automated budget and forecast system to improve the information available for managers. The improvements made by the department have been such that we can say the recommendations in paragraph .12 have been fixed by the department. The department has also made good progress with regard to recommendations in paragraph .13.

In paragraphs .14 to .19, we report the department needs to better segregate the duties of employees using its fine-collection computer systems. We note in paragraph .17 that employees that received cash also have unrestricted access to the computer records of money due to the department.

In paragraphs .20 to .27 we report the department does not have a current financial agreement with the Government of Canada for firearms control. The last agreement expired at March 31, 1993. We do understand that the department has recently entered into an agreement with the Government of Canada for firearms control, and we also understand that the term of the agreement is for the period April 1, 1993 to March 31, 1997.

In paragraphs .28 to .32 we report that the department's regional and branch offices, such as court offices or land titles offices, do not always follow the financial administration manual guidelines issued by the Provincial Comptroller for the receipt, recording, and deposit of public money. This matter, and specifically our recommendation paragraph .32, have been fixed by the department.

In paragraphs .33 to .38 we report the department did not follow FAM (financial administration manual) guidelines when it changed its JAIN (Justice automated information network) computer system, and obtain the required Provincial Comptroller's approval for the change. This matter, and specifically our recommendation in paragraph .37, has been fixed by obtaining the approval of the Provincial Comptroller for the change.

On page 230, we report on the correctional facilities industries revolving fund managed by the department. And in paragraph .39 we provide a brief description of the fund. And the description is that the department uses the fund to finance and account for work programs intended to reduce the costs of operating, maintaining, and repairing correctional facilities as well as improving inmate work productivity.

In paragraphs .42 to .46 we report the department should follow the financial administration guidelines for extending credit to customers. This matter, specifically our recommendation in paragraph .46, has been fixed by the department.

And paragraphs .47 to .52 we report the department did not comply with financial administration manual guidelines with regard to inventory records. This matter, specifically our recommendations in paragraph .52, has been fixed by the department.

And lastly, in paragraphs .53 to .57 we report that the department needs to establish adequate rules and procedures to monitor the costs of large contracts. We think that the department's records should allow comparisons of actual costs for specific contracts to planned costs in order to know if the contracts are being completed within the planned costs.

Now that concludes my highlight review of the chapter.

Mr. Strelieff: — Thank you, Ray.

The Chair: — Thank you very much, Mr. Strelieff. I will read the statutory admonition, I guess.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as a subject of a civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

A witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, I ask that 15 copies be submitted to the committee Clerk, who will then distribute the document and record it as a tabled document.

You're reminded to please address all comments through the Chair. Thank you.

With that, Mr. Cotter, your general observations.

Mr. Cotter: — Thank you very much, Mr. Chair, and good

morning. I appreciate the opportunity to come and appear before one of the financial courts of appeal of the government.

If I could take a moment and introduce my colleagues who have joined us today. Keith Laxdal, who is sitting at the back and in the corner, is the associate deputy minister for finance and administration. Ron Hewitt, assistant deputy minister of courts and registry services. Dick Till is executive director of the corrections division of Justice. And to my left is Elizabeth Smith, the director of administrative services. And Stella LaRoque, assistant director of administrative services for the department. I think we all appreciate the opportunity to be here this morning.

If I could make just a couple of general statements or comments, and they really fall into two categories.

My mother and father live in Saskatchewan. They are retired. I try to think about the expenditures, particularly expenditures by the Department of Justice, as though I, we, are spending their money. And that personalizes a lot of the work that we do. And I think to a large extent it has helped me to be as disciplined as possible about the way in which we engage in the business of trying to provide services to the people of Saskatchewan in as an intelligent and as careful a manner as possible.

The second comment is that while I am told that some people are made nervous by the Provincial Auditor, our experience, at least my own, is that we have benefited from the work that the Provincial Auditor has done with respect to the Department of Justice, as well as an internal auditor that we have engaged to assist us.

And I hope that the impression you will have gotten from the list of audit observations and departmental responses would give you the sense that we have tried to take those viewpoints and expressions of concern or identification of shortcomings seriously and tried to address them as expeditiously as possible.

And for some of you I know, who have a particular interest in it, you will be pleased to see that we have at least been able to negotiate with the federal government the recovery of all of our costs with respect to gun control.

I think those conclude all of my opening remarks. Thank you.

The Chair: — Thank you very much.

Ms. Haverstock: — Yes, thank you very much. And welcome, Mr. Cotter, and to all of your officials. We're very pleased to see you here today.

I was most interested in your opening comments and am very pleased that you and your department measure everything in terms of accountability and in particular in the things that are in the best interest of Saskatchewan citizens.

The Provincial Auditor's office has consistently raised the following issues. The first is timeliness of reporting. The second, usefulness of accountability documents. The third, full disclosure of revenues and expenditures. Fourth, comparisons

of actual results to planned results. And of course they raise other things as well.

But I'm going to address those four particular issues this morning if I may, and also indicate to you what the actual mandate is of this committee. Because a lot of the time I think that some people who visit us as guests and others are surprised with the latitude that we have here, which of course is not a surprise once they understand our mandate.

We are not to call into question the rationale of government programs, but we can question anything regarding the economy and the efficiency of any administration. Having said that, I know that your department . . . and you are deputy minister in charge of the Saskatchewan Human Rights Commission, which reports to the Minister of Justice.

And some of the questions that I have this morning are specifically related to those particular four areas that I've identified and all of which are related to the Saskatchewan Human Rights Commission. So I'd like to begin by reviewing the annual reporting of the Saskatchewan Human Rights Commission.

Under section 26 of the Saskatchewan Human Rights Code, I quote:

The commission is responsible to the minister for the administration of this Act and any other Acts that are assigned by the Lieutenant Governor in Council to be administered by it.

So as a representative of the Minister of Justice, I'm very pleased that you are here to be able to clarify some things for me.

First, in the 1995-96 annual report — it's not yet available — according to section 49 of the Saskatchewan Human Rights Code, the statistics, regardless of whether they are available from the commission, are required by your minister, the Minister of Justice, within 90 days after the end of the period.

Now these statistics are not available either. The statistics have not been provided under an access request that was made in July of this year and the matter is now under review by the Information and Privacy Commissioner for Saskatchewan.

So I'm wondering, Mr. Deputy Minister, will the Minister of Justice make the annual report and these statistics available soon?

Mr. Cotter: — The answer is, certainly yes. You have brought to my attention, and particularly with respect to the freedom of information request, information that was not known to me.

If that is a sufficient answer, I would leave it at that. If it would be helpful between now and by the time we conclude this morning, for me to obtain supplementary information and further supplement that answer, I'd be pleased to direct one of the officials to obtain the information that you're asking about.

Ms. Haverstock: — Well one of the things . . . We're just such an easygoing committee here, Mr. Deputy Minister, that we most certainly would appreciate you providing information as quickly as you possibly can to people, but we don't expect it before you leave here today.

We most certainly would appreciate the release of these documents because it's going to clarify the responsibility of the government to provide these documents in a timely manner, which is one of the concerns.

Further, since the 1994-95 annual report was only released in February of 1996, it is also relevant to my discussions with you today and my concerns about timely reporting. The standing committee is not only concerned with the timeliness of annual reporting, but also to ensure that annual reports are useful accountability documents.

The Saskatchewan Human Rights Commission changed its reporting period from the 1994 calendar year to the 1994-95 fiscal year. Now the 1994-95 annual report states, and I'm going to give you a direct quote again:

In the interests of public accountability, future annual reports will be based on the fiscal year so that readers may compare commission expenditures and program activities for the same . . . (time). This is a transitional report for the fifteen-month period running from January 1, 1994 to March 31 of 1995.

The annual report includes statistics required pursuant to section 49 of the code. And in accordance with financial reporting procedures, those statistics in the annual report should be restated for the previous period, or in other words 1993-1994.

Without those related statistics, what we're really trying to do here is to compare apples and oranges. In fact it's profoundly difficult. For someone like me who requires that these reports be explained clearly, it was an impossible task in fact. We cannot begin to make comparisons between annual reports unless these statistics are provided. So I'm asking if these statistics will be made available?

Mr. Cotter: — If I understand the question, you're asking whether they will be made available in a pattern that is lined up segment by segment?

Ms. Haverstock: — That's right.

Mr. Cotter: — I can't give you an answer on that question today. As you are I think aware, the Human Rights Commission is an independent agency and reports to the minister. I would . . . I need the opportunity, if I may, to review the legislation to see the degree to which they are mandated to provide it in the form that you are indicating.

But you have my assurance that if there are mechanisms by which, without too great expense, that information can be provided in a fashion that is understandable — even if not mandated by the legislation — I will seek to have the

commission organize this information to provide it in that fashion.

Ms. Haverstock: — Thank you. It would be in fact very important for those of us who are trying to look at financial accountability to be able to make these comparisons, and at the moment it isn't even possible.

Mr. Cotter: — I understand your point. I hope that you would also appreciate the value of the commission trying to line up its reporting to match its financial period during which it spends the money. And I think what we are dealing with is, if I understand your concern, a difficulty in understanding the information during that transition period. And we are discussing whether that information can be provided in a clearer way, for that transition period.

Ms. Haverstock: — Yes. Well what . . . really what I'm saying, in summary, is the fact that this material hasn't been prepared and . . . or I should say continues to be delayed, it ends up raising questions for many of us.

I mean it raises questions for me about the commission, perhaps far more than I would raise; have questions raised about the minister's concern about the usefulness of annual reports as accountability documents. So it's I think vitally important for not only the public to be able to have access to a document that's useful or documents that are useful, but of course the minister would be in exactly the same position if he wished to review this material.

Now I must express concern with the administration of the code pursuant to section 44 and section 50. As you know, all statutes in Saskatchewan must conform to the code — all of them. Because that's the law. And statute must also conform to those decisions or settlements endorsed by the commission about the application of the code. These decisions or settlements regarding cases against the government have not been released. They're not available to the public.

In one case the commission awarded itself \$5,000 on the complaint of an individual for and I quote: "Commission advertising of the settlement and rights of survivors."

The complaint was against PEBA (Public Employees Benefits Agency). Now this agency is under the jurisdiction of the Department of Finance, and the award was ratified by the commission, December 21, 1993. This is one case where it's quite evident that the commission received revenues over and above that stated in their own budget.

Section 44 states, and I quote:

Every law of Saskatchewan is inoperative to the extent that it authorizes or requires the doing of anything prohibited by this Act unless it falls within an exemption provided by this Act or unless it is expressly declared by an Act of the Legislature to operate notwithstanding this Act.

So I have three questions related to this. The first is, has the government been granted any exemptions which might prevent

disclosure of these decisions and these types of settlements? That's the first question.

If you know the answer to that of yes or no, then you can actually respond now. If you don't, that's fine as well; we can receive that response in writing.

Mr. Cotter: — I'm not aware of any specific exemption but I'm not clear on the issue about disclosure and whether the issue you're asking about is the nondisclosure of settlements. Is that the . . .

Ms. Haverstock: — Yes.

Mr. Cotter: — I have not looked at the mandate or the policies of the Human Rights Commission recently, and certainly not in preparation for today's hearings. But based on my knowledge of the way in which the Human Rights Commission has dealt with other settlements, it regards itself as having the sole discretion to determine whether settlements will be made public or not.

And that a decision by the Human Rights Commission in a settlement of a complaint that you or any other member of the public might have with respect to a public or private entity, the decision to disclose or not disclose the settlement rests in the discretion of the Human Rights Commission. And its decision not to make a disclosure, it's not self-evident to me that that constitutes a violation of its Act or some other Act.

But I don't know the answer on the specific cases to which you are referring.

Ms. Haverstock: — If I may, just in response to what you have said, I believe that the commission does in fact . . . in fact is required to prepare written decisions. And that is part of the Saskatchewan regulations, section 13. And in fact I have a direct quote, again:

If the settlement attempt, whether before or after the commencement of a formal inquiry, is successful, an agreement in writing shall be prepared, setting forth all settlement terms, which shall be signed by the Director or Assistant Director. Such a settlement shall be reported to the Commission and copies of the settlement agreement shall be served on each party.

Now what I'm going to do is just finish these two questions because it does lead into something else which is related to what we're talking about, if that's all right.

Mr. Cotter: — I would just like to respond. What you have just quoted doesn't include, at least in my understanding of it, an obligation that the settlement be made public or published. We may end up differing on that and I can review that and provide a more complete supplementary answer.

Ms. Haverstock: — If you wouldn't mind, I'm not a lawyer so I most certainly would be interested in a legal opinion.

I guess in part what I'm talking about here is the full disclosure

of monies that will become part of the commission itself, as in the case of the PEBA example. I mean that in fact affected the revenues of the commission.

So I'm quite curious as to . . . I think that in and of itself is a very different kind of example and there should be some explanation when we're dealing with public accountability of monies, whether it be on the revenue or expenditure side.

Mr. Cotter: — I agree with you on that point, that this is a different kind of settlement where one of the recipients is the Human Rights Commission. And I'll try and look into the information around that specific event and communicate back through the Chair to you.

Ms. Haverstock: — Thank you. I have two other questions related to this. Has the government declared any Act in the legislature which might prevent disclosure of these kinds of decisions or settlements? And lastly, will the minister release a copy of this settled complaint against PEBA to this committee?

Mr. Cotter: — I don't know the immediate answer to either of those questions, but if you'll give me the opportunity, I'll respond through the Chair to both.

Ms. Haverstock: — Most certainly.

I do want to cite section 50 of the Saskatchewan Human Rights Code, which requires that, and I quote:

Sums required for the purposes of this Act shall be paid out of moneys appropriated by the Legislature for the purpose.

So I'm hoping that when you're researching this and providing answers to us, if you'd please cite any other cases where the commission would have received monies and how one obtains information about the revenue side of the budget.

Mr. Cotter: — I'll have to take some time to provide that answer as well. But in a general way, the commission has the ability to generate revenue, for example if it obtains awards for costs. That's in the revenue column and it doesn't immediately become available to the commission to spend because it has sort of a budgetary allotment provided by the legislature for its expenditures. Sometimes it exceeds it, as in '94-95 it did, but not by simply saying, well golly, we've made some money so therefore we can spend more.

But in terms of the questions specifically that you asked, I'll have to seek out that information and I'll provide it through the Chair to you.

Ms. Haverstock: — Thank you very much. In particular, I think one of the ways that would make this information most valuable would be if you'd provide access to the numbers that would be in sort of ledger accounts, the invoices of out-of-pocket expenses and other expenses, including staff allocations for the following kinds of things that would be related to what we've been discussing.

First, the actions undertaken to advertise the settlement and rights of survivors by the commission. And the second would be a random selection of expense categories as described in the statements of expenditures that have been actually prepared by the Saskatchewan Human Rights Commission.

And if this could be provided — part of the problem here is looking at something over a term, because individual years I've found, are meaningless, especially when you can't make comparisons. So if you could provide this information from '93 to '96 that would be useful, and a list of accounts plus copies of these statements of expenditures provided for additional information.

Now I've really given this request a lot of consideration. In fact what I will do, if in fact this would be most useful to you, what I'll do is take my information here and summarize it for you. I think you'll get the gist of how it fits within those four areas I described at the beginning. And it would make it far simpler for you, and I've prepared a letter as well for some of the more specific things for you today.

I wouldn't like to request any information that would violate the confidentiality of the commission's work. In fact it's one of the topics that we, as a committee, have focused on considerably, is confidentiality of information. So if you would provide copies of these documents with the relevant portions blacked out, if it's necessary, that would perhaps call into question of protection of people's privacy.

Such actions are legitimately recognized under section 8 of The Freedom of Information and Protection of Privacy Act, and it would be useful for me to understand how one determines what would be confidential information or not. So it would be really good for me to understand, if you're going to provide the committee with information and there's some information blacked out, if you could at least indicate why that would be.

I have a last request. Yes.

Mr. Cotter: — Could I just interject for a second on two fronts? In a sense, to respond to that one, to say in part it is a bit of a . . . like a freedom of information request, but we will provide it. And, subject to the requirements of The Freedom of Information and Protection of Privacy Act, and provide you as we do in the course of dealing with protection and privacy issues, reasons why any information cannot be provided. The legislation mandates us to do that.

Ms. Haverstock: — Thank you.

Mr. Cotter: — On the subject of — just so I understand it better and perhaps in the context of your letter I will — when you identified for example, actions to advertise the rights of complainants and settlements, are you looking for how much money the commission spent in a particular year and then the next year in the expenditure of money in those specific categories? Is that what we're talking about?

Ms. Haverstock: — I'm also look for the revenue side. If anything came to the commission as a result of something like

that, other than PEBA example.

Mr. Cotter: — Okay, sure.

Ms. Haverstock: — My last request concerns the code review report. This one right here and the resulting document — *Renewing the Vision: Human Rights in Saskatchewan*. That was released in July of this year. In the 1993 annual report, the commission stated the following and I quote: “The commission will issue its *Code* review report in 1994.” In the 1994-95 annual report, the commission stated, and I quote again: “The *Code* review report will be released within the next few months.”

Now it's fairly obvious from what finally happened that the code review report was long overdue. And on many occasions the Provincial Auditor has talked about comparisons of actual results to planned program results. Now if that information is not available for the code review report, I'm wondering if you could supply that information to this committee in light of the recommendation of being able to make comparisons between actual versus planned program results. I don't know if it's in the code review report, that kind of comparison.

Just to clarify this request, what I'm most interested in knowing is if monies have been re-directed from the commission to the code review report. And I'm sure that resources actually have been re-directed. This has been a situation in many departments, and both you and I and committee members know that the government has found it necessary to re-direct funds to ensure that they're spent correctly and so forth. But it would be very helpful to the committee to know whether resources were re-directed to the code review report.

Mr. Cotter: — Those would have been decisions taken by the Human Rights Commission with respect to the re-direction of resources. If I can interpret your question, it is primarily with respect to the money that was invested in the development of the code review report, when it was spent, and to what extent; if there were variances and greater expenditures than were originally budgeted for that report, where they came from, and how much pressure they put on — maybe I'm putting words in your mouth — but how much pressure they put on the Human Rights Commission's standard budget for activity.

I will endeavour to obtain that information. I can give you something of an answer now. A significant portion of the work that developed the code review was the work of the chief commissioner, Donna Greschner. And the way in which the chief commissioner has been paid has been with respect to an annual retainer, which is fixed at \$20,000 a year, and then per diems.

And to the extent that there would have been a re-direction internally, within the commission, of the use of its own budget to meet its objectives, it would substantially have been that Ms. Greschner, as I understand it, would have worked today on the code review report as opposed to perhaps being in the office to do office work. Or there may have been an additional day of work over and above her office work to be working on that. But I can provide that information as best I can obtain it from the

commission.

Ms. Haverstock: — That would be excellent, because in fact beyond this, which we fit into what exactly you're talking about, where we can see the actual versus the planned results or predicted results, if we can have access to the kind of basic ledger accounts, sort of invoices for out-of-pocket expenses, and sort of any other expenses, again including staff allocations, and this would be useful if you could include this — whether the expenditures were right within the Saskatchewan Human Rights Commission or that actually occurred somewhere else, okay; if it included some other department or agency.

Hopefully what this is going to do is clarify how the operations of the commission were directed towards the administration of the Human Rights Code, which is what I'm most interested in. Thank you so much. I appreciate this.

The Chair: — Any other members?

Mr. Aldridge: — Good morning. Could I just get you to provide just a bit of an explanation of the workings of the Agricultural Implements Board — what its purposes are and how it functions.

Mr. Cotter: — Today I can probably only do that in the most general way. And knowing your background, sir, you may be more knowledgeable than I on this topic.

The board has existed for a very long time. It maintains and reviews the market environment with respect to the availability of agricultural implements into the province. There are, as you may know, a set of legislative pieces that provide protection to people who acquire agricultural implements, a rather unique and long-standing special protection for people who acquire agriculture implements, who have direct access to claims against manufacturers for those implements even though they may not have bought them directly from the manufacturers.

And the Agricultural Implements Board oversees complaints about accessibility and quality with respect to agricultural implements. It is not an extremely busy entity but one that performs, I think, what we have seen as a legitimate and needed function in Saskatchewan and the other prairie provinces, where the boards tend to operate similarly.

One of the things that I didn't mention was that there is as well, a modest compensation fund which the board administers, which can pay compensation to farmers or defray expenses related to investigating or hearing claims for compensation under the Act, and is able to maintain a modest reserve fund to pay compensation, or to maintain a modest reserve for the potential payment of compensation in the future.

Mr. Aldridge: — Has there ever been an instance where any claims have been paid from the fund? And if so, perhaps when would be the most recent example of such occurring?

Mr. Cotter: — There were four or five cases last year and the . . . I'm now referring to the year ended March 31, 1995 — four

or five claims. The total amount paid out that year was just under \$10,000. The cost of the investigations and hearings with respect to them was about \$5,700.

Mr. Aldridge: — Then the Ag Implements Board, at one point in the province — and I might stand corrected on this — but at one point, I believe there was legislation in place where it was required of implement companies to provide parts for agricultural implements within a certain period of time. Does that come under the jurisdiction of this board, or is that something separate?

Mr. Cotter: — The question you pose is one typical example of a claim that might be made, where implements or parts for implements are not provided in a timely way or made available to a farmer. The board can provide compensation to the farmer for a loss as a result of that.

And there are assessment levies. I don't know whether those levies are imposed on the retailers or at the manufacturer . . . (inaudible interjection) . . . on distributors that contribute to this fund that gets maintained for potential claims, now or in the future, where a farmer can't access in a timely way the parts he or she or it might need to do their agricultural work.

Mr. Aldridge: — I guess I would maintain then that something needs to be done to keep farmers advised of that being in place for them, because I believe that we're running into more instances all the time where agricultural parts aren't available within the period of time that they should have been required by statute. And perhaps the lack of claims on this might have to do more with just the people not realizing that this is a recourse available to them still. I know at one time it was more readily apparent to the general farming public than it is today.

I have no other questions. It was just that final comment.

Mr. Cotter: — I'd just say on that that I think the point you make is quite a good one. There may be an opportunity to provide a greater profile to the work of agricultural implements boards. One of the things that we have been looking at as a possibility is the degree to which our work and the work of the Manitoba and the Alberta boards could be harmonized.

And if that opportunity presented itself it might be an opportunity, both to achieve a kind of an efficiency and at the same time communicate to the public, the significance of the board for those who may have a claim and haven't realized the possibility.

I think I agree with the point which you have made.

The Chair: — I note that there are no further general inquiries by members so we will move to the specific recommendations if we could.

And the process has been, Mr. Cotter, as we go through it, to ask you on behalf of the department to update us as to what the status is in the specific recommendation and then we can respond appropriately.

So the first recommendation, I note, is on page 225, recommendation .12.

Mr. Cotter: — Mr. Bohn indicated we have responded to this, and I think implemented the direction with respect to written policies and procedures for providing periodic financial reports for the approval of the deputy minister. We implemented a new budget forecast system in 1994 to provide standardized and better forecasting procedures.

In my capacity as deputy minister, I review and approve each monthly fiscal forecast. Periodically during the year, I engage in a more intensive review of, particularly variances, both upward and downward, and the possibilities for variances within the budget. And primarily about half-way through the budget year when we have a fairly good understanding of where we are likely to be going based on activity levels, I engage in a tighter review. In fact it commonly is done following our October or November forecast. That exercise is under way now in the department for the year, budget year, we are presently in.

I think that covers the responses to no. .12. I think we have complied with this, and I don't remember the exact words Mr. Bohn gave, but I put a check mark beside it to remind myself that I think we're in agreement with both his recommendation and our response.

The Chair: — The committee concurs with the auditor's recommendation and notes compliance. Agreed.

Point .13.

Mr. Cotter: — This is a recommendation with respect to the improvement of internal financial reports. I think we have improved internal financial reports and engaged in two or three pilot exercises with respect to trying to monitor more effectively, activity levels and match them up with budget and expenditures and forecasts. We have obtained some success but not a great deal of success in that regard. I share with you frankly, the exercises we engaged in, with only moderate success.

But having said that, I think we have improved our internal financial reports and are monitoring other opportunities within the department to try to match up activity levels to budgets. In particular, we have seen the value of that in our . . . now I'm not talking about 1994-95, but more recently in our land titles operation to try to ensure that the expenditure patterns that we are engaged in are matched up with both the revenue patterns and our activity levels in land titles.

So I think we have complied with this and continue to look for opportunities to improve the relationship between our financial reports and our activities.

Mr. Toth: — Land titles.

Mr. Cotter: — I made a terrible mistake mentioning that.

Mr. Toth: — I thought that might catch someone's attention.

Anyway the question I have is, what type of revenue is generated through land title transfers or even . . . and the question I'm going to be coming to is dual — I don't know what you would say — ownership on land titles?

Mr. Cotter: — I missed the last part, Mr. Toth.

Mr. Toth: — Where you would, say, bring your wife's name and put your wife's name on so you've got co-ownership of a title.

Mr. Cotter: — So I guess the question is, how much for an individual transaction as opposed to the whole system?

Mr. Toth: — Right.

Mr. Cotter: — Are you thinking here of a transfer of a piece of land to a couple?

Mr. Toth: — Well yes. First of all, I'm wondering what type of revenues are generated through land transfers and title transfers.

Mr. Cotter: — From the total system?

Mr. Toth: — Yes.

Mr. Cotter: — Just over \$16 million is the budgeted number. This year we are seeing substantially higher revenues than that. Activity levels are good in land titles but the budgeted number is in that \$16 million range.

Mr. Toth: — The question really coming through is, okay, you're talking of \$16 million in revenue is joint ownership of title. And let's say where a husband then puts his wife's name or brings his wife's name forward on a title so you've got joint ownership, and the question I really do have is, a number of years ago — I don't know how long it was ago — you could go to an insurance agent or somebody who was in the business of selling properties, and they could generally do a joint ownership title transfer.

And I relate this because it comes directly to something that happened to my place. In our situation, where I decided to do the same thing, I was told that I had to go to a lawyer, go see a lawyer. And I'm not sure, but I think I probably paid 10 times as much as I would have to the, to the . . . just dealing with the individual who used to handle it, as far as the local salesperson for properties.

And I'm wondering why we would have moved and just put it in the hands of lawyers versus leaving it with . . . leaving people with a choice of where they wanted to have that joint ownership title transfer handled.

Mr. Cotter: — Just to be clear I guess, about whether any change occurred, was the change directed or guided or supervised by the Department of Justice, the answer to that is no. I think the issue you are raising is the degree to which people who are not lawyers, who may have engaged in providing that kind of service to you, are now disentitled to do that because, in the view of the law society, that constitutes the

unauthorized practice of law. You yourself can do it, but you can't hire somebody other than a lawyer to do it because it — for a fee . . . because that's practising law, in effect, without a licence.

So I think the issue you raise is whether now, having to pay significantly more to a lawyer for the doing of that work — and I don't know how much you would have had to pay . . . and the issue of how much additional value you get.

I can't answer in the specific instance, but I think it is fair to say that the world has become more complicated with respect to the legal rights concerning land, as it seems to have done in almost every area. And there are often significant rights consequences to those kinds of transactions, and in general terms lawyers add value to you in enabling you to know what the consequences are.

I can't say specifically whether your transaction was so simple and straightforward that such value didn't need to be added. I don't know on that front. But that's the basis upon which the legal profession has said, this is important enough in terms of the work and has sufficient legal consequences for people, that it shouldn't be provided by somebody who doesn't have the expertise.

We get a lot of complaints about this area, both from people who are required to use lawyers, and sometimes complaints from lawyers when the land titles system tries to assist, because they don't want the land titles system to be practising law, in their view.

Mr. Toth: — So basically that's an interpretation. Unfortunately you're dealing with the legal profession, whose interpretation is different than somebody else's. But what I'm wondering is, when that change came about, was that change . . . did the change result . . . or did the legal profession come to the department asking for some specific . . . or some particulars that said that they must? Because when I went to the local agent that we've usually dealt with in land transfers before, he basically said no, he can't handle it any more because the law society's taken it over.

So how, how would that transfer have happened? If I understand you correctly, I still could do it on my own. I probably could seek a little assistance from somebody who's been familiar with the process, but they couldn't charge me for it. And I guess I'm assuming that as a change . . . the change that came about came about as a result of, not necessarily legal action, but the Department of Justice would have been aware of it as a result of the law profession. And that's the issue I raise.

Mr. Cotter: — What would have happened, would be that the legal profession would take the view that that particular activity constitutes practising law without a licence. They wouldn't have to come to us. There wouldn't have been a change in the legislation. There is a provision in there that now addresses what's called the unauthorized practice of law. It is a matter of interpretation, ultimately able to be determined by the courts, as to whether what was happening in a particular situation constitutes practising law without a licence or not.

And in that particular case, as I understand it, the view was taken that providing those kinds of services did constitute the practice of law and only lawyers can do it.

If I could just . . . I guess taking the transfer of land into the name of a couple, the simple issue of whether it is in joint tenancy or tenancy-in-common. I don't know the level of your knowledge of these kind of questions, but certainly before I went to law school I didn't appreciate the distinction at all. But it is very significant, particularly in the consequences that flow on the death of one of the parties.

And you might have a particular concept in mind, but the phrase joint tenancy and tenancy-in-common is not self-evident, I guess, as to what the legal consequences are. Joint tenancy means if you die, the other person gets it all. Tenancy-in-common means if you die, your estate gets the half that belongs to you, and there are a series of mechanisms for sorting that out. Well somebody might be pretty unhappy if it turns out that their spouse passed away and the property then went in an entirely different way than they had in mind.

So that's an example, a simple one I think, of where lawyers see that they provide sophisticated — maybe not particularly sophisticated in this case — advice in terms of land transfers and took the view, and it has been sustained that their view is a correct one on these points, that this is the practice of law.

I understand the dilemma with respect to cost and occasionally I have to buy legal fees and I ask the same question: am I getting value for this that I couldn't get somewhere else at a lower cost? But I do think that in the world that is continuing to become more complicated, there is a reasonable argument to say that many services that are provided that the legal profession regards as the practice of law, that they are right in.

Mr. Toth: — Well I guess the concern I had was that there was something that . . . legislation or regulation that basically changed that and really took away that right of an individual to choose a realtor or whatever that you're dealing with to handle that, as we have had in the past. So really it really isn't something that has come as a result of a judicial . . . or decision by the Justice department but basically the law society themselves have chosen that.

So an individual could still choose, if they want, to talk to a realtor about it or go on their own versus hiring a lawyer. The only part you may face is there's some, maybe some law firm who may take exception to that and frivolously take you to court. I think there's too much . . . I think you made the comment earlier that the complex society . . . In some ways I think the legal profession has really made the society complex by almost demanding that we utilize their services.

And that's the part that I have a major concern with and maybe that's something that comes down to some human rights issues as well in giving people the ability to feel that they have some other options other than always having to retain the services of a lawyer that may or may not be in your best interest to serve you well. It depends how the outcome of the case is, the result at the end of the day. But I thank you for your comments.

Mr. Cotter: — I just wanted to say that I agree with all, almost all, of what you said. If you choose to do it yourself, the law society can't and won't take issue with that. You can do whatever you want for yourself. It is others who would be doing it for you who might not be licensed who would be engaged in the practice of law.

The Chair: — On item .13 we concur with the auditor's recommendation and note compliance. Oh I'm sorry, Mr. Flavel.

Mr. Flavel: — Just before we go to that, one short question. And good morning to Mr. Cotter and the officials. On the fees that the land titles charge, for whether it be transferring or adding a name to the title or whatever, are they a set fee or are they in relationship to the value of the property?

Mr. Cotter: — The answer is actually both, Mr. Flavel. Some basic services are just a set fee of so many dollars. But some of the services, such as the transfer of a property from one person to another, are based on the value of the property.

The reason for that is that one of the things the land title system does, is it provides insurance for you if there's ever any mistake made; so that you are able to be compensated from an insurance fund. And obviously a \$10 million transaction generates the potential for insurance with respect to \$10 million as opposed to \$10,000. So there's a kind of a justification for having the fee for the transfer, and the title being insured in effect, tied to the value of the property.

Other services that are more basic — filing things, searches — are set fees.

Mr. Flavel: — I guess I knew that ahead. I wanted it in the records that that . . . What has been brought to my office, and I guess maybe I agree with this in some way, that if you could average it out, everything below \$100,000 or something . . . because it is disturbing for me to go in and buy a quarter of land and have to pay a thousand dollars more than the guy across the road because he didn't pay quite as much.

And all they actually did — I know your insurance is it — but when I see the forms, all they actually did is maybe added one zero somewhere. And it didn't justify, for me, paying an extra thousand dollars. I mean I could add those zeros cheaper than that. And that's the only difference in the forms.

Now I understand your insurance, but have they ever looked to say, okay, everything from 10,000 to 100,000 would be one cost and everything from 200 to 3,000 . . . averaging it out and so there's more consistency?

Mr. Cotter: — It's one of a number of options we are presently looking at. As many of you may know, we are in the process of modernizing, automating, and in the — I hate to use this word — in re-engineering the land titles system so that it, we think, will be an outstanding system. It's not right now but it will become an outstanding system for you.

And one of the exercises there includes whether we should be

significantly reorganizing our fee structures. And one of the options is along the lines that you described.

And we would welcome, if you have constituents or colleagues who have a view or a voice on some of these, we'd welcome this, because the exercise we're pursuing right now is to try to produce for you, and for my mother and father if they ever have any land titles business, as good a system as we can and one that makes the most sense both in terms of service and in terms of how the revenue is generated sensibly.

Mr. Flavel: — Thank you.

Ms. Stanger: — I just wanted to make a comment on the LAND (land titles automated network design) project. We really appreciate, and so do the realtors in my area and people in the credit unions and banks that work with the land titles, the ability to have input. And when the Minister of Justice was down in my constituency this fall, he met with a number of people and they are quite thrilled with the project, seeing as it's going ahead. And certainly we will give you input into it.

And even though we're a bit behind someone like Alberta, at least we are able to now . . . because they were ahead of us — they had some bumps in their system — and we're going to be able to, because of their experience, iron some of those out. So maybe in this case it wasn't so bad that we're a little bit behind.

It was really the last's fallen. For a while there it was really bad in the land titles office and I was getting a lot of complaints, but I think in the end when we're done with this LAND project, we're going to have a good system.

Mr. Cotter: — Until those comments, I was sorry to have uttered the words land titles. But if I could say, and a lot of the favourable feedback we're getting about the new system that we're working on as opposed to the old one, is due to the work of Ron Hewitt and his colleagues, who have been consulting extensively.

I am hopeful that, like has happened with our personal property security system — not nearly as elaborate a one, but in my view easily the best in the country and probably the best system in North America — we will get to the same stage in a couple of years with the land titles system, as having gone from last to first, or close to the worst to the best, or close to the best in the system. But we want it to be best for your constituents, for the people who actually use it. And that's the value of the input for us. Thank you.

Mr. Toth: — I'm going to make just one more comment, Mr. Cotter. You talked about changing it and simplifying the process. I'm not sure, but is it possible to do an automated, drive-through, teller-type system?

Mr. Cotter: — We won't probably have it drive through, but there will be some things, maybe the kinds of things that you were asking about a little bit earlier, that you will be able to do if you have a computer at home on-line with the land titles office. And I think we will end up with a really terrific system that is so much more accessible, hopefully no more and maybe

less costly, and a lot faster — which I think is the concern that many of your constituents are speaking to these days.

Mr. Sonntag: — Could you develop a system as Mr. Toth describes where there will also be the ability to make withdrawals and not only just deposits?

Mr. Flavel: — I have one question — but I want to pick up on Mr. Toth's. I have had constituents in my office that would very much have liked to drove through land titles whether there was an opening or not — one question I want to ask. If in a transfer of property — and this has nothing to do with land titles I guess, this is lawyers and the lawyer at the . . . this is where I'm going . . . (inaudible) . . . \$200,000 is taken from my account and put in trust until the transaction takes place.

If it takes five months, six months, is there interest on that and who gets the interest? I guess there is a concern out there from myself and I guess this is more of a personal thing . . . (inaudible) . . . constituents, but sometimes the lawyers drag their feet and collect the interest off of this trust account.

A Member: — Say it's not so.

Mr. Cotter: — It is a somewhat cynical view of lawyers I think, Mr. Flavel. Let me give you the complete answer to that. I'm happy that now that we left Ms. Haverstock's very hard questions on the Human Rights Commission, we moved to one that at least I know the answer to today.

The way in which things work is that lawyers take that money and they can do either of two things with it. They can put it into their general trust account, and commonly that is what is done with amounts that are not as large as \$200,000 for six months. Or they can take the 200,000, and if they know that it is going to be held for a period of time, set up a separate account in your name so that the money is held specifically for you in a sense.

And then the interest, interest is earned in both of those accounts — I'll mention if I may in a moment the level of interest, which is these days very modest — but the interest is earned in either of those accounts while the money is sitting in a bank or trust company or credit union. In the case of the one that is held under your name, then the interest is paid by the lawyer when the lawyer draws the money out to you or it's to your credit.

In the other case, the interest is basically earned in a general fund and paid periodically by the financial institution to the Law Foundation of Saskatchewan, which is set up under The Legal Profession Act, a separate, non-profit foundation operated by appointees of the Minister of Justice and the law society.

And they use . . . that money is held . . . once it comes to them, it is either spent or invested by them to earn money in kind of on an endowment basis to fund a series of good works related to legal education, law reform, legal aid, those kinds of services — a set of three or four specifically designated categories where that money can be invested.

I know that a little but because I'm a member of the board of the law foundation that makes decisions in the spending of that money. And what lawyers commonly do in determining whether it should be money that sits in this general fund or money to the credit of Dale Flavel, MLA (Member of the Legislative Assembly), is whether it's going to earn a respectable amount of money that justifies going through the process of setting up the separate account. So that if it is going to produce a reasonable amount of return for you, then lawyers commonly do that.

Today, to give you an idea of the level of earning that money held in either of those trust accounts, the one for you or the general one the lawyer has, right now the banks pay and the credit unions pay prime minus four or four and a half per cent. Prime is 4.75 today, so that some of those accounts, most of those accounts, all of those accounts, are paying less than 1 per cent, and some of them are paying only one-quarter of one per cent. This is an issue really of trying to get the banks to pay a, if I can use this phrase, fair level of interest on this money.

I was at a meeting of the law foundation 10 days ago where one of the members of the foundation, Gord Wicijowski, who is a very well-respected chartered accountant here in Regina, said if the prime rate goes down very much lower, we'll be starting to pay the banks to hold the money for us.

So right now that money is earning such a low level of interest that it would be — for a respectable amount of money but held only for a short time — the return would be so low that probably lawyers are not setting up those separate accounts right now. But if the return is respectable and worth the cost of setting up the account for you and the time and expenditure and the extra transactions that are necessary, lawyers commonly do that and are I think, in my view, very responsive to their client interest in that regard.

Because they don't get the money and it is in the client's interests, if there's going to be a reasonable return to the client, to see that they get it. It makes the client more appreciative of the lawyer.

Mr. Flavel: — I guess you can appreciate from my point of view, as the money leaves my account or I've got a loan, and if that is tied up for four months, I am paying interest on that at maybe 9 or 10 per cent while it sits in that trust account, and I have not got anything for that money. Like I don't have value of the land, I don't have anything taken over, so there's a problem there.

Also I guess I have a problem with the general fund that I am giving the services of a lawyer, and he is earning the interest off of my money, and I'm paying for his re-education is what you're saying; and boy I'll tell you, I have a problem with that.

Mr. Cotter: — Well if I can respond in terms of what the money gets spent. It's not so much for lawyers' re-education, and even some services go to, for example, the Bar admission course. And the view that's taken by the law foundation is that you benefit if lawyers are reasonably well educated in getting over the Bar, so to speak. But a very substantial amount of the

money of the foundation goes to public legal education, which is actually educating the public about the law.

The law foundation provides a grant every year in excess of \$300,000 to the public legal education society of Saskatchewan, which I think provides good value for the people more directly in knowing about the law.

The foundation provides \$55,000 a year to the operation of the Law Reform Commission. I think that's good value as well. That's reform of the law ideas for all of us. And while some of the money, for example, supports the University of Saskatchewan faculty of law — for example, there was an endowment eight or ten years ago to establish a Chair at the law school — most of the money, I think, ends up being invested in ways that are either directly or indirectly beneficial to the people of Saskatchewan.

It's not a new idea. It exists in every province in the country, virtually every state in the United States, and has been in existence in Saskatchewan since 1973.

The Chair: — Recommendation .13, that we concur with the auditor's recommendation and we note good progress? Agreed.

.19.

Mr. Cotter: — This is an issue of some significance to the department in the operation of its Justice automated information services. And we have made some progress here with respect to an expectation of employees that they maintain confidentiality with respect to their user numbers.

And we are working toward trying to organize the system so that transactions can only take place where each transaction is operated on the basis of the individual's user number being entered. This requires, for us, fairly significant and probably six-figure expenditures in the redesign of a fairly old and not ideal system for the automation of information in the department. We haven't had the resources to do that.

And one of the questions for us is the value of investing, say in excess of a hundred thousand dollars, to tighten up a system to address transactions of probably a hundred dollars, which are able, through some spot-check auditing done by the internal auditor, to be picked up subsequently.

So in same ways, while the criticism is perfectly legitimate and there are ways of tightening up the system, we are struggling with the question of whether we can capture the money to do that and whether it is a worthwhile expenditure to do it when we can, in a — I never know whether these words are right — in a post-audit exercise, be able to check to see whether most, if not all of those transactions . . . we discover irregularities that need to be investigated.

So our dilemma right now is, how much money ought we to spend to ensure that an individual employee is absolutely unable to enter and then remove a fine from the system and pocket a hundred dollars. That's our dilemma. I think we have been reasonably responsive in tightening up the system. But I

guess it is in a sense a question for you as much as it is for me, whether this is a worthwhile investment in order to catch potentially . . . a few transactions that have a reasonable ability, not a perfect ability, to be picked up by our internal auditors at some subsequent time.

So my response is, we've made some progress. We know how to do it. It would be an investment to do. And while it is one of the things that we would like to invest in, it's with very many others and we haven't really had a large amount of money to invest in system upgrade with respect to our JAIN system recently.

The Chair: — Do we concur with the auditor's recommendation and note progress?

Ms. Haverstock: — I'm interested in the Provincial Auditor's response to the deputy minister's comments.

Mr. Strelloff: — Mr. Chair, Ms. Haverstock, members, officials. We have recommended that they do examine this area and consider segregating the duties of its employees.

These kinds of recommendations always involve a judgement call on the department's side, and of course our side, on whether this is the right issue to address in terms of their priorities and plans. And I understand that they have made some progress and are also using the services of their internal audit area in this.

We think it's important to maintain the integrity of the system, but when and how it gets done is a judgement call of the department. The department in general has made a lot of significant progress on a lot of issues over the past few years and this is just one more of those issues.

Ms. Haverstock: — Thank you very much. I wanted the comments in light of what was raised yesterday by Mr. Thomson, which was very much related to this particular issue. Thank you.

Mr. Cotter: — I don't disagree at all with the points Mr. Strelloff made. I didn't comment on the segregation of duties issue, which is also another technique for addressing this. One of the problems we have with respect to segregation of duties, at least in the small offices we don't have an awful lot of people in . . . And there are some options to deal with segregation of duties issues, which is to seek exemptions. Maybe when we come to that one I'll make another comment or two.

But it is an option that we have, I personally think we need to try to do, in a tighter way with respect to the larger offices; but as we get to the smaller ones it becomes more difficult. We have these offices scattered around the province and you can imagine we don't have very many employees in some of the smaller centres.

The Chair: — So on .19 we concur with the auditor's recommendation and note progress? Agreed.

.25.

Mr. Cotter: — As I mentioned in my opening remarks, after some couple of years and I think a couple of, if I may say it, citations from the Provincial Auditor, we have finally achieved an agreement with the federal government with respect to funding the service for firearms control that we provide pursuant to the federal gun control laws. And that agreement takes us at least to March 31, 1997.

It is our intention to negotiate a further agreement from April 1, 1997 to such point in time as the new regime for firearms control kicks in, assuming that the federal government is able to bring it on-line, at which time we would withdraw from that service. And so the next agreement would take us up to the time when we opt out of the gun control program. The speculation at the federal level is early 1998, but presently we have achieved an agreement which takes us through the present fiscal year, and I think in that sense we have ultimately been able to comply with the recommendation of the auditor on .25.

Mr. Toth: — Yes, thank you, Mr. Chairman. So I take it in . . . with the agreement that you've arrived at that runs April 1, '93 to March 31, '97 you will also have been able to catch up on any costs that have incurred during that time period without . . . while you didn't have an agreement — any work that the province may have done as far as firearm acquisition certificates and all the registrations and what have you to that date. And what amount of monies would that have that entailed?

Mr. Cotter: — To give you a bit of a breakdown — the answer is yes to your question about whether we have been able to recover monies, in a sense retroactively, or for the years that we have been administering the program — the amounts of money are along the following lines. In the 1993-94 budget year, 225,000; 1994-95, the year we are reviewing, 350,000; the year 1995-96, 300,000; and the year '96-97, 300,000.

Our actual costs are, for the most recent year, '96-97, we have at just under 300,000. So we think we have been able to negotiate an agreement that has covered the full cost of this service. In fact depending on one's interpretation, we may have done a little bit better than that, because part of this number includes the funding to the Saskatchewan Association of Firearms Education, SAFE, to the tune of \$65,000 a year for some of the training that they provide.

So we think we've got a full-cost recovery deal that has covered the span of time when we've been delivering this sort of ratcheted-up program the federal government introduced a few years ago.

Mr. Toth: — I think that basically covers what the auditor was certainly asking for and your comments about the fact, where do we go from March 31, I guess, depending on how far the government . . . or the federal government moves. As far as registration, if you've collected roughly \$300,000 a year — I'm not sure what it's going to run into — what kind of revenue generation when that full registration comes in.

But I would have to say though I'm somewhat disappointed that the province would back away and leave it up to the federal

government. I think it's just a way of saying, well we're . . . well we might take an upfront view regarding the whole firearms issue. By backing away we've said, okay here it is; we're not going to get involved. And in some ways we're kind of supportive, but we'll not show our support by backing out of it and let the federal government look after it.

And maybe there are other avenues of looking at it as well. We do . . . have hired the national police force. Now whether the federal government's going to force a national police force on provinces that don't have one right now, I'm not sure. But it's going to be an interesting question when we get to this whole argument of firearms registration that is already out there.

And it would seem to me, as far as registrations, that we could have saved ourselves a lot of controversy by the fact that I think whenever you buy a vehicle, whenever you buy anything at a dealer, rather than going back . . . and people already have something. Firearms, although the biggest problem is, well they don't have a specific number on them, or haven't had and they will have in the future. Even just through the dealer I think, there was a mechanism already there if you really needed to have a registration, without getting into a costly affair that we're going to be facing. That's just my general comment.

Mr. Cotter: — Hard questions there, I think. Mostly policy questions — views all over the map. There is a common front on opting out among the three prairie provinces and the Territories. There are some concerns that we have, about the degree to which Ottawa, in the administration of this program, might try to tap into what in effect are provincial resources, particularly through provincial policing.

And we intend to be vigilant and diligent in ensuring that that doesn't happen. If we're not administering the program, our view is that we shouldn't have to be providing the resources to enable it to be administered by another level of government.

The Chair: — Point .25, we concur with the auditor's recommendation and note compliance.

Point .32.

Mr. Cotter: — This is the issue with respect to following the financial administration manual guidelines for the receipt and deposit of money, including the segregation of duties, or that we should seek exemptions. As I think you heard at the beginning of the discussion, we have done this. This presents a bit of a dilemma for us in some of the smaller offices because, as I understand it — let me describe the dilemma — in some offices we have, say two employees, and duties in terms of receipt and recording of money and the like, can be segregated.

But because of the way in which people work within the provincial government, there are some days of the week — every second Friday, or maybe every second Monday — where there's only one of those people.

And so we are left with the situation where you can segregate the duties most of the days, but you can't on Friday. And we are then I think, rightly cited for not segregating the duties well

enough in those offices. But as I understand the way the exemptions work, you sort of get an exemption or you don't.

And I've been anxious for us not to seek exemptions solely for the sake of not having Mr. Strelieff and his colleagues remind us of this every year. Because if most of the time the segregation of the duties can work but some of the time it can't, then we may be better with not getting an exemption in that case and being reminded that we need to be attentive each year. We have tried to be fully responsive to the recommendations, but it is a kind of a dilemma for us.

We have — Mr. Hewitt is pointing out — sought exemptions in 23 little offices. And I think in that sense we have complied with the recommendation, but sometimes I think we may be better off not complying and actually being reminded that we don't segregate the duties. So that we are mostly, but not always, complying.

I just offer that as a kind of a dilemma for us in this exercise. Having said all of that, I think we've responded in ways as best we can to comply with the Provincial Auditor's point here.

Mr. Thomson: — Thank you, Mr. Chairman. My question to the deputy minister is prefaced by my concern that four times in this report the Department of Justice is cited for not following the financial administration manual. This is worrisome, particularly given the nature of the Department of Justice, which is supposed to adhere tightly to rules.

I guess my question is not specifically limited to .32 that we are on at this point, but generally, what provisions have been put in place to ensure the Department of Justice complies with the financial administration manual?

Mr. Cotter: — I think the answer is that we have actually complied here by seeking the exemptions. The point I'm making is, it's not self-evident to me that the wisest course is to seek the exemptions. I'd actually be interested in Mr. Strelieff's comments, because if there's a constructive alternative, then I would have even more comfort.

But what we did was we went out and sought and got the exemptions in this case, and that meets for a technical compliance. But what it does mean then, is that one person is opening the mail, receiving the money, and depositing it.

Mr. Strelieff: — Members, Mr. Thomson, one of the things the department has done is establish an internal audit function a few years ago and is more actively using that function to compensate for dilemmas like should they seek an exemption from some of the offices where it may not be appropriate only for once a month or something. And that seems like a reasonable way of compensating for the problems that do happen when you're trying to comply with the letter of the financial administration manual.

Now Department of Finance, of course, administers that manual, and they negotiate with the Department of Justice on what's the best application of it. So they may also have some comments to make on the ensuring that it makes sense.

Mr. Paton: — Yes, I think a comment on this from a general perspective is I think the department is doing a fairly good job now in adhering to this specific recommendation, and we do get involved in ensuring that the situations where there are exemptions requested, that the compensating controls are reasonable and the risk is minimized.

I think, Mr. Thomson, that your concern is a little bit broader, in not regarding this specific recommendation or other recommendations. I think what you're asking is, how does the department ensure that they follow all the recommendations, and I'm not sure if I can address that on behalf of the department.

I think in the specific one we're satisfied, and I think the Provincial Auditor is satisfied, that they're taking reasonable action on this. I do believe the department adheres to the financial administration manual, and when they find there are problems — and there always will be problems; it's a set of rules that's fairly comprehensive — whenever it's brought to their attention, they do try to address it.

Mr. Cotter: — As far as I'm aware, we are the only department in government that has its own internal audit unit; and part of that I think, is because we take the kind of point that Mr. Thomson made quite seriously — that if we're anything in this piece we ought to try to be leaders, and we aren't by any means perfect in that.

And years ago we did have some problems with fraudulent behaviour by some employees, and we took what I thought were extraordinary steps to try to ensure that . . . because it looks . . . it's a terrible thing when people within any institution can steal money from you, but it's worse if it happens to be a Justice department, it seems to me. The optics of it are worse anyway.

And so we tried to be extremely diligent in that, conducted a kind of a fraud identification seminar, with experts, for managers in the whole department, in order that they would be able to be more diligent; constructed a whole set of internal operating procedures in places that we thought were vulnerable to this kind of behaviour in the future.

I'm a little nervous about saying this next sentence because in fact it may be that we haven't just caught them, but we have not had any incidents that we know of like that since, which I find to be an encouraging outcome based on a lot of work that we did with assistance from the Provincial Comptroller and the Provincial Auditor in how to not just tighten up our systems, but raise our awareness of the potential for vulnerability.

I guess I come back to the point that I opened on, which was that it's not just the Government of Saskatchewan's money that's at stake here, it is my mother's and father's and yours and your relatives, and we try to take that view seriously. It's one of the reasons why we do value . . . and I — though this is not my favourite topic, internal auditing, quite frankly — I meet with the internal audit committee.

We meet on a regular basis to review their plans and strategies.

I don't always understand exactly how they do their work, but I value it in the department and I think it contributes to meeting the expectations that Mr. Thomson rightly puts upon us.

Mr. Thomson: — . . . officials for your response. I guess the point that there's an internal auditor now in place is a . . . I am pleased to hear, because I would note the department, Department of Justice, I think is the only one, or at least one of the very few, that has actually been noted — cited — in the auditor's report for not following financial administration manual guidelines.

And I just want to go back to the point that I understand the guidelines are complicated, and having to live under them as a member of the legislature, I know that there's a great deal of work that goes to them in terms of making sure you apply the letter of the law. But there are three groups of people that I think the public demands the greatest and utmost of financial accountability from in this government: that's the members of the legislature; people who work in the Department of Finance; and I would argue, the people who police us, the Department of Justice.

And so I am pleased to hear that the deputy has taken decisive action to make sure these items will not come back to us in future years and that we will not see the Department of Justice cited for financial administration manual problems. And I just want to really stress that this is a very important issue to the credibility of this department — to ensure that the utmost and tightest of standards is applied.

Mr. Paton: — I just might make one further comment, and I think it's worth noting. And it may be perhaps the way the Provincial Auditor has worded this, but I think a number of the recommendations that the auditor has in his entire report relate to financial administration manual procedures or lack of compliance with the procedures. So I wouldn't want you to think that it's just the Department of Justice that is being cited on financial administration manual issues. And a lot of the other issues would also be supported by financial administration manual chapters.

The Chair: — Thank you. On .32, we concur with the auditor's recommendation and note compliance? Agreed.

.37.

Mr. Cotter: — This has also been one which I think was identified as one with which we are now complying. I think it focused on the establishment of some changes to the JAIN system. And we had . . . and I think the report indicates in .38 that we had made a request of the Provincial Comptroller to become involved in the JAIN system and approve the changes. They had been unable to do that. We now have a good working relationship where we are, I think, meeting all of the expectations of the Provincial Auditor with respect to this one.

The Chair: — On .37, we concur with the auditor's recommendation and note compliance? Agreed.

.46.

Mr. Cotter: — The same. We now have an arrangement to ensure that we obtain Provincial Auditor . . . Provincial Comptroller approval when extending credit beyond 30 days.

This happens primarily with respect to our prison industries revolving fund, but it's in place. So I think we are now complying with .46.

The Chair: — On .46, we concur with the Provincial Auditor's recommendation and note compliance? Agreed.

.52.

Mr. Cotter: — I think as was also identified, we are now maintaining appropriate inventory records as prescribed, or obtaining exemptions from the Provincial Comptroller with respect to the ongoing inventory.

Particularly again, this relates to Prism Industries. And I think we are now in compliance with this recommendation.

The Chair: — On point .52, we concur with the auditor's recommendation and note compliance. Agreed.

Point .57

Mr. Cotter: — The same. We now have procedures in place to monitor the costs of large contracts, which we are defining as, as I understand it, over \$10,000, and are now in compliance with point .57.

The Chair: — On point .57, we concur with the auditor's recommendation and note compliance? Agreed.

Well on behalf of the committee, Mr. Cotter, and your officials, we thank you very much for your candour. I note that in the information that you have undertaken to submit to the Chair, that you do that through the Clerk's office as outlined. And thank you and your officials very much for coming this morning.

Mr. Koenker: — Yes, on behalf of government members, I too would like to thank Mr. Cotter and all of the officials for working in the public interest. And a lot of your efforts aren't always perceived, especially the kinds of matters we've talked about here this morning, but they do add up in the long run and materialize in front of the public by way of this committee and we really thank you for being here this morning. And especially for the passing reference to land titles and the free legal advice that it elicited.

Ms. Haverstock: — I too would like to thank you very much for coming, and wish everyone a very Merry Christmas and a Happy New Year.

Mr. Cotter: — Thank you, and on our behalf, the same.

The Chair: — This committee stands recessed until 1:30.

The committee recessed for a period of time.

Public Hearing: Department of Municipal Government

The Chair: — Good afternoon, ladies and gentlemen. We will bring the committee to order. Welcome to the Department of Municipal Government, and Mr. Pontikes, and your officials. I will briefly outline the procedure we use before the committee.

We open the topic by allowing the auditor and his people to introduce the chapter and his observations. Following that I have a statutory thing that I have to read in the record for you, and then invite you to make a general reply to the section. Following that, we invite members of the committee to address any questions in a general sense to you or your officials. And finally we deal with each of the recommendations individually and invite your response as to the progress on those individual recommendations.

Before I begin this afternoon again, as now I am finally in the habit, of inviting the Provincial Comptroller to introduce the people that he has with him today.

Mr. Paton: — Mr. Chairman, I have with me today, Chris Martin, who's a senior analyst in the financial management branch.

The Chair: — Thanks very much. And then when you make your remarks, Mr. Pontikes, if you would introduce the people you have with you. And, Mr. Strelieff, the floor is yours.

Mr. Strelieff: — Thank you, Mr. Chair, and members and guests. Good afternoon. With me today are again Fred Wendel, Bashar Ahmad, Bob Black, and Bill Harasymchuk, and Josh Pion. Josh, by the way, last Friday found out that he also passed the national CA (chartered accountant) exam, so will become a CA as soon as he finishes his articling period. So very good.

One point of note before I turn it over to Bashar is that when there are topics in our report that involve public accounting firms, the normal process or protocol is to invite those public accounting firms to attend these meetings. And there is one item here related to the lotteries trust fund that the direct auditor is KPMG, and our office forgot to invite them to attend this meeting.

Normally we do, and we just forgot it because, I guess because it's in the middle of a larger chapter. We did try to do that this afternoon, but couldn't reach them. So in the future, we'll try to do that part of our job better.

Bashar, the chapter.

Mr. Ahmad: — Thank you. Mr. Chairman, members of the committee, our report on the Department of Municipal Government is contained in chapter 20, starting on page 333. I will briefly go through the highlights of the chapter. It's a big chapter and I will try to be as brief as possible. Just bear with me.

Page 33 shows a list of the department's major programs and spending as shown in the *Public Accounts*, compared to the original estimate. The department raised 27 million of revenue

and spent 181 million on its programs. Page 333 also shows the Crown agencies and special purpose funds for which the departments were responsible. This chapter contains the result of our examination on these entities and on the department.

In paragraph .05, we report the financial statement for the funds and agencies listed are reliable. Department agencies complied with the authorities, except for the matters reported in this chapter, and the department agencies had adequate rules and procedures to safeguard and control their assets, except for the matters reported in this chapter.

Page 334 to 337 detailed our observation on the department itself. Paragraph .07 to .12: we report that the department needs to strengthen the lottery licence agreement with Sask Sport. We believe the department needs to ensure Sask Sport carries out its work to achieve the department's objective.

Paragraph .13 to .16, we report that the department needs to strengthen its management of the infrastructure program. To ensure the amounts appropriated are properly spent, the department needs to know the cost of the infrastructure projects and whether the municipalities comply with grant conditions.

Paragraph .17 to .22, we report that the department needs to set proper financial standards for local government; the department set the financial statement standard for the local governments before the CICA, that's the Canadian Institute of Chartered Accountants, a recommended standard for the local governments. We believe the department should require the local governments to prepare the financial statement following the standard for local government recommended by the CICA.

Page 337 to 338 detail our observations related to Municipal Potash Tax Sharing Administration Board. Paragraphs .26 to .30, we report the revenue sharing distribution to rural municipalities need correction. We observe that these errors were corrected in subsequent years.

Pages 338 to 339 detail our observation related to the Northern Revenue Sharing Trust Account. Paragraphs .34 to .38, we report the capital grant payments need to be in accordance with the regulation. We found the trust account did not make grant payments for water and sewer projects according to regulation.

Page 339 to 343 detail our observations related to the Saskatchewan Archives Board. Paragraphs .43 to .50, we report the board of directors need to better supervise the operation of the board. We observed the Archives Board's budget was not prepared on an appropriate basis. Also the directors did not approve the budget on a timely basis.

Paragraphs .51 to .56, we report that the Archive Board needs timely and appropriate financial statements. We observe the Archive Board did not prepare financial reports on an appropriate basis of accounting and the reports prepared were not timely.

Paragraphs .57 to .63, we report the Archive Board needs written contracts with the University of Saskatchewan and Saskatchewan Property Management Corporation. We believe

written contracts are needed to set out the responsibilities and legal obligation of each party for the services provided.

Paragraphs .64 to .70, we report that the Archive Board needs to keep adequate records of the equipment it owns. We believe failure to keep equipment records could result in loss of these assets without detection.

Paragraphs .71 to .73, we report that the Archive Board needs to know its status for goods and services tax. We noted the Archives Board has collected its GST (goods and services tax) since 1991 but has not remitted any amount to Revenue Canada.

Paragraphs .74 to .76, we report that the Archive Board needs to provide a payee list to the Legislative Assembly. We observe the board has not complied with the recommendation of this committee.

On page 343, paragraph .81, we have one observation regarding Saskatchewan Arts Board. Our observation led to non-compliance with this committee's recommendation regarding the payee list.

Pages 344 to 345 detail our observation relating to Saskatchewan Centre of the Arts.

Paragraphs .88 to .93, we report the management did not always follow the centre's rules and procedures to ensure accuracy of the payments to the promoters. We were concerned that management did not always review and approve the final statements to the promoter. We note however, that management did review and approve all statements during 1996.

Paragraphs .94 to .98, we report the centre carried out activities outside the province without authority. We believe the centre does not have specific authority to carry out activities outside the province.

In paragraphs .99 to .102, we report that the centre's former box office manager produced and sold counterfeit tickets. We are informing the Assembly about an incident of fraud at the centre.

Pages 346 to 348 detail our observation relating to Saskatchewan Heritage Foundation. Paragraphs .106 to .111, we report that the board of directors required better information to govern the operation of the foundation. Our observation led to the lack of approved budget for 1994-95, and the lack of internal financial reports.

In paragraphs .112 to .115, we report the board has not approved the foundation's system for safeguarding its assets. Our observation led to the lack of approved policies and procedures manual.

Paragraphs .116 to .118, we report that the foundation made unauthorized payments to several grantees. Our observation led to the payment of grants before the eligibility criteria was met.

In paragraphs .119 to .122, we report that the foundation needs to comply with the financial administration manual. Our

observation led to the required authority for the opening of the bank account. The foundation opened a bank account without the comptroller's approval.

Pages 348 to 349 detail our observation relating to Saskatchewan lotteries trust fund for sports, culture, and recreation. Paragraphs .128 to .130, we report that the fund requires better financial statements to understand and assess the fund's performance. Our observation led to the lack of comparison of planned to actual results. In 1996 they provided this information.

In paragraphs .131 to .134, we report that the fund's financial statements required Treasury Board's approval. Here we report that the Treasury Board accounting and reporting manual was not complied with and the department did not obtain Treasury Board's approval for the fund's financial statement. We note that for 1996, financial statement was approved by the Treasury Board.

Pages 349 to 350 give our observations relating to the Western Development Museum. Paragraph .138 to .141, we report that the museum needs to update its accounting policies and procedures manuals. We believe the museum needs to update this policy and procedure manual to reflect the changes in its accounting functions and to provide guidance to its branches.

Paragraph .142 to .146, we report the museum needs written policies and procedures for preparing its internal financial report. We believe the absence of rules and procedures increases the risk of incorrect reports.

This concludes my comments on this chapter.

Mr. Strelieff: — Thank you, Bashar. As you can see, the department has a wide range of responsibilities. Mr. Chair.

The Chair: — Thank you very much, Mr. Strelieff. I'll read the statement.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as the subject of a civil action. In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

A witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, I ask that 15 copies be submitted to the committee Clerk, who will then distribute the document and record it as a tabled document.

You are reminded to please address all comments through the

Chair.

With that, Mr. Pontikes, if you would introduce the people with you and make your comments on this chapter.

Mr. Pontikes: — Thank you, Mr. Chair, and members of the committee. I'd like to introduce the members of the department that are with me, and I'll start over on my right. Ken Alecx, who is the associate deputy minister for culture and recreation. Next to me is Larry Chaykowski, who is the director of finance and administration for the department. On my left is Ron Styles, who is the associate deputy minister of the housing division; and Ron Davis, who is the associate deputy minister for municipal services.

Behind me — directly behind me — is Bill Werry, who is the executive director of sports, recreation and the lotteries branch. Next to Bill is Ronald Holgerson. He's the director of the arts, cultural industries, and multiculturalism branch. And next to Ron is Dean Clark, who is the director of the heritage branch.

I'd like to thank the committee for giving us an opportunity to come forward and address the various issues that have been presented by the auditor in his report. We would like to thank the Provincial Auditor's department for having such a good working relationship with our department and helping us in a number of issues that have arisen in this report; and continue to assist us in a number of other issues that we're dealing with that deal with the future.

The report that you have before you has 24 recommendations, and I think in general I'd like to point out to the committee that corrective action has been initiated on every one of them. However it should be noted that 21 of these recommendations relate to agencies which are arm's length to the department but are linked to our department by funding sources and the fact that our minister is also responsible for those agencies.

They, in most cases, have their own board of directors and to the extent that we can, we will try and answer your questions related to them. If there are some specific questions that you have that we need to go back to the agencies themselves and to their boards, we will certainly endeavour to do that and provide you with that information.

So in general that's . . . I think the general comment we want to make is that we have seen and have done in the three that affect our department, we have taken action to initiate the corrective action, and in the other agencies recommendations, we've ensured that they have been aware of them and that we're aware that they have initiated action on those.

The Chair: — Thank you very much. Members?

Mr. Sonntag: — Yes, I won't take much time either. Mr. Pontikes, thank you very much and also welcome to you and the officials here today.

You've actually made the observation that I did as I was going through this. I was noting as the auditor was making the presentation that — I didn't know the number — but obviously

a large number of the recommendations pertain to the agencies and the boards that you're responsible for but are obviously at arm's length.

So also its . . . pleased to hear that you have either adhered to or are in the process of correcting recommendations that have been made by the auditor and I guess we'll just go through them one at a time then. Thank you.

The Chair: — Any other members? All right. Then let's proceed to the specific recommendations. I find them beginning on page 335, recommendation .11.

Mr. Pontikes: — This is the one with respect to Sask Sport. Ken, do you want to address this one specifically.

Mr. Alecxe: — The current agreement, which is a three-year agreement that terminates in this fiscal year, contains some objectives to which the sport system adheres. There is a Lottery Strategic Review Committee which monitors — which I chair — which monitors that agreement and the results of it.

The next agreement, which is under negotiation now, will have more specific objectives and will have schedules attached that pertain to each of the three umbrella organizations that govern the distribution of funds to lottery beneficiaries. That would be Sask Sport, Saskatchewan Council of Cultural Organizations, and the Saskatchewan Parks and Recreation Association.

The Chair: — On .11 we concur with the auditor's recommendation and note progress. Is that agreed? Agreed.

.16.

Mr. Davis: — The essence of the Provincial Auditor's recommendation here was to tighten the relationship, as we understand it, between the office running the federal-provincial infrastructure program and the several departments that interface with it.

Since the recommendation was made, the Department of Municipal Government has assumed responsibility for administering the program. And in that sense the transfer itself, I suppose does away with the need for a written agreement between our department and the federal-provincial program. So in our . . . from our standpoint, we feel the program is very much under control.

One needs to understand, at the beginning of the program, it operates under a federal-provincial agreement. There is a hierarchy of approval committees that operate within the government and stretch through to Ottawa. And the program was new. It was put together quickly to create jobs quickly and so forth. We found that in the evolution of the program, the controls have very much tightened up as the program evolved.

So from our standpoint, the problem is solved.

The Chair: — Do we concur with the Provincial Auditor's recommendation and note compliance? Agreed.

Point .21.

Mr. Davis: — The recommendation of the auditor — one we agree with — is to more tightly mirror municipal financial reporting standards to those put forward by the CICA. This is a recommendation that we have in progress. We have a committee reviewing the financial statement requirements of municipalities in the province. This is an area where standards evolve, as they do with the CICA, and it's just a matter of us, in a sense, catching up with the CICA standards.

I want to make it clear to the committee that this is an area not without standards. We have a financial reporting package that indeed reflects very acceptable accounting standards, many of which are CICA based, but they pre-date the most recent package of standard recommendations from the CICA. So we're working in this area.

One of the difficulties from a practical standpoint is, out of 847 municipalities in Saskatchewan, the state of the art and the ability to cope with certain accounting standards varies considerably. So one of our challenges is to find ways to implement these standards in ways that are feasible for smaller communities. And it often is a challenge. But it's an area we're working on and certainly, again, agree with the auditor's recommendations.

Ms. Stanger: — Mr. Deputy, having been on local government and knowing that we certainly did the best we could and were always at least financially responsible, I'm just wondering if you could give us some examples of what improvements you'd be speaking to.

Mr. Davis: — Well I'm not sure I can. I don't have . . . I'm not an accountant and we tend to take the CICA as a very strong reference point and implement them wherever and whenever we can.

My experience with municipal accounting as a non-accountant is that municipal accounting tends to be more complex than it needs to be. There are funds for this and funds for that and there are probably very good reasons for it at the local level.

But from my own vantage point, my perception has been that the reporting to the public could be a lot clearer, a lot simpler, a lot more meaningful. And I think that's the spirit behind, in my mind, behind a lot of the changes that we'd like to see; so that the accountability loop to the public is a clear one and a clean one.

If you'd like more detail though on the kinds of specific changes we would envision, we'd be happy to get back to you and the committee on that.

Ms. Stanger: — Well if it isn't too much work, I sure wouldn't mind, because it's an area sort of I'm interested in, number one. And number two, if that is the case, it certainly would make it much easier for local people to participate, because this way they come to an annual meeting and they sort of look at all this and they flip — I've watched them — from page to page. And if that is your objective and the CICA's objective, I would say

that's a good objective.

I just thought, are we going to get even more complicated here. So I'm glad to hear you saying that.

Mr. Davis: — Yes. Again, it's an evolving area and these areas improve over the years. Again, I wouldn't want to leave you with the impression that municipal governments in Saskatchewan don't do a good job in this area. They're very fiscally responsible.

Ms. Stanger: — That was my point to begin with — they're very fiscally responsible.

Mr. Davis: — Right.

Ms. Stanger: — But it's so the folks understand exactly how things are done.

Mr. Davis: — Right. Always room for improvement.

Ms. Stanger: — Thank you.

Mr. Davis: — So if you would like some information sent back through the committee, we'd be happy to do that.

Ms. Stanger: — I really appreciate it and I guess we need 15 copies.

Mr. Davis: — You bet.

The Chair: — On .21 we concur with the auditor's recommendation and note progress. Agreed.

Point .29.

Mr. Davis: — I guess I have another one — .29 has to do with payments under the potash tax sharing arrangements. And there was a situation in 1994, October, that was reported to us by the auditor that our calculation of the . . . or the Potash Tax Board's calculation of the redistribution of the property taxes in the area was done in error. It was a human oversight and one that was corrected immediately.

The discussions took place through the Potash Tax Sharing Board and with the affected municipalities. And everybody was quite happy with the action that was taken, which was to basically adjust, based on a new formula, a new way of calculating this, that the board had come up with. And the mistake was rectified in October 1995.

The Chair: — Concur with the auditor's recommendation and note compliance? Agreed.

Point .37.

Mr. Davis: — The Northern Revenue Sharing Trust Account is in effect a northern municipal revolving account that operates . . . or is managed by our department.

We have had regulations on the books that required us, when

we were making payments for water and sewer grants, to distribute the grants at various precise points during the construction phase.

It was noted by the auditor that our payments were not lining up just perfectly with those construction phases. They were to be paid at 10 per cent completion, 35 per cent completion, 75 per cent completion, and so on.

We found that the rules themselves were quite restrictive and quite difficult to administer, again because of the arm's-length relationship with municipalities and with the people doing the work. And so we felt that from an administrative standpoint, it was quite cost-effective to adjust the rules so that we can tailor the grant payments and project completion payments basically to suit the situation and make sure everybody does get paid on a timely basis; and basically cut a little red tape which was not really adding anything from a control standpoint from our vantage point anyway. So we made the adjustment. From a legal perspective, it's far cleaner; and from an administrative standpoint, it's a lot cleaner.

The Chair: — On .37, we concur with the auditor's recommendation and note compliance. Agreed.

Point .49.

Mr. Alecxe: — The board of directors does review the budget now, and does approve it. They also do now undertake to prepare the annual budget using an accrual basis of accounting.

The Chair: — Thank you. On .49, we concur with the auditor's recommendation and note compliance.

Point .50. We concur and note compliance? Agreed.

Point .55.

Mr. Alecxe: — Again these interim financial reports do now use the accrual basis of accounting and are compared with actual results. All variances between planned and actual results are addressed by staff and by the board of directors, such as they do occur.

The Chair: — On .55 we concur with the auditor's recommendation and note compliance?

.56.

Mr. Alecxe: — In anticipation of our good management . . . (inaudible) . . . The board of directors and management do use their reports to very closely monitor their situation and their operation and we take the Provincial Auditor's comments very seriously.

The Chair: — .56, we concur with the auditor's recommendation and note compliance.

.63.

Mr. Alecxe: — Written contracts with the University of

Saskatchewan and the Saskatchewan Property Management Corporation are currently being negotiated and drafted. Legislation that permits the Arts Board to enter into such agreements — or not the Arts but the Archives Board — has been approved.

The Chair: — .63, we concur with the auditor's recommendation . . . I'm sorry.

Ms. Stanger: — I just wanted to ask: what type of contracts would those be? Would they be yearly contracts or a permanent type contract till another one is written or . . .

Mr. Alecxe: — Yearly.

Ms. Stanger: — A yearly one. That seems kind of awkward, doesn't it?

Mr. Alecxe: — We will undertake to find out exactly whether those contracts are on an ongoing basis or an annual basis.

Ms. Stanger: — Okay, thank you.

The Chair: — On .63 we concur with the auditor's recommendation and note progress?

.69.

Mr. Alecxe: — All records of equipment are now kept.

The Chair: — On .69 we concur with the auditor's recommendation and note compliance? Agreed.

Point .70.

Mr. Alecxe: — Equipment at the Archives Board is now counted on a regular basis and all comparisons are made with records, as required by the Provincial Auditor's comments.

The Chair: — .70, we concur with the auditor's recommendation and note compliance? Agreed.

Point .73.

Mr. Alecxe: — The Archives Board has clarified its GST status with the Department of Finance and with Revenue Canada. It is now in compliance.

Mr. Aldridge: — Does that mean you're exempt from paying GST or are you paying it?

Mr. Alecxe: — I believe that means, Dean, we are exempt? The Archives Board is exempt? That's correct.

Mr. Thomson: — So if the Liberals kept their promise, actually everyone would be.

Ms. Stanger: — That's a good one, Andrew. Heard that this morning.

The Chair: — On .73, we concur with the auditor's

recommendation and note compliance? Agreed.

Point .76.

Mr. Alecxe: — Now that the Archives Board is aware that it does need to provide a list of its payees to the Legislative Assembly, it shall do so on its next annual report.

The Chair: — On .76, we concur with the auditor's recommendation and note progress? Agreed.

Point .83.

Mr. Sonntag: — Yes, just in passing really, this is directed to the Provincial Auditor. I noted as I was going through this several days ago as well, the Archives Board, a good number of the recommendations pertain to the Archives Board. Are you feeling comfortable now that — how do I word this properly? — that they're in compliance obviously, but that things are a lot tighter than they were before? I guess what I'm trying to say, as I went through it, it seemed to me there was a lot more concern about the Archives Board than there were other agencies or boards. And was there a reason for that, or can you explain it a bit?

Mr. Strelloff: — Numbers . . . I think in general in the past, the Archives Board wasn't that concerned with financial management and now I think are more concerned with financial management, and as a result progress has been significant and looks good for the future in this sense.

Mr. Sonntag: — Good, good. Thank you.

The Chair: — .83.

Mr. Alecxe: — Similarly as with .76, the Arts Board will now provide a list of its payees to the Legislative Assembly in its next annual report.

The Chair: — .83. We concur with the auditor's recommendation and note progress? Agreed.

.92.

Mr. Alecxe: — The centre, the Saskatchewan Centre of the Arts, has established a number of management rules and procedures and have been approved by the board to ensure accuracy of such payments.

The Chair: — On .92 we concur with the auditor's recommendation and note compliance? Agreed.

.97.

Mr. Alecxe: — Pertaining to .97 and concomitantly .98, the Saskatchewan Centre of the Arts undertakes not to operate outside of the province.

The Chair: — Okay, on .97, .98, we note that the comments made is that the centre has chosen not to operate outside of the province; so we concur and note compliance. .109.

Mr. Alecxe: — The board of directors of the Saskatchewan Heritage Foundation does now require management to prepare its financial plans for their perusal and approval.

Mr. Sonntag: — I was curious. This issue, was that picked up by your office, Mr. Auditor, or was that something that was picked up by management?

Mr. Strelieff: — Members, my understanding is these are issues that we brought to the table — that there should be a financial plan prepared by management and given to the board, and approved, before the beginning of the year, and then the monitoring of progress during the year.

Mr. Sonntag: — Okay, I don't know if . . . maybe I didn't ask the question specific enough. What I'm getting at is . . . I guess I'm referring to specifically the issue of counterfeit tickets. Was that something that was discovered . . .

Mr. Strelieff: — The other one. Centre of the Arts.

Mr. Sonntag: — Yes, okay, I'm sorry. Well we just approved . . . My goodness, you guys, you're moving quickly here. You just approved .97 and .98, did you not?

Mr. Strelieff: — Yes.

Mr. Sonntag: — Yes, and we just spoke to this one — .109.

Mr. Strelieff: — Okay, members, the item that Mr. Sonntag refers to is .99 to .102.

Mr. Sonntag: — Two, that's correct.

Mr. Strelieff: — And my understanding is that the management of the Centre of the Arts did discover potential fraud and referred it to the police and then it went through the court system. So management is the one that took the initiative here.

Mr. Sonntag: — Okay, good, thank you. Sorry about that.

The Chair: — .109, we concur with the auditor's recommendation and note compliance. Agreed.

.110.

Mr. Alecxe: — The board of directors does now have procedures and policies such that the financial plan for the foundation must be approved before the beginning of the fiscal year.

The Chair: — .110, we concur with the auditor's recommendation and note compliance. Agreed.

.111.

Mr. Alecxe: — The interim financial reports, required to compare actual results with the approved financial plan, are now prepared by the staff of the board and presented to the board in a timely fashion.

The Chair: — .111, we concur with the auditor's recommendation and note compliance. Agreed.

.115.

Mr. Alecxe: — Management and staff of the board do provide written policies and procedures for the board's approval and have been so approved.

The Chair: — .115, we concur with the auditor's recommendation and note compliance. Agreed.

.118.

Mr. Alecxe: — The payments to grantees has been addressed and the agreements will need to be complied with in the future.

The Chair: — .118. We concur with the auditor's recommendation and note compliance? Agreed.

.122.

Mr. Alecxe: — Approval to open a bank account has been received from the Provincial Comptroller and that bank account is now in place.

The Chair: — .122. We concur with the auditor's recommendation and note compliance? Agreed.

.130.

Mr. Alecxe: — Financial statements for the year ending March 31, 1996 will reflect both budget plans and actual results.

The Chair: — On .130, we concur with the auditor's recommendation and note compliance? Or progress? Progress. Agreed.

Point .134.

Mr. Alecxe: — Financial statements will be presented now and in the future to the Provincial Comptroller for approval prior to being presented to the Sask Sport board of directors for their endorsement.

The Chair: — On .134 we concur with the auditor's recommendation and note compliance? Agreed.

Point .141.

Mr. Alecxe: — A manual of accounting policies and procedures is currently being developed that will be presented to the board of directors for approval.

The Chair: — On .141, we concur with the auditor's recommendation and note compliance? Agreed.

.146.

Mr. Alecxe: — The board approved a statement of internal financial reporting policy and procedures on March 8, 1996.

The Chair: — On .146, we concur with the auditor's recommendation and note compliance? Agreed.

Mr. Flavel: — If I can go back . . . I know we're through it, but I want to go back and get some clarification on one item. Can you explain to me what the Municipal Potash Tax Sharing Board does, why it does its job, and why we have a special board for that? For my own sake, please.

Mr. Davis: — I'll attempt to clarify what I can here, and anything further we may have to get for you. The Potash Tax Sharing Board essentially manages a relationship . . . a method of calculating and redistributing property taxes around potash mines in Saskatchewan. And on an annual basis, the amount of money that's distributed is about \$5 million.

And the formula is one that places about 90 per cent of the money back into surrounding RMs (rural municipality) within a 20-mile radius of the mines, and some 10 per cent is distributed to urban municipalities in the area, based on a formula that's distance and so forth from the mine.

The board has representation from SARM (Saskatchewan Association of Rural Municipalities). That's really it, plus a staff member from our department who acts as secretary to it. And they meet periodically to make sure business is done and review the method of calculation and distribution, and that's basically the job.

Mr. Flavel: — Is that done because, I mean a potash mine could be here, but taking potash from under another RM — is that the reasoning behind the sharing of it?

Mr. Davis: — The reasoning in the RM context tends to be one of use of roads. Around the potash mine there tends to be heavy wear and tear on roads. And RMs, I guess collectively and somewhere back in history, decided that there was benefit . . . that it . . . from an equity standpoint, there was merit in sharing some of the benefits that otherwise would have fallen to one RM basically.

And that's really the rationale for the arrangement. It's quite unique in Saskatchewan, and it's been a relationship that seems to work well and people are quite happy with it.

Mr. Flavel: — Thank you. I had never heard of it before and I had never heard of the concept of it. So thank you for that explanation.

Ms. Stanger: — Mr. Pontikes, and deputies, it seems to me just looking over this that many of your agencies — Sask Archives Board, Sask Arts Board, Sask Centre of the Arts, Sask Heritage Foundation, Sask lotteries, Western Development Museum — were sort of lacking in their accountability.

Could you give me some history as to what has happened in the last years? Because again, I wasn't elected till 1991. But it would seem to me just looking at this, some of the points that the auditor has brought up, it would be kind of interesting to know what's happened the last few years.

Mr. Alecx: — Prior to recent years, they . . . well let me put it this way. These are arm's-length organizations. And they operated as such until . . . I can only speak to my current time, which is since '93 — and in that time we've been working quite closely with those organizations to develop more solid procedures, policies, with the help of the Provincial Auditor, the comptroller's office.

We've made quite great strides, and the organizations which you referenced are quite happy to do so. They're quite happy to have the assistance to look at what kind of management procedures they should be following. And this isn't unusual for a lot of this type of arm's-length organization in our area. A lot of them have been in this condition and a lot of them have also responded very well to coming into more modern management policies and accounting procedures and principles.

Ms. Stanger: — Well just from my observation, I would like to say thank you for cooperating, because as far as the state of accountability, it looks like it's . . . that they're much more accountable than they used to be.

The Chair: — Is there any other comments and queries by members? If not, I, on behalf of the committee, would certainly like to express our gratitude to you, Mr. Pontikes, and your officials, for helping us deal with this section of our work, and wish you the very best in the holiday season and the new year.

Mr. Sonntag: — Myself as Vice-Chair of the committee, on behalf of the government members, want to thank you, Mr. Pontikes, and your officials as well. I don't know if you were aware — you said you were responsible for many organizations and boards at arm's length — you're also responsible for the distribution of good cheer in the coming season. So Merry Christmas and Happy New Year to everyone. And thanks again.

The Chair: — Thank you very much. Committee members, what I would like to suggest, with your approval, is that we recess to be in attendance to the library Christmas social, and that we reconvene at 3:15 sharp and at that time we will pick up the item on our agenda as the response to our first . . . the government's response to our first report, and work on that until the regular time of adjournment at 4:30. Is that agreed? Agreed. Thank you. We stand recessed till 3:15.

The committee recessed for a period of time.

The Chair: — We'll bring the committee back to order, please. The item on our agenda for the remainder of the afternoon is the government response to the Standing Committee on Public Accounts's first report to the twenty-third legislature.

Everyone I assume has copies of this information. And I believe that the appropriate way to deal with it, I'm advised, is to go through the recommendations one by one and invite any of the committee members to make comment on these recommendations, with the view to accepting the government's explanation, reaffirming our position, or any other such direction as committee members see fit to direct us. So with that we'll begin on recommendation 1 and I open the floor to any comments.

Mr. Thomson: — Thank you, Mr. Chairman. I appreciated having a chance to replenish my system at the coffee break, you know — have a few sweets and get all ready for this. Unfortunately however, I find that having read this, I tend to agree with the minister's summation of what the government already does. And again I agree with the argument that in fact this information is already readily available. And so in that regard, I'm not sure that we need to do anything more on this issue.

The Chair: — Mr. Toth, do you have a copy of the government's reply?

Mr. Toth: — You know I may have it upstairs, I just . . .

The Chair: — Let me just get you one out of the cupboard for your use.

Ms. Haverstock: — Thank you, Mr. Chair. I know that this committee has discussed this and other matters that are forthcoming as well recommendation 2 at considerable length. And I will just go on record once again as saying that I don't concur with Mr. Thomson and the recommendation response by the minister for exactly the same reasons that I've raised in the past.

Mr. Sonntag: — If there aren't any other comments, with all respect to our Provincial Auditor — we'll be very Christmassy after this — but on this one we would like to draw a conclusion to it. Therefore I'm going to move:

That the committee rejects the auditor's recommendation that the government publish a government-wide annual report.

We said in our discussion leading up to this that we would wait for the minister's response. If you remember in the discussions, once the minister's response came back, unless there was something that suggested that we should move in a different direction, that I think we were fairly clear at that time. And therefore it is with that in mind that I make that motion right now.

I see you would like a copy of the motion? Okay.

The Chair: — I'm sure Mr. Putz would be delighted. Okay I have a motion by Mr. Sonntag that reads:

The committee rejects the auditor's recommendation that the government publish a government-wide annual report.

Is there any discussion on the motion?

Ms. Haverstock: — Well I just reiterate that I will not be supporting the motion, and that I know that we have had lengthy and somewhat heated discussion about the value or non-value of having an annual report. If I may, I'd just like to state that I still believe, given that . . . and there was evidence, full evidence this week in listening to the various deputy ministers from different departments, and they all stated that things were greatly improved as a result of following the

recommendations of the Provincial Auditor's office.

And I believe that that could be the case now as well; that it doesn't have to be a rejection of this concept; that what it could be in fact would be a challenge to ensure that what would be done by the Government of Saskatchewan would far exceed the kinds of annual reports that we've seen brought forward from other governments.

So I'm disappointed that this is the decision of the government members but will accept that we have greatly differing opinions on this.

Mr. Aldridge: — Thank you, Mr. Chair. I just want to say I won't supporting the motion before you either; and I think that this committee has done a commendable job of depoliticizing a lot of the issues that we've dealt with. And I think, being in agreement with Ms. Haverstock on this, that the challenge should have been instead to produce a better annual report. Not a question of whether to have one or not, but certainly to have one and produce a better one than is produced in any other province in this country.

I think in Saskatchewan we take a good deal of pride in trying to excel in anything that we do. And this would have been an opportunity for us to come to the forefront and be a good example when attending public accounts conferences throughout this country; that we could have been used as a model in terms of the annual reports that our government could produce.

So certainly I think this is something that we should give more consideration to than what is with this simple motion before us today, and I wouldn't be able to support it.

Mr. Thomson: — We have, as Ms. Haverstock mentions, been around this issue many, many times in this committee and I just want to go back to the stump speech that I find myself giving, which is to say we already provide this information. There is very little new that will be seen by doing this, in my view.

I mean departments provide annual reports. Crown corporations provide annual reports. Every agency under government's control provides an annual report. The funds provide annual reports. We lay out a provincial budget. We've laid out a four-year financial plan. We've put together a mid-year financial report. We provide the *Public Accounts*. This government has even gone so far as to provide a four-year plan for economic growth in the province.

This information is available and I have to agree that this committee has done a good job not politicizing many of these issues.

One of my concerns with the annual report is that it would become what Alberta's is, which is nothing more than a shameful, tarted-up piece of political propaganda. And I think that until we are able to understand what the costs of this are, which I have never seen, we are just not needing to replicate and duplicate information which is already available to members of this Assembly and the public.

So I will be supporting Mr. Sonntag.

Mr. Koenker: — Two very brief observations. Just because we disagree on the issue doesn't mean that it necessarily has to be politicized. I think there can be an honest disagreement in terms of perspectives. It might be politicized, but it might not be necessarily politicized.

The second point I want to say is that I think we saw evidence of — in my estimation . . . on Monday when the deputy minister of Health submitted an update sort of status report on the wellness model and health reform, that for all practical purposes is just one more exhibit of the kind of reporting mechanisms that are being employed by the government that — to my way of thinking — mitigate against the need for a formalized annual report at this time.

Mr. Toth: — Thank you, Mr. Chair. I think I've made a number of comments and observations in the past regarding the recommendations that the auditor has made. And I find it very interesting that government members would sit there today and basically go against, totally against, some of the arguments that were presented a number of years ago when they were on the opposition side of the House.

And I guess one can only hope that when they end up back on this side of the table again, that they keep in mind what they're discussing today.

We've talked about working with the auditor, making things much more simpler and easier for people to understand. And I don't see this being a major problem. And if a lot of the information is already there, to put that information together in a simple format at the front of the *Public Accounts* by the government statement as to where the province is going, I don't really see a problem with it.

And maybe part of the reason things have been so amicable, as opposition members we haven't been so belligerent in a lot of our discussion and debate that's taken place on a lot of the issues compared to what we've seen before.

So in view of all the recommendations that have been coming from government members about more accountability, what the auditor has placed before us seems to be one of the most simplest ways of making it accountable.

And I find it very interesting that we would argue that Alberta's report is just a political document. The Minister of Finance . . . (inaudible) . . . puts forward a political document. This probably could be seen . . . and the government could take a step whereby they would give us an idea of where they're going. The auditor could look at and say, and we as opposition members, or even all members can look at and say, has the government achieved this? And I think this is certainly a positive and forthcoming motion.

And so I find it very interesting as to the types of arguments that are being placed forward by the government at this time, and the fact that no, we just want to wash our hands of it and we just don't accept the recommendations of the auditor. It's

pick and choose. Either we work together with the auditor on all issues or we just decided that we continue the pick and choose that has been seen in the past. Thank you.

Mr. Aldridge: — If I could just make another comment with respect to some of Mr. Thomson's remarks there, and certainly I agree with him that one concern has to be the cost of producing a report of this nature. And as you indicated, perhaps it might be prudent to wait until such costs could be determined before the committee makes any sort of final judgement with respect to producing annual reports in the province. And perhaps the Provincial Auditor maybe could make some comment as to what sort of costs might be involved, if he had some sort of figure in mind.

But I would certainly entertain that this whole issue could be delayed until such time, as part of a planning process, we could determine what are the costs attached to producing an annual report, therefore is it worthwhile or not, as Mr. Thomson has suggested.

The Chair: — Thank you. I see no further members indicating they wish to participate in the debate. Does that indicate you're ready for the question? Did you want to comment, Mr. Strelieff?

Mr. Strelieff: — Am I being asked a question or do you want me to just comment in general?

A Member: — . . . question.

The Chair: — Okay, fine. Then please respond to the member's questions.

Mr. Strelieff: — Members, Chair. The question relates to the cost of one, or what should be in an annual report or . . .

Mr. Aldridge: — Related to Mr. Thomson's comments, his concerns, of the cost of producing an annual report in the province versus the approach we have currently, where we do piece certain parts of it together through various Crowns and departments.

Mr. Strelieff: — Members, Mr. Chair. Producing an annual report, the actual cost of an annual report, is not the issue, I don't think.

One simple idea would be to make volume 1 an annual report. Take out . . . There's two sets of financial statements in volume 1. We've recommended in our most recent report that the first set of financial statements be . . . which are based on . . . focuses on the General Revenue Fund, be moved to volume 2, just put in.

And then use volume 1 as the annual report of the province, but include information in volume 1 related to what the government planned to do in terms of its overall financial position and information about the financial and economic trends and ratios and indicators of the day and the underlying issues.

The key piece of information right now that you don't have is

what the government plans in terms of its total revenues, expenses, and whether it plans to incur a deficit, an annual deficit or a surplus; or whether it plans to reduce the accumulated deficit of the province as it's reflected in the summary financial statements. And that's the key piece of information that would be included in an annual report that focuses on the summary financial statements, which brings it all together.

So I don't think the cost of producing it, in terms of production, would be that significant because you could use the existing volume 1 that is produced. But it would add significant, important information about what a particular government plans to do. So you have a plan versus actual performance report.

Mr. Aldridge: — Thank you, Mr. Chair, and thank you to the auditor for those remarks. Because I did detect on the part of some members of the committee that perhaps they were worried as far as the costs related to producing a report, and I think you've described a rather effective means of doing so in more than a cost-effective manner.

I mean this is a report we're already producing; with some alteration, could serve the purpose and in very depoliticized fashion, I might add as well. Because it doesn't have to be — I agree — it doesn't have to be the glossed up versions that we've had a chance to look at through the auditor's providing us of some of these other provinces' annual reports.

So it would be my recommendation that we would adopt . . . that the annual report take the form of our volume 1 of *Public Accounts* and highlighting the summary financial statements in that report and building around that.

Mr. Thomson: — I did not get the same degree of satisfaction out of the auditor's answer that obviously Mr. Aldridge did, because I did not hear what the cost of producing the annual report would be. And what I found even more startling is if I . . . and perhaps, Mr. Auditor, you can clarify this, but from what I heard, you seemed to say that the government had not laid out a plan as to what its debt and deficit position would be, had not provided a long-term plan.

Mr. Strelloff: — Mr. Chair, members, that's correct in the context of the summary financial statements. Members are not advised whether the government will be incurring a plan, planning an annual deficit or a surplus, or the amount, or whether the accumulated deficit for the government as a whole will be increasing or decreasing. And that kind of information would be important to have.

The planning information that you now receive is based on the financial results and activities that's going to be carried out through the General Revenue Fund. So that's one portion. You don't have a plan that brings it all together in terms of what would be the planned, say annual deficit or surplus or accumulated deficit.

Mr. Thomson: — Well I don't want to get into the summary financial planning issue because we'll have a chance to do that very shortly as we move on to the second recommendation.

But from what I know of The Balanced Budget Act, and from what I know of the four-year financial plan the Minister of Finance tabled in the legislature — didn't simply release it in some sort of partisan press statement, but tabled in the legislature — we provided just that information and went beyond that to project what we expect in terms of economic growth, unemployment rates.

All the key indicators are contained in that five-year . . . four-year financial plan, as required under The Balanced Budget Act that we introduced and passed, with the opposition noting that they were opposed to it. So I'm not completely sure what the desire is for redundancy.

Mr. Toth: — Thank you, Mr. Chair. I guess the argument we get to here, and I think if I heard the auditor correctly and I appreciate his comments on that regard, is the auditor is talking about the total expenditures of government, not just the general revenue pool or the Consolidated Fund. And that's where the public can be snowballed many times by government . . . (inaudible) . . . by just showing one pool that can be managed and kept and decreased or while other pools of government expenditure grow. And I appreciate those comments.

If we're going to get a picture so the public get a broader picture of the expenditures of government, we've got to include all expenditures. And I think that's the one thing the Provincial Auditor, for a number of years, has been trying to bring to the forefront, even going back prior to 1991, about governments talking about the total expenditures of government and putting it out in front of the public's eyes so they know exactly where the expenditures are, the debts, versus just one area.

It's easy in an economic plan, even in a business plan, to show one side of a business running very well while the other side is not sustaining itself or going into a deficit. And so I think this is important and that's why I appreciate the comments the auditor has made.

Mr. Aldridge: — Thank you, Mr. Chair, members of the committee. I probably don't need to remind you but the official opposition did attempt to introduce a balanced budget amendment Act in this past session in which we would be taking into account all of government's activities versus just balanced budget as it relates to the general revenues of the province only.

And essentially what we're talking about doing here is developing a plan surrounding the roughly \$9 billion per year worth of government activity that we have in the province versus the, about \$5 billion of activity that we currently are planning around, vis-a-vis the General Revenue Fund figures.

The auditor may correct me if I'm wrong with those figures but I think it's a rough approximation. So it's just good government to build your plans around 100 per cent of your activities versus only about 60 per cent at this point in time.

Ms. Haverstock: — Thank you. I was wanting the . . . And I know that Mr. Thomson did not ask a question of the Provincial Auditor when he was talking about the balanced budget

legislation, but rather was making a statement, but I would very much like the comment of the Provincial Auditor in response to the issue raised by Mr. Thomson.

Mr. Strelloff: — Mr. Chair, members, my understanding of the statement was that it relates to The Balanced Budget Act. And my understanding of that is that it relates to the General Revenue Fund, I think, and that the legislation requires the General Revenue Fund to be balanced over a four-year period and that relates to a portion of the government's activities.

And our recommendations pertaining to an annual report focuses on, as Mr. Aldridge mentioned, the summary financial statements, so that there is a plan and a performance report related to the total activities of the government. For example, one key piece of information that I think all legislators need to know, at least from my perspective, is whether the government plans to increase or decrease the accumulated deficit as a whole.

I mean the summary financial statements do provide an excellent accounting on what the actual results are, about three or four months after, or five months after, the end of the year. But I think it would be very useful for all legislators and the public to know whether a particular government plans to increase or decrease that accumulated deficit, and then also the method of increasing or decreasing the accumulated deficit, which relates to the total revenues and expenses of all government.

The Chair: — I note that there are no further indications that members wish to make comment. A question has been asked for. Are you ready for the question? All those in favour? Opposed? Carried.

Mr. Sonntag: — Just another point. I didn't want to interject because we're fairly — God forbid, I was going to say liberal in our discussion around this table — but when a motion has been presented, is it appropriate that members other than . . . I know we, even from this side, we ask one question or another — is it appropriate that people other than elected members are engaging in debate? I mean you don't have to have the answer for this. This can come up later on because I'm not overly concerned about it. It was asked of me once before and I didn't know the answer. So I just . . . I think of it now again.

The Chair: — Okay. I'm advised that the debate should be between the members of the committee. Now can a question be directed to officials present? I would think that that's true. But I would think the debate *per se* would have to be between members of the committee.

Mr. Sonntag: — It wasn't my intent to be provocative. I just . . .

The Chair: — No, and in essence that's where, when a question was directed to the auditor, I think it was appropriate to respond. It wasn't necessarily appropriate for him to respond to the statement that Mr. Thomson had made.

Mr. Sonntag: — Okay. Fair enough.

Ms. Stanger: — I don't think it's appropriate for members to engage the auditor in the middle of their debate is my . . . would be my point, Mr. Chair. That puts him in an awkward position. Well it was both sides.

Mr. Sonntag: — Okay. If you have any further comment about that later on some time, that's fine.

The Chair: — Recommendation no. .02.

Mr. Thomson: — Again this is an issue we've debated at some length. I note that the minister, in her response to us, describes many of the things that we are already doing in terms of the issue of multi-year planning, and in terms of us providing summary financial statements. As I understand it, we do already provide summary financial statements. The government . . . I'm sorry, I shouldn't say the government; I'm not on the treasury benches obviously. It's my understanding that the government provides summary financial statements at this time. So the question is, should we be providing a multi-year plan around that?

Unfortunately our previous debate degenerated to the point that it moved into this issue and I think much of that debate has already occurred. I don't know what else needs to be said other than I think this issue has been dealt with. I think we have been around this and I think we should conclude this issue with some dispatch.

Ms. Haverstock: — Mr. Chair, and members, I know that this has included information in our previous discussion. But I just want people to note again on page 4, line 2, that the government's response states that it prepares a comprehensive financial plan based on the General Revenue Fund, which again begs the question, what about the rest?

Similarly, I'm wondering why it is the government did not respond to recommendation (c) of the Provincial Auditor. And perhaps I'm just confused on this, but it says:

. . . that the Committee asks that the advice of the Institute of Chartered Accountants of Saskatchewan and Provincial Audit Committee be sought.

I'm wondering if indeed that happened? And if it did not happen, why?

The Chair: — You've posed a question, Ms. Haverstock. I wonder who it would appropriately be addressed to. Would it be appropriate to address your question to the Provincial Comptroller? I'm just trying to find someone who might be in a position to respond.

Ms. Haverstock: — Apparently not — not with the look on his face.

Mr. Thomson: — I think we could probably address the question to the Provincial Auditor, because as I read point (b), it was the Provincial Auditor, the Crown Investments Corporation, the Department of Finance, who were supposed to meet and discuss this issue. Perhaps the Provincial Auditor

would like to provide us with an update.

Mr. Strelloff: — Vi?

Ms. Stanger: — We haven't made a motion yet. You're not in an awkward position.

Mr. Strelloff: — Mr. Chair, members, our office has been working quite a lot on what would one look for in a complete plan for the government in a multi-year sense. We've had discussions with the Crown Investments Corporation, we've had discussions with the Department of Finance, and we're continuing to have those kinds of discussions.

We plan to do the same over the next few months where we are continuing to try to present why a complete multi-year plan would be useful to managing an organization and what kind of information one would look for in a complete plan.

In terms of having agreement between the Department of Finance and the Crown Investment Corporation and our office, we haven't got that yet in a way that we can then move to the next step, and that is to seek advice from the Institute of Chartered Accountants and the audit committee that's within The Provincial Auditor Act. I'd just like to note though that the Canadian Institute of Chartered Accountants does recommend that the summary financial statements include a comparison of planned versus actual results.

But the first step still, in terms of this issue is still, we're working with the Crown Investments Corporation and Department of Finance in trying to present the case why a complete plan would be a good management tool. And also to include a plan and an actual result comparison in the summary financial statements would also be a good accountability mechanism for everyone involved.

The Chair: — Ms Haverstock, I have you directing the question, so if you have further . . .

Ms. Haverstock: — Yes, if this is relative to what the Provincial Auditor has just said, for clarification I think that the Provincial Comptroller should go first.

Mr. Paton: — I just wanted to make a couple of comments, not wanting to enter into the debate of the benefits or problems with the recommendations of the auditor. For clarification, this recommendation asks the Institute of Chartered Accountants for their advice, and it's actually the Canadian Institute of Chartered Accounts that sets the standards. And this group as *per se* doesn't set standards, and I don't think they get involved in the interpretation of standards either. So it's probably not the appropriate body to be asking that question of.

The other thing that I just wanted to just disagree a little bit with the auditor is in his comments on the budget. We are required by the Institute of Chartered Accountants, of Canada actually, to prepare a summary statement. They do state that. They go on to state, I think, that whenever possible you should prepare a budget or present budget information on the same basis if it's available. I think they actually go on to describe

what you should do if that information isn't available. So I don't think it's a black and white situation where you find the Canadian Institute of Chartered Accountants saying budget on a summary basis. It's not quite that straightforward.

And when those standards were arrived at, I think you would find that very few provinces, if any, prepared summary financial statements. And I believe none of them prepared summary budgets. So the recommendations that were arrived at were quite a few years ago before any province or the federal government did statements or budgets. And I don't think they're quite as definitive as what was implied.

The other comment I want to make is the Provincial Audit Committee currently . . . there are no members appointed to that audit committee. And no, they were not consulted but that was the reason why, is that the committee currently has no members.

Ms. Haverstock: — Thank you. I'm prepared to make a motion on this and would very much appreciate discussion by the members. And that is:

That the Office of the Provincial Auditor, the Crown Investments Corporation, and the Department of Finance, continue to discuss the issue of the implications and issues related to the achievement of the goal of a multi-year financial plan for the government as a whole.

And that following those discussions, that the committee asks the advice of, or seeks advice from . . .

Would you like this changed to the Canadian Institute? It sounds to me as though we were wanting to deal with this recommendation, so I'll just state it as it was prior:

The Institute of Chartered Accountants of Saskatchewan and the Provincial Audit Committee.

The reason I've stated this is that it appears that the response by the minister at this stage is a bit — what should we say — early because what has been recommended by the Provincial Auditor's office has not even been completed yet. And I don't think that we disagreed with the second — pardon me — recommendation 2 (b) at all. I thought we were very encouraging of that process as a committee. I may stand to be corrected, but if my memory serves me correctly, we were wanting to see that undertaken.

So prior to our simply outright rejecting this recommendation as well, I think we should wait until the process is complete. And that would be my motion.

The Chair: — Thank you. Is there any comment on the motion?

Mr. Sonntag: — I think this probably is going to allow me to speak twice because I'm not going to . . . I'm only going to indirectly speak to the motion that I'm going to make right after this. I will just say that I will vote against that motion and urge other members to do the same, but we'll be coming forth with a

motion that I don't think will be a lot dissimilar to what Ms. Haverstock is presenting.

And much maybe to the chagrin of Mr. Thomson, I'm going to suggest that we don't as well absolutely close the door on this either. So in light of that I'm going to make a motion as well, but I'm just asking committee members right now to vote against the motion . . . (inaudible interjection) . . . Well I should maybe let Mr. Thomson have a look at it.

The Chair: — Can you amend Ms. Haverstock's motion?

A Member: — No.

The Chair: — Are there any more comments on the motion? Oh, it's still getting written.

Ms. Haverstock: — Okay, there's only one part of this that would really concern me and that is the lack of the term "government as a whole," which is the point of what we've been talking about in both the previous one and this one. I'm not interested in more on the General Revenue Fund; it's more of all of it.

A Member: — Move your own motion then. Let's go through the process.

Ms. Haverstock: — Okay, I'll reread this then.

Mr. Aldridge: — Mr. Chair, correct me if I'm wrong, but Ms. Haverstock's motion then hasn't been really moved technically then, so we could pose an additional question to the Provincial Comptroller?

The Chair: — Yes. Yes, you can ask the question.

Mr. Aldridge: — I would just like to ask the comptroller his opinion in terms of the ease of preparation of a comprehensive financial plan encompassing all of government's activities, multi-year plan. Would it not be an easier undertaking on the part of government to do that than it is under the present system of developing a plan around a particular set of books and then also at the same time maintaining another set of books for all of government's activities as a whole?

Mr. Paton: — Mr. Chairman, first of all I don't think it's really my opinion that matters in this, but I will respond in part to what you're saying. I don't think that this is necessarily an easier process that's being suggested here and I don't think Mr. Streliaff suggested it to be an easier process either. Definitely there would be considerable effort, and I think some of the provinces that have undertaken this have put in considerable effort to move to the type of budgeting that Mr. Streliaff is suggesting.

In addition — just in further clarification — I don't think Mr. Streliaff would be suggesting that we eliminate the books as they're currently being kept. I think the suggestion still contemplates the existence of a General Revenue Fund, so it's not like you're eliminating the General Revenue Fund and moving everything to a summary basis. So the same books and

records that are currently in existence would continue and there would probably be further, additional processes required to comply with the recommendation.

Mr. Aldridge: — So then one final clarification then. A two-set system of keeping books in this province is more cost-effective, more efficient, than it would be to just to have a single set of books summarizing all of government's activities?

Mr. Paton: — This isn't what's being suggested here. There is no suggestion as to elimination of any set of books. There's probably between 80 and 100 set of books that are currently being kept to prepare the summary financial statements. And we've been preparing summary financial statements for four or five years. We still maintain 80 or 100 sets of books, a set of books for each of the entities that's involved in this process, and I think that's appropriate.

There's no suggestion by the Canadian Institute of Chartered Accountants, or anyone else, that you keep one set of books for the whole province. The summary statements add together the activities of all those entities, but every set of books continue to be maintained.

Mr. Aldridge: — If I could just then be a little bit more clear in my question to you then. Would it be easier to maintain just nothing but a summary statement in terms of what the government is profiling, in terms of what they're reporting to the public, understanding that every government agency, department, and Crown is going to maintain their own individual set of books. This isn't what I was suggesting, that they no longer need to maintain their set of books.

But right now what we have is profiling about 60 per cent of the government's books, giving the public the perception that that's all of government's activities and that that's what you plan a multi-year plan around, versus 100 per cent of the government's activities.

Mr. Paton: — I'll continue to answer your question as it relates to the records of the entities. Each entity is required by various pieces of legislation to maintain their separate records, to report separate financial statements, and I don't think that that would ever change.

You've got a number of pieces of legislation that require separate reporting and accounting and so on. And I keep saying that, when you contemplate summary financial statements or even summary budgeting, I don't think that implies that you would eliminate any of the accounting records or the nature of the accounting records that are currently being kept.

And to my knowledge, the one or two provinces that have entered into this type of activity have not made any changes of that nature. I believe they still maintain the integrity of their individual entities. They have their separate financial statements; their separate books of accounts and so on.

And they go through an additional process to bring all of the individual budgets together perhaps; I'm not sure how they do it. I think they've taken different approaches. But definitely, to

my knowledge, there's been no reduction in the nature of the accounting records that are maintained by any of the provinces.

Mr. Thomson: — If I could ask a question of the Provincial Auditor, just following up from Mr. Aldridge's question; do we or do we not provide summary financial statements?

Mr. Strelloff: — The government prepares summary financial statements, yes.

Mr. Thomson: — And those are available in volume 1 of the *Public Accounts* for any member of the public or the legislature to read?

Mr. Strelloff: — That is correct.

Mr. Thomson: — Thank you.

The Chair: — Is there any other comments before we entertain the motion? If not, Ms. Haverstock.

Ms. Haverstock: — Thank you. I move:

That the Office of the Provincial Auditor, the Crown Investments Corporation, and the Department of Finance, continue to undertake the issue of implications related to the achievement of the goal of a multi-year financial plan for the government as a whole and submit a joint report to the Public Accounts Committee; and seek advice of the Institute of Chartered Accountants of Saskatchewan and the Provincial Audit Committee.

The Chair: — Is there any comment on the motion? If there is no comment on the motion, are members ready for the question? All those in favour? Opposed? It's lost.

Mr. Sonntag: — Thank you very much. One thing that hasn't been noted yet, and I think it's worth noting and having on record as well, is with the Crown review that is currently taking place, it would be my suspicion that you probably will see more accountability and maybe even a movement in this direction.

I think also it should be noted the government currently prepares a comprehensive financial plan based on its General Revenue Fund, and that plan shows all the revenues from taxation, royalties, Crown corporation dividends, and also from other sources.

And therefore, I would move — and I don't think I am closing the door on this motion, is that I would say that it is premature — Let me move:

That it is premature for the government to consider moving towards multi-year, government-wide planning information until such time as there have been standards and consistencies developed for reporting of this information.

The Chair: — Is there any discussion on the motion? Not seeing any indication that members want to engage in debate on the motion, are you ready for the question? All those in favour

of the motion? Opposed? It's carried.

Recommendation no. 3. Is there any comment on recommendation no. 3 and the government's response?

Mr. Thomson: — Taking a look at what the minister has responded, I think that there is reason to be pleased that she has looked at this issue. And I would simply suggest that we note the response, that we concur and note the response. I would concur with the minister's response.

The Chair: — I'm advised that one of the options may be, is, that the committee is satisfied with the response.

Ms. Stanger: — Concur with the response, yes.

Mr. Thomson: — I would suggest that we are satisfied with the response.

Ms. Haverstock: — I need a little help with this and I'm sure members opposite can tell me. The recommendation says that the government amend The Tabling of Documents Act to enable the tabling of reports through the Office of the Clerk when the Assembly is not sitting. Has The Tabling of Documents Act been amended? No, it has not.

While I would like to go on record as stating that I am very pleased that greater effort has been made for timely reporting and tabling, and that improvements are noted, it still is not part of the actual Act. And I'm wondering whether or not government members would not agree that with an amendment to The Tabling of Documents Act, that indeed this would be making things far more accessible in a timely fashion. Right?

Mr. Toth: — Thank you, Mr. Chairman. Mr. Chairman, I think what we have here basically comes to a point that was raised, I believe it was in Justice this morning, about a report that Justice didn't have it ready before the legislature dismissed, prorogued, and therefore they can't release it now till the legislature sits again.

And I think what this is asking the government, it's just to change The Tabling of Documents Act to allow a department to release — if the legislature is already prorogued or recessed — to release that report rather than waiting till the next sitting of the legislature.

And I don't think that's a big deal. I think that's quite appropriate. It was as ... (inaudible) ... mentioned it this morning in Justice if I'm not mistaken. So it just kind of fulfils what was mentioned in Justice this morning.

The Chair: — Any other comments?

Mr. Sonntag: — I think essentially that, in my opinion, I think that essentially is done now. And I just ... I would agree with what has been suggested, is that we note the minister's response and concur with the minister's response.

Ms. Haverstock: — I actually need clarification on this — when it's stated that it's done already. You know, I mean

simply because members opposite say to me, it's done already, is not sort of satisfactory for my having assurances that this is done with regularity, with adherence to . . . with legislation and so forth.

I mean there are criteria set down in The Tabling of Documents Act which need to be changed. And I don't know whether it would be appropriate to direct a question to the Clerk, but is this in fact being done now? Is this a non-issue?

Mr. Putz: — It is being done with respect to annual reports of Crown corporations pursuant to The Crown Corporations Act. With respect to government departments, The Tabling of Documents Act requires that they be tabled in the House. If the House is not available, they're not tabled.

Ms. Haverstock: — Right. So would it . . . Going back to this initial recommendation which came about directly as a result of the fact that when the House is not in session documents are not tabled from departments, could we not simply say that we concur with the recommendation of the Provincial Auditor, since we were very favourably predisposed to this recommendation initially.

I mean if my memory is serving me correctly, we all agreed in this committee that when the House is not in session there should be a means by which the departments can table their documents in a timely fashion.

Why wouldn't we simply say that we agree with the recommendation of the Provincial Auditor to amend The Tabling of Documents Act and be able to have departments table their documents when we aren't in session?

The Chair: — If I may, just for the record, these are now our recommendations.

Ms. Haverstock: — Yes.

The Chair: — They've moved beyond the Provincial Auditor's recommendation. We made them as recommendations of this committee. So we are now dealing with the response to our own committee recommendations.

Ms. Haverstock: — Okay. I stand to be corrected and I thank you, Mr. Chair. Then I would submit that I continue to agree with the recommendation as we had put forward previously, and would state that while we are very aware that the government has improved the timeliness of reporting to the public and the legislature — we note that there has been an improvement — that we would support this recommendation to amend The Tabling of Documents Act.

The Chair: — Thank you. On my order I have Mr. Toth.

Mr. Toth: — Yes, thank you, Mr. Chair. Just to reiterate, the deputy minister indicated this morning that as a result of the fact the way the table of documents takes place right now, because they didn't have some information ready just in time when the House recessed, they were unable to get . . . There was an item that was asked for in Justice this morning. And I

think that was as strong an indication we have that all we need here is an amendment to The Tabling of Documents Act which . . . and then it just frees the departments to do exactly what Crown corporations is now doing. If they don't have it quite ready and we're looking for a report, the department, when they get it ready, if the House, Assembly, isn't sitting, then they can free up that document.

So I'm in total agreement with this. And I think a lot of the departments, as we're hearing, would most likely agree too. Because it would make their job that much easier rather than having to hold documents until the next sitting of the legislative session.

Mr. Thomson: — I'm not sure I completely understand what the concern is on the opposition side. The minister has said that she notes this issue, that she is committed to improving the timeliness of reporting to the public and the legislature. She doesn't rule out doing the amendment, which would lead me to believe that it's under consideration. Whether we see it this session or not, I don't know. The government hasn't shared its legislative agenda with me. So we would have to wait and see.

But I'm satisfied that the minister is committed to improving the timeliness of reports, which is what we are interested in doing here. That's the purpose for the Public Accounts motion initially, was to see that we have an improvement in the timeliness. The minister says she's committed to improving the timeliness.

Mr. Pringle: — Mr. Chair, members, it's my understanding that there are only four Crowns, based on their year ends, who do not table during session but that intersessionally they — you can't table in the sense of the meaning of that word — but they release the reports and members get a copy of the reports and make statements and sort of pick and choose what they want to support or criticize based on those.

And so the official tabling, as we understand it, may be the next session, but the information is released intersessionally and so we're talking about a technical term here rather than that the information isn't provided.

Mr. Aldridge: — Thank you, Mr. Chair. I think rather than talking technicalities, I think we're just talking practicalities here. It's just . . . I think the whole committee was in agreement where, where we thought that these reports should be able to be tabled through the Clerk intersessionally.

And yes we do acknowledge that the government is attempting to make some progress in this regard, but we should still continue to be of the opinion that they move towards amending The Tabling of Documents Act, so that we . . . It's just practicalities are served in it. It's an oversight that suggests that it never have been made this way in the first place.

Ms. Haverstock: — I continue to be perplexed with the comments made. In particular — and I call upon Mr. Thomson to respond if he would like — my confusion comes from the fact that the comments made by Mr. Pringle were that . . . were regarding Crowns, if my understanding is correct from the

Clerk present. He indicated that the Crowns already are able to do this through their Act.

In other words they've been granted this opportunity, and they do table their documents intersessionally . . . (inaudible interjection) . . . Yes, well what we're talking about is The Tabling of Documents Act in order to enable, through amendments, for departments to do similarly. And I'm wondering why it is we wouldn't simply acknowledge that there are improvements in this area, but through an amendment to the Act, allow them to do this.

Mr. Thomson: — All I thought we were doing at this point was noting the minister's response and saying, at this point we are satisfied with it. It's not saying anything beyond that — we are somehow changing our position — it is simply saying we note the minister's response and we are satisfied that they are committed to improving the timeliness of reporting. It doesn't do anything else really beyond that.

I think we are debating this issue into too deep of a point. I mean we can't note compliance because the Act hasn't been changed. We can't disagree with it because we don't know that it's not going to be. I think all we need to do is to note that the minister has said that this government is committed to improving the timeliness of its reporting, and that as such we're satisfied with her comments.

The Chair: — I'm trying to get some clarification which may be helpful. If we do not do anything that takes away from this recommendation, it continues to be our recommendation. So unless we would make a motion that's saying that we have now decided to change our mind about this recommendation, it still would be on record, in my mind, as being the recommendation of this committee.

What we're noting or dealing with at this point is the minister's response, to note if we find that response acceptable or not. Or on the basis of the response, if we have any intention of changing our initial recommendation.

Ms. Haverstock: — I'd like some clarification . . . Was Mr. Pringle before me?

Mr. Pringle: — Go ahead.

Ms. Haverstock: — Okay. Mr. Chair, I would like clarification on that. I probably have . . . Pardon . . . (inaudible interjection) . . . Yes. So I understand that if there's no motion made to deal with our recommendation, then we simply note the minister's response and we don't have to then restate our recommendation. But the expectation is then implied that we still support this recommendation and have the desire that the Minister of Finance carry it out?

The Chair: — I think that's right. The Clerk advises me the committee could also make the decision to reiterate the motion. That may put more emphasis on it, but unless a motion removes the recommendation, I believe it stays valid and in effect.

Mr. Pringle: — Well thank you. I thought I was supporting

what you just said would remain the status of this recommendation, that noting the minister's attempt to continue a compliance. And therefore I think Mr. Thomson's comments are exactly consistent with that. So I think we're really talking about the same issue here. We're on the same side on this.

Ms. Haverstock: — And I concur now, but I was left with the impression that somehow by just saying that, you know the government is working on this, that's it, and it didn't sort of, I think reinforce the recommendation, that we were committed to the recommendation. I am fully satisfied, Mr. Chair, and members, that if we state . . . and we could use the words of the member from Regina South, and I would much prefer if we then reiterated the recommendation because that would be perfectly satisfactory for me.

Mr. Aldridge: — Thank you, Mr. Chair. Yes, the point I'd like to make is I don't think as a member of the committee that I'm satisfied with the response of the minister with respect to the recommendation, but I certainly commend them and I note the progress they've made. But I don't agree with Mr. Thomson that he's satisfied that this has been adequately addressed.

The Chair: — The Clerk advises me that in essence the committee has the latitude to do whatever it sees fit. We can reiterate this as was indicated; that we note progress but reiterate this recommendation because we believe it's important, so it can become a part of our next report; that it's an ongoing thing that we find important, noting the progress and the minister's response.

Mr. Flavel: — Can we note progress and recommend continuation?

The Chair: — Well, or reiterate the recommendation, noting the progress and the explanation of the minister.

Mr. Thomson: — There is no need . . . Mr. Chairman, I don't see the need to reiterate a recommendation of this committee. It's already there.

Ms. Stanger: — Unless you change it.

Mr. Thomson: — What's the point? It already exists. Why don't we simply note the minister's response? And if we need to move, because there is division in the committee as to whether we are satisfied, or simply wish to note progress, or are dissatisfied, then fine. But we're not changing the recommendation at this point. I don't see any reason to restate the recommendation that's already in place. Let's decide whether we are satisfied, dissatisfied, or want to note progress.

The Chair: — Okay.

Mr. Thomson: — My recommendation is that we simply note the minister's response and . . .

Mr. Flavel: — Note progress?

Mr. Thomson: — Note progress or note that we're satisfied?

Mr. Toth: — It'll be brought forward again and if there isn't any . . . if there isn't a change in the progress, if the so-called progress isn't seen by something that addresses this shortfall, then it will come back again next year.

The Chair: — Okay. Are we then . . . We note the minister's response and we note progress. Agreed? Agreed . . . (inaudible interjection) . . . We note the minister's response and note progress.

Mr. Toth: — We agree with the recommendation.

The Chair: — It's our recommendation — we obviously would agree with it. It's our recommendation. We're not agreeing with an auditor's recommendation — it is ours.

I would like to have your approval of noting the time and the fact that I do not believe it would be sufficient to properly deal with recommendation 4. So with your permission we will adjourn to reconvene at 9:30 tomorrow . . . (inaudible interjection) . . . The point of information that I'd like to make, I have been convinced that it would be better if I remained in the Chair until the January 7 — or 6th — meeting to complete those items of business, and therefore I've agreed to that. And coffee breaks will be still frugally administered.

The committee adjourned at 4:27 p.m.