

**The Chair:** — Good morning, everyone. I think we will begin. First of all let me take this opportunity to wish everyone a happy new year, and I'm sure that the Committee on Public Accounts will enjoy a very productive 1997.

There are a couple of items that I would like to have the committee deal with before we move on to a discussion about an in camera session.

Firstly, you've had circulated from Pam, the agenda for today. We had agreement that we would be dealing with the auditor's recommendations in so far as they dealt with Greystone, etc., and those legal opinions. I took the liberty of putting a tentative item on that comes out of our first report, in that, under section 2, we said that we would deal with issues of recommendations from prior committee meetings sometime in the future.

They are all circulated for you, and the Provincial Comptroller and the Provincial Auditor are both in agreement that these recommendations have been satisfactorily dealt with. And so on that basis I felt that we could include those items, with your permission, as an agenda item. And that, I'm informed by the committee Clerk, cleans up all outstanding housekeeping matters that are sitting pending for this committee.

So if I could have agreement that this item be included in the agenda then we will have the final agenda set.

**Mr. Sonntag:** — Just to have it on record, understanding that there is no disagreement between the Provincial Auditor's office and the Provincial Comptroller, then certainly our committee members would be in agreement with having it on the agenda.

**The Chair:** — Okay. Thank you. Motion then to accept the agenda as circulated. So moved; Mr. Sonntag. Any comments? All those in favour? That's carried.

The second item that I want to raise with you, following our committee hearings in December, we had asked the Department of Education to supply administrative guidelines, etc., for student loans since 1991. And I would like to . . . or they have given us each the 15 copies of the '96-97 year.

However they also list, if we are going to ask them to comply with having the same detail circulated from 1990 through 1996, the total of all of these pages times 15 copies is some 19,000 pages of copies. So that was what we had asked them to do and I'm sure that we didn't quite understand the magnitude of the request. They have complied, and you have the copy for '96-97.

I'm wondering if it would be sufficient if we had, for the other years, one copy for the government caucus, the official opposition caucus, the third party caucus, and Ms. Haverstock. If that would be sufficient it would cut down the requirements quite dramatically for printing.

**A Member:** — Agreed.

**The Chair:** — That was agreed?

**Mr. Sonntag:** — What does reduce it to — 6,000?

**The Chair:** — It may; I'm not sure. But certainly they said that they would be quite happy to comply under that basis; would be quite a bit less onerous. Is that sufficient? So we have agreement on that as well.

**Mr. Thomson:** — So who then would get the copy of the government members, or of the opposition?

**The Chair:** — It would be one for your caucus office.

**Mr. Thomson:** — Our offices would then bear the expense of copying the material.

**The Chair:** — If each of your members wanted individual copies of all of this, that's right. We would send it to Mr. Sonntag, Mr. Aldridge, Mr. Toth, and Ms. Haverstock.

**Mr. Thomson:** — Why I have the ultimate amount of faith in Mr. Sonntag that he'll tell me what I need to worry about then.

**The Chair:** — Finally, the committee had indicated that the discussion of the legal opinions and things of that nature would be in camera. I need to have direction as to whom this applies to of the people present. And then I need a motion moving us to an in camera session. So I need some direction from committee members as to if we're going to proceed further in camera and discuss the legal discussions in relationship to item 1, our agenda; and secondly, who this applies to, because the committee by direction can remove everyone but committee members if they so choose.

**Mr. Sonntag:** — Well just to speak on behalf of committee members, we reviewed all of the responses and it would be our opinion that if opposition members want to go in camera, we would be more than willing to cooperate with that. But from the government side we don't see any need to go in camera. But it would be entirely up to other members — if they would like to, we'd certainly be willing to accommodate them.

**Ms. Haverstock:** — No problem.

**The Chair:** — Okay, then I think that resolves that issue.

Before we proceed, since it was over the holiday season and communication and delivery of some of these documents was a little bit difficult, does everyone have copies of the four sets of information — the information from the Provincial Auditor, the information from the Justice department, the information from the Law Clerk or the Legislative Counsel, and the information from Greystone Management?

**Ms. Haverstock:** — I never did receive the report from the Department of Justice. It's the only one I don't have.

**The Chair:** — So if anyone is missing any of those four legal opinions, we have copies here to make sure we all have . . . Mr. Toth . . . (inaudible) . . . Everyone has the documents required? I need a piece of paper to keep track of speaking order and

we're in business.

I will now then open the discussion for the discussion on the agenda item as outlined. Who wants to go first?

**Mr. Aldridge:** — Mr. Chair, would it be appropriate if we could have perhaps the Provincial Auditor just sort of highlight some of what was in the legal opinions that he's provided us — the rather extensive document, rather detailed — and if he wouldn't mind just giving us a few comments, I certainly would appreciate it because my legalese isn't quite up to what it could be.

**Mr. Strelloff:** — Thank you, Mr. Chair, and members. Good morning. With me today are Fred Wendel, assistant provincial auditor; Bob Black, who coordinates our work; Tony Herdzik, a supervisor in our office; and Gordon Neill, our legal adviser from the Merchant Law Group.

You asked for a general briefing of what is in our legal opinions. And I think it was well expressed by members at our last meeting in the sense that the issue that you're faced with is when Crown agencies get together to create other organizations, are those other organizations still a Crown agency; and thus is our office responsible for providing assurances to you as legislators; and is the government accountable to you as legislators for the activities that are carried out by those organizations.

We think that in general our office is responsible for providing assurances to you when Crown agencies or officials of Crown agencies get together to create other organizations, and some of the legal advice focuses on whether the shares of the organization are over 90 per cent owned or over 50 per cent owned.

I'd like to bring to your attention that in our legislation you have asked us to ensure that we report to you on the activities of what's referred to as Crown-controlled organizations, which are those organizations where the government holds over 50 per cent of the shares.

So in general, this same issue . . . or that is the essence of the issue that was expressed at the last meeting. When Crown agencies get together to create other organizations, should our office be responsible for providing you assurances on those organizations? In effect, are those organizations Crown agencies or Crown-controlled corporations?

As a concluding thought I'd like to leave you with, and that is, would you as legislators want a system in which government organizations get together to create other organizations whose activities do not come to your attention either through tabling of reports and financial statements, or through the assurances and examinations that our office provides to you.

That concludes just a general essence of the views that are expressed in the report that we provided to you.

**Mr. Aldridge:** — Mr. Chair, in the meeting of December 11, we had requested legal opinions also of Greystone Capital

Management as well as the auditor's office, and would you be able to tell me if we've been provided anything by Greystone?

**The Chair:** — That was one of the four sets of documents that I outlined this morning.

**Mr. Aldridge:** — Okay, I didn't have that one yet.

**The Chair:** — Have other members got the Greystone? What we haven't received is an update.

**Ms. Haverstock:** — Mr. Chair, is that the one from 1990, and we've not received anything more recent?

**The Chair:** — Yes.

**Mr. Aldridge:** — Mr. Chair, if I could also draw attention for the rest of the committee members to a point of concern, certainly for me, in the opinion provided to us by the Justice department, where it suggested that perhaps this is all a moot point to this argument at this point in time, because perhaps now less than 90 per cent of the shares are controlled by government through whatever avenue.

And this matter has been before public accounts committees for many years. And certainly prior to June 30, 1996, if you read the Justice department on page 3 of their submission, paragraph 2, it would give me to believe that up until June 30 of last year that this was a problem, and now suddenly it's all a moot argument thereafter. I would . . . That leaves me with some concerns.

Also on page 3, paragraph 4, with respect to what the Justice department has to say. In this paragraph, the final sentence:

The Crown does have a potential interest in the property of any fund to the extent that there might be remaining assets after all of the benefits have been paid, however, that interest will not vest in the Crown until that time.

But who in the meantime protects the Crown's interest, is what I would ask the rest of the members of the committee. If there is some interest that is not vested according to the Justice department, in their opinion, until such time as the others have obtained their vested interest, then who looks after the government's interests in the meantime? How are we to protect it?

So I do have some problems with the Justice department's opinions.

I also . . . in the submissions by the Provincial Auditor's department on page 16, there's — paragraph 3 — there's something there that's of concern to me and I think it would be of concern to any of my fellow members of the committee. And I just would like to read this:

As an Officer of the (legislature) . . . the Provincial Auditor is entitled to the support of the Legislature. Any interference with him while he is occupied in the execution of his duties, carries serious consequences pursuant to

Section 24 of The Legislative Assembly and Executive Council Act.

And I wonder if it would be appropriate that we have some sort of a review of that very Act to see if we, as a committee, are in some way impeding the progress of the Provincial Auditor and causing a harm to his performance of his duties. Because I wouldn't be comfortable, myself, without having some sort of an opinion on that. And I'll just leave it for any other comments from some other committee members for the moment, Mr. Chair.

**Mr. Sonntag:** — I guess I want to ask the Provincial Comptroller to respond as well. It's my understanding though, that the Provincial Auditor's office can, and does, now audit the different pension plans that are administered by Greystone and SaskPen and SaskPen Two. Is that incorrect? Is that . . .

**A Member:** — That's correct.

**Mr. Sonntag:** — I'll ask the auditor to respond first to that, just to verify that, and then I would be interested in the Provincial Comptroller's opinion about the legal opinions as well.

**Mr. Strelieff:** — Mr. Chair, members, you said, does our office examine those funds administered by Greystone?

**Mr. Sonntag:** — No, I'm saying it's the independent pension plan. So for instance, the teachers' superannuation plan.

**Mr. Strelieff:** — Greystone doesn't administer those pension plans.

**Mr. Sonntag:** — Managed by them.

**Mr. Strelieff:** — Greystone provides advice, investment advice to those pension plans. Those pension plans have boards and we do examine the accounts of those pension plans.

**Mr. Sonntag:** — Okay, that's what I'm interested in.

**Mr. Strelieff:** — And report to you.

**Mr. Sonntag:** — Okay, good, thank you.

**The Chair:** — And may I apologize for not inviting you to introduce your guests, Mr. Paton, again.

**Mr. Paton:** — Yes, Mr. Chair. I've got a number of individuals with me this morning being involved in this issue over the years. Elaine Wood and Dave Tulloch are our senior analysts in the financial management branch. I also have Lori Taylor, who's the manager in the financial management branch.

I'd like to restrict my comments to the opinion that's actually being provided by the Department of Justice. And it's unfortunate they're not here to kind of speak to this in a more clear fashion, but what I understand the Department of Justice is saying is that this agency is not a public agency . . . or a Crown agency, in that we don't have at least 90 per cent of its shares vested or held by the Crown. And the point is being

raised this morning whether or not that's always been the case and personally I don't have that information right now. But at this point we do have the Potash Corporation of Saskatchewan holding at least 10 per cent of those shares. So all I can say, you know, the current situation is that it isn't over 90 per cent.

And the second point that the Department of Justice brings out is whether or not this is public money. And I think this is a point that the committee should understand very clearly, is that Greystone themselves don't actually hold these funds that the pension funds have invested. They're merely providing an investment service and it's that investment service that the auditor is looking at auditing now. So all of the funds, when we talk about the public money, I think if you ask the Provincial Auditor, he would say that they do audit those pension plans except for maybe one or two. I'm not sure if they audit them all, but all of the funds that do use Greystone as a provider of management services are fully subject to audit by the Provincial Auditor.

And it's only this last point where we're not looking at the management company itself. So I want you to keep that clear in your mind.

And that's the one point that the Department of Justice elaborates on. They say that since Greystone provides management services for which it receives a fee and actually holds no funds in trust itself, it has no public money that would be subject to audit by the Provincial Auditor. So I think that's one of the key points that we're relying on here, is that it's actually the management company that you're talking about and not the trust funds themselves.

**Ms. Haverstock:** — Well I'm going to reiterate the comment that I raised at the last meeting and I still have some confusion after having read all of this. Perhaps the legalese was getting to me. I don't know.

My question still is about the Provincial Auditor's legislative responsibility, and if the legislature wants Greystone to act independently, then does the legislation have to change in order to reflect that? Are we going to be requiring the Provincial Auditor to not in fact live up to his responsibilities if in fact we follow the advice that's been set forth by the Department of Justice?

The second point I'd like to raise is with regard to any precedent that might be set by doing that. And it concerns me a great deal. And the Provincial Auditor pointed this out this morning. What implications does this have if we in fact assume, okay, that the Provincial Auditor would not be in any way acting against his legislative mandate by not reviewing Greystone and so forth; and therefore in the future if Crown agencies and so forth wish to establish something similar, we've set the precedent that the Provincial Auditor has no responsibility to oversee that as well?

And I need those two things clarified for myself before I have any level of comfort with simply saying that this is not within the purview of the Provincial Auditor's office. And I'm hoping that people can help me with that.

The first being: is this currently, given what the Provincial Auditor's Act states, within the purview of his office? And should we in fact be tinkering with that if in fact it's not but the Provincial Auditor's office is in . . . continues to interpret it as such? Does there have to be a change in the legislation?

Secondly, what happens if we choose to do what's being recommended here by the Department of Justice, and I might add, the Law Clerk, as far as a precedent being set for things that we can't even anticipate at this point?

**The Chair:** — Thank you.

**Mr. Thomson:** — Mr. Chairman. I appreciated the comments by Ms. Haverstock. I found them quite interesting and in a lot of ways I think they also identify the key issues here. What I think we need to be careful about is to make sure we not, in dealing with the interpretation of the Provincial Auditor's Act, is that we not define it too broadly either.

The opinions that we've been provided with today, I think do make an interesting point, which is that there is in fact already a mechanism of accountability in place; that this is not under their review — the majority of the opinions that I've read — that these are not in fact . . . that these are not a government agency, Greystone is not in fact a government agency, and as such then falls outside the Provincial Auditor's purview. I think that's a fair comment in this particular case.

We need to be careful though, and I think Ms. Haverstock's right, that we need to remain vigilant to ensure that we do not simply set this then as a blanket situation where government can immediately incorporate something under The Business Corporations Act and exempt itself from a provincial audit.

I'm relatively satisfied, however, that in this case that's not what's happened here, that this is in fact a different situation, that it does legitimately fall outside of the Provincial Auditor's purview, and as such, I guess Mr. Black's position and those as stated by the Department of Justice would seem appropriate.

**Mr. Sonntag:** — Yes, I just was referring . . . I want to refer back, I should say, to discussions that we held in the past in other years. And I think it was the sixth report that I just want to draw our attention to again and just to read this into *Hansard*, that we as a committee agreed and noted the following: that the pension plans are audited by the Provincial Auditor; that the plans can choose their own management company, i.e., they can go to someone other than — well, at that time, it was ICS (Investment Corporation of Saskatchewan) if they wished; ICS Greystone is a private company incorporated under The Business Corporations Act, ICS Greystone. Shares are held by the shareholders as trustees for the beneficial owners of the shares, who are plan members.

Each pension plan is accountable to its own members. ICS, and again, as we say, Greystone, manages private funds as well as public pension plans and your committee could call pension plan officials for accountability purposes should the Provincial Auditor, through the audit process, identify and audit problems, or for any other reason should the committee decide to examine

plan officials.

So after reviewing that, it gave me, it gave me a bit more level of comfort as well on these issues.

I think, Mr. Toth, were you going to say something? You were leaning ahead.

**Mr. Toth:** — I was going to raise the issue of the fact that the information supplied by the Provincial Auditor and the Merchant Law Group continue to bring out the fact that there is 90 per cent . . . when we're talking about this issue, we're talking about the auditor having access to Crown agencies where 90 per cent of the shares are held, I believe, by a Crown agency or they would . . . Just let me get my book open here.

We're going back to May 30, 1990. At this time of ICS, it says:

Having regard to the scheme and object of The Provincial Auditor Act, it is apparent that I.C.S. itself falls within the definition of Crown Agency.

And I think that's where a lot of our discussion and debate are falling around. Does the auditor have the right to audit Greystone? He has the right to audit any other Crown agency on the basis of — and I'll continue reading here:

Since the funds invested in the shares in I.C.S. are moneys in respect of which the executive government is accountable for to the legislature and these moneys give the executive government an effective share holding in excess of 90 per cent of the shares. The executive government cannot avoid its duty to account to the assembly by pulling down a corporate (I believe that's) veil. If this were not the intent of the Legislature, they would have had to have specifically so provided.

And it's Mr. Neill, I believe, and this case brings out the fact that his studies would indicate that the auditor does have the responsibility to audit at that time ICS, which now it's become Greystone Management.

And that's the question I guess that I am trying to grapple with. Because according to the Justice department that they have . . . Greystone Management basically has less than 10 per cent or just over 10 per cent of the shares. Its shares are government funds. And I'm trying to grapple with where are we going here. What are we really . . . On one hand, I'm told well over 90 per cent and the legislation requires that if I have 90 per cent of the shares of any Crown agency . . . are government shares, then the auditor should be auditing or should have access to those funds to make sure they're handled properly.

The Department of Justice says we have just over 10 per cent of the shares through the Saskatchewan teachers' fund, I believe, and Potash Corporation. I need a clarification on that. I'm wondering if the auditor . . . The comptroller gave us something a minute ago but I still didn't quite follow.

**Mr. Strelloff:** — Mr. Chair, members, Mr. Toth. A lot of the discussion at this table and in the legal opinions provided to

you focus on the definition of a Crown agency and the definition within our Act which links Crown agencies to those where the government owns or controls over 90 per cent of the shares of an organization.

And as pointed out in the Justice opinion, it's . . . I think the representatives from Greystone said that the government Crown agencies no longer hold 90 per cent or more and thus don't meet that test.

On page 18 of the material we provided you, we also point out that the Legislative Assembly back in the mid '80s amended our Act to say that we should also report to you on those organizations where the government owns more than 50 per cent and less than 90 per cent and they defined those organizations as Crown-controlled corporations.

And then put that within our Act saying that we would, as a Legislative Assembly, we would like you to provide us assurances on those organizations where the government owns less than 90 per cent but more than 50 per cent.

So there's that part of our responsibility as well. As I said, most of the discussion that has taken place always focuses on the greater than 90 per cent and that's the link on a Crown agency. But there's also something defined as a Crown-controlled corporation which is ownership between 50 and 90 per cent.

My understanding is that the shares owned by Crown agencies are somewhere in the range of 85 per cent or something like that.

**Mr. Toth:** — And you're talking within Greystone when you say 85 per cent?

**Mr. Strelieff:** — The shares of Greystone that are held by such organizations as SaskPower, the SaskPower Superannuation Board, SaskTel, the teachers' superannuation boards — those organizations hold the shares of Greystone in excess of 80 per cent. Is that clear?

So of the 100 per cent of the outstanding shares of Greystone, 85 per cent, about, are held by Crown agencies.

**Mr. Toth:** — Okay. So what you're saying then is . . . well when members from Greystone were here, or the director, he was mentioning the fact that Greystone is a management company.

**Mr. Strelieff:** — That's correct; it's managing these funds.

**Mr. Toth:** — It's managing these funds, of which some 85 per cent of the funds it doesn't own.

**Mr. Strelieff:** — Okay, sorry. Greystone is a management company. It provides investment advice to others and to Crown agencies. It also has established some mutual funds on its own, which government organizations have invested in. So think of Greystone as this management company, investment management company, providing advice to others.

The actual pension funds and investments monies are held within Crown agencies. They provide advice to Crown agencies on what they should invest those monies in. And then they've also recently established some mutual funds.

So the shares that are held by Crown agencies are shares in the investment management company. There are other vehicles, there are other mechanisms, for the ownership and administration of the actual monies that Greystone is providing advice to, on how to invest those monies. Is that . . .

**Mr. Toth:** — Like you say, Greystone doesn't actually hold the shares. They provide advice to, like the STF (Saskatchewan Teachers' Federation) and PCS (Potash Corporation of Saskatchewan) and all the different corporations that have pension funds. And they provide advice as to how they should invest those funds to make the best possible use. But they don't hold the shares.

**Mr. Strelieff:** — When you say shares, they don't hold the money that's invested. Say they advise that you should invest in a bank for a hundred million dollars or something. Well Greystone doesn't hold the shares of that investment in that bank . . . (inaudible interjection) . . . No they don't. They're an investment advisory organization. That was their original purpose as stated by Mr. Black in December.

That function originally was performed by officials within the Department of Finance, and then the government of the day decided they wanted that function to be performed by another organization. So these Crown agencies got together, created Greystone, and the ownership of those shares were held by those other Crown agencies. So the investment advice came from the Greystone Management company or the Investment Corporation of Saskatchewan at that time. And now more recently they're into creating mutual funds.

**Mr. Toth:** — So then your office though would still have the ability to audit all the pension funds?

**Mr. Strelieff:** — Yes.

**Mr. Toth:** — I guess that's the dilemma I'm in as well, trying to determine exactly where to go here. You're saying you need access to, but if you've got access to these funds already through the different shareholders, and Greystone acts as a management firm that gives advice as to how they should invest, where does Greystone . . . I mean the argument we're then, or the debate we're into, is access to, I guess if you will, Greystone's information to see whether these funds are being invested wisely. Wouldn't that information be already available through the different Crown agencies and their pension funds, so that you're already audited?

**Mr. Strelieff:** — Members, the assurances that you're not receiving from us are that the financial statements of Greystone Management company are reliable. We're not examining their financial statements so we're not providing you those assurances — you also don't receive those financial statements — and whether they're complying with legislative authorities and whether their systems of internal control are adequate.

Those are the three kinds of examinations that we do related to all Crown agencies. And we're not carrying out those examinations and reporting to you the results in the case of Greystone, and now more recently, SaskPen and SP Two Properties.

**Mr. Toth:** — So if I understand you correctly then, it is your view that while you have the opportunity to audit the different pension funds and statements, without having access to Greystone's accounts, it's difficult for you to determine whether or not the different pension funds have got value for their . . . bang for the buck.

**Mr. Strelieff:** — Mr. Chair, members, the pension plans and workers' compensation boards and the SGI (Saskatchewan Government Insurance) and SaskPower, they're separate organizations, separate Crown agencies, separate from Greystone. Greystone is a standalone organization.

And because it is, according to our legislation, a Crown-controlled corporation, meaning Crown agencies hold the shares, our responsibility is to examine that separate organization — separate being Greystone by itself — and report to you the results of the organizations. Also that mechanism ensures that you receive the financial statements of all Crown agencies or Crown-controlled corporations.

But it's separate. Greystone and SaskPen and SP Two are all separate organizations, just like the Workers' Compensation Board or SaskPower are separate. And the monies that are held by those organizations are separate. So I cannot . . . our office cannot examine a pension fund and then, by virtue of examining a pension fund, we've examined Greystone or SaskPen or SP Two. You have to carry out separate examinations on separate organizations.

And in the scheme of things . . . I mean my understanding, my general understanding of the system of accountability, is that the Assembly wants to ensure that when the government and its organizations and officials create other organizations, you as legislators have the ability to find out what they're doing through those other organizations and receive their financial statements.

And one of the mechanisms that should help in carrying out your responsibilities is that you direct our office to examine those kinds of . . . all the organizations that the government comes in contact with and the public property that is administered or held on behalf of the Crown in those organizations.

**Mr. Toth:** — Thank you. I'll forgo . . . (inaudible) . . . some other members to ask questions.

**Ms. Haverstock:** — Well I'm still confused, folks. I guess I'm slow on the uptake here.

I'm going to read from page 19 of what was provided to us from the Provincial Auditor's office. This is a letter dated April 1, 1992, and I see this as part of where the dilemma lies, okay? — because Ms. Stanger had brought over a quote which I'm

sure you'll add to the verbatim in a moment — but they are antithetical. This statement is what is being provided to the Provincial Auditor's office, which is in direct opposition to some of the information that's been brought forward by . . . in the Department of Justice today.

And I'm going to give this quote. It's sort of halfway down paragraph 1:

The irrefutable implication is that the accounts of a Crown agency or Crown-controlled corporation are related to public money and so subject to audit by you. This meaning is consistent with the words of the Act when read in their entire context, in their grammatical and ordinary sense, harmoniously with the scheme of the Act, the object of the Act and the intention of the Legislature.

Now that is unequivocal. That quote is unequivocal. And therein lies the dilemma for me. The Provincial Auditor's office has been given a legal opinion that states in fact that his Act requires his office to carry out — the purview of his office — to carry out an audit of Greystone and SP Two, and so forth.

I have a follow-up question to all of this. Does the Provincial Auditor's office receive the audit of Greystone and SP Two from the accounting firms that audit them?

**Mr. Strelieff:** — Mr. Chair, Ms. Haverstock, you asked whether we receive the audited financial statements, audited reports directly from the public accounting firm?

**Ms. Haverstock:** — Yes. Well I'm just wondering, is there any, anything going on in terms of being able to determine what's happening with Greystone and SP Two? I mean if you're not auditing them, who is?

**Mr. Strelieff:** — Mr. Chair, members, we do not receive anything directly from the current auditor of Greystone and . . . Are they the same at SP Two? No, they're different ones at SP Two and SaskPen.

We do though have access to the audited financial statements of Greystone, SaskPen, SP Two, by requesting those statements through the shareholders of Greystone. So we can ask the SaskPen . . . or SaskPower Superannuation Board for the audited financial statements of Greystone, and we can get access to them through those kinds of requests. But you don't have access.

And also, I don't know whether the auditors of Greystone carry out . . . provide assurances on whether they are complying with all the key legislative authorities and whether their systems of internal control are adequate.

Remember when we do an audit we have three purposes. I don't know whether the terms of reference for the auditors there are . . . encompass those kinds of dimensions. But we do . . . can get access to the audited financial statements in our work through other organizations — through the shareholders.

**Ms. Haverstock:** — Well I still see this particular committee as

being mandated with serious responsibility to ensure that the Provincial Auditor's office is carrying out its duties as it has been mandated through legislation. And my concern continues to be that the Provincial Auditor's office's legal opinion has been very clear in stating that his office should indeed be auditing Greystone, SaskPen and SP Two. There hasn't been any wavering on that in any opinion that you've received.

So clearly what we're left with here as a committee is having to ourselves say: do we then tell the Provincial Auditor's office that the legal opinion is not correct and risk going with another that may have as equal a chance of being not correct? And how do we resolve this so that we in fact are carrying out our responsibility to the public? I'm concerned about it because I most certainly am confused and I don't have the answer here.

Well okay, Mr. Pringle says it is clear but I, I mean, we've both taken the time to read these and they are opposite opinions . . . (inaudible interjection) . . . I've read the Law Clerk's comments as well.

I guess I must say that I have been influenced by Mr. Neill's persuasive arguments in law and that did have an impact on me as far as not only a decision is made in other courts but in the Court of Appeal in Saskatchewan as well as the Supreme Court. And I mean those arguments had some influence on my views here. Although I'm not going to say they influence me to the point where I have a clear, decisive view on this.

**The Chair:** — On my speaking order I have Mr. Sonntag.

**Mr. Sonntag:** — I have a question of the Provincial Auditor. Did you seek any other legal opinion other than the one that was presented in years 1990 and prior?

**Mr. Strelloff:** — Mr. Chair, members, Mr. Sonntag, no we have not. Our legal adviser has been with the office in interpreting our Act and our responsibilities and other pieces of legislation for, I don't know, over 30 years, and is quite familiar with the workings of government and also the workings of legislation, particularly as it pertains to our Acts. So I certainly have had no reason to seek other legal opinions.

Plus, from just a general point of view as a reasonable person, I think it is important for legislators to be able to have access to information — financial information and other information — of those organizations that are created by government organizations. And it just . . . I don't know how to think differently, particularly as the Provincial Auditor, but also just as a sort of a reasonable person's point of view.

But to answer your question, no, I haven't sought other legal advice.

**Mr. Sonntag:** — Okay, thank you. I guess I want to make a number of comments. This concern has been raised for years now, and to some . . . to one degree or another we've been really deferring it and seeking more information. And this goes back even to the previous government, and none of the committees under either government really have, I think, tried to come to grips with this.

And I do want to acknowledge the comments by Ms. Haverstock and Mr. Thomson as well about precedent sending — precedent setting, I should say — but also say that we need to be cognizant of the fact that we don't want to set precedent either way.

I think that in the last number of meetings the committee has sought to find a resolution to this issue and to attempt at least to bring closure to the matter. And as a result, we now have before us four different legal opinions and I think that we need to rely on those opinions.

And when I see statements, especially by Mr. Cosman, the Legislative Counsel and Law Clerk, that says that:

There is nothing further in the Act as it stands which convinces me that the Provincial Auditor has, as of right, the power to audit Greystone Capital Management Inc., SaskPen Properties Ltd. And SP Two Properties Ltd.

I mean we as a committee can't ignore that legal advice. And I think therefore, especially with the fact that out of four legal opinions, three of them suggest that the auditor does not have the right to audit Greystone or SaskPen or SaskPen Two, I think then, as I said earlier, that we can't ignore that. And it would seem logical that we have not too much room to move.

And in light of that — and I'm sure this will provoke a bit more discussion — I want to move the following:

That the committee acknowledge the results of the legal opinions, of which the majority did not support the auditor's position, and as a result reject the auditor's recommendations and consider the matter closed.

**The Chair:** — Thank you. On my speaking list, which I'll continue with — and you may speak to the motion as well in the speaking list, and I will entertain other people to join into the discussion — I have Mr. Flavel.

**Mr. Flavel:** — Well in respect to the motion that's just passed, I'm not sure if I'm down the right track here but I do want to get some clarification, I guess for myself as well as other people, from the auditor.

The Greystone, do they actually handle any of the money that they recommend be invested?

**Mr. Strelloff:** — Mr. Chair, members, Mr. Flavel, the reason I was pausing is that there's a couple of issues here in terms of what Greystone actually has, and whether that is money that is really owned by the shareholders. The profits and losses of Greystone, my understanding, accrue to the shareholders. So to the extent that they have profits and losses, those monies do accrue to the shareholders, which are Crown agencies. So that's part of . . .

The second part is the mutual funds that have been recently established by Greystone. I think on page 3 of our report we refer to a number of mutual funds. Now my understanding of that would be that Greystone would hold the title of those

mutual funds, and the shareholders who invest pension money and other kinds of money would hold units of that mutual fund. And so it's a different kind of relationship.

**Mr. Flavel:** — Okay, I guess my point that I'm trying to make and get a clarification on is that Greystone does not have any public monies in it. It simply recommends to a pension board where they should invest. It cannot channel money anywhere by itself without the recommendation . . . or without the okay of a board or a pension fund. So it simply recommends to the pension fund and to the board where it would be the best to invest.

It has to clarify . . . or it has to pass through the board then and they okay the investment. If I understand, Greystone then is simply an investment fund that has a fee for service and the only funds then that would be in their audit would be what they receive fee for service. They would not be able to . . . The actual audit of where the monies were invested and whether they were good investments and would have a good return on them would show up in the audit of the pension funds themselves. Am I correct?

**Mr. Streliaff:** — Mr. Chair, members, Mr. Flavel, the first part of Greystone is that they . . . You're right, that their main source of revenue would be fees provided by those who receive investment advice from them. And then the other portion that they now are responsible for are the mutual funds that they've established, that in '94 had assets of over \$450 million. So you're right in the sense of the main source of revenues of Greystone are the fees that are received because of the advice that they're providing. And then they have these mutual funds as well.

**Mr. Flavel:** — In clarification of that, their mutual funds that they have, a pension board still has to make the decision to invest in their mutual funds. They could invest in anybody's mutual funds. I mean it is a pension board that is coming back and saying, yes, we want to invest in your mutual fund rather than some other mutual fund. So they don't simply take the money and invest it themselves; it is by a pension board that makes the final decision on this.

And in adding to that — seeing that you're consulting — then that would show up in the audit of the pension, that they did invest in Greystone; and it would show up in that audit whether it would be a good investment or not.

So I think . . . the point I guess I want to try and make and maybe clarify for myself is that the monies are protected through the audit of the pension funds because this company does not handle the money — it simply advises. The actual investment has to be made by the pension board themselves.

**Mr. Streliaff:** — Mr. Chair, members, Mr. Flavel, the nature of the business of Greystone doesn't impact whether it's a Crown agency or a Crown-controlled corporation. What they do as a business doesn't determine whether they are a Crown agency or a Crown-controlled corporation. What determines that relates to whether it is a Crown agency or Crown-controlled corporation; that is, who holds the shares of the business of Greystone. And

as we've said, about 85 per cent of the shares of Greystone are held by Crown agencies and that means that those shares are public money. And so it's not the business that determines whether Greystone is a Crown agency or Crown-controlled corporation.

Now Greystone does receive — my understanding — does receive its revenues mainly from providing investment advice to others, to other Crown agencies, for fee for service. And I mean that would be the substance of their operations and any net profits or losses accrue to the shareholders which then move all the way to the government as a whole. That's been their main course of business.

Now more recently they have created a number of mutual funds and my understanding of that would be that they — we haven't done the audit so I'm not completely sure — that they would hold the title to those mutual funds and then that they would advise or suggest to boards of directors that they may want to invest in those mutual funds. And the decision on whether the monies, the pension monies, or Workers' Compensation monies or SaskPower monies or SGI monies get invested in specific stocks, my understanding is that the boards of these pension funds and other organizations provide general direction to Greystone on the percentage of types of investments that they would like to be . . . to hold and Greystone then provides the advice on how best to hold that type of portfolio.

**Mr. Flavel:** — Okay, I guess just in closing then, I guess the point that I want to make is that your audit of Greystone would simply be auditing the fees for services. That would be the major thresh of the audit. The mutuals — I don't know who would own . . . the ownership of them; that's beside the point — but the other millions and millions of dollars that are invested with the recommendation of Greystone will be protected through the audit of the pension plans.

**Mr. Streliaff:** — Mr. Chair, members, if we were auditing the Greystone, we would be examining the revenues and expenses related to the fees for services, but we would also be involved in the examination of the . . . at least on page 3, the 1, 2, 3, 4, 5, 6, 7 — seven mutual funds that also have been established by Greystone. So it would be broader than, it would involve more than, the revenues that Greystone obtains through fees for services.

Page 3 of our report sets out those mutual funds. Those are more recent initiatives of Greystone. Originally it was all fee for services. And then that would be the focus of our audit. Now it's broader than that type of operation.

But again the nature of the business an agency or a fund or a corporation or a Crown-controlled corporation is involved in really isn't the key issue. The key issue is, is it a Crown agency or is it a Crown-controlled corporation, which in our legislation is defined as where the government owns more than 50 per cent of the shares.

**Mr. Thomson:** — Thank you, Mr. Chairman. I want to return I guess to the issue at hand, which is the motion of Mr. Sonntag's. And I want to start by saying I support it.



To deal with the question that Ms. Haverstock raises in terms of the conflict between the legal advice the auditor has received and the legal advice the committee has received from its Law Clerk, to me the question here is not a particularly difficult one in terms of which advice to take. And I guess the way I look at it is this. On issues of accounting, I feel the legislature and the legislative committees are generally well advised to take the Provincial Auditor's advice over that of outside auditors when it comes to financial matters. However, when it comes to legal matters, I am more satisfied taking the advice of Mr. Cosman, who is also an officer of this Assembly of equal standing to Mr. Strelieff, and, I take it, of equal qualification, probably more so obviously in the legal area.

The advice that he provides, and I think Mr. Sonntag made this point very clearly, is that there is nothing in the Act — and I'm quoting from Mr. Cosman's letter:

There is nothing further in the Act as it stands which convinces me . . . the Provincial Auditor has, as of right, the power to audit Greystone Capital Management Inc., SaskPen Properties Ltd. And SP Two . . . Ltd.

In that regard, I think the Law Clerk has made a very clear . . . provided us with very clear advice in terms of what that Act is. This is the person who advises the legislature, who advises legislative committees, and I think we would be well advised to take . . . to support Mr. Sonntag's motion and take into account Mr. Cosman's advice.

I appreciate that the auditor has different opinion from other counsel — I won't say lesser counsel from outside, but certainly other counsel — but at this point I think Mr. Cosman's advice is very clear. I think that he has done a very good review. He is clearly well read in terms of the importance of these issues and in terms of what the Act was established to do.

So in this particular case, I think the issue really comes back to a very simple one that has been clearly articulated by Mr. Cosman, our Law Clerk, and I think that we should follow his advice and support Mr. Sonntag's motion.

**Mr. Aldridge:** — Thank you, Mr. Chair. I'll just say at the outset that I will be proposing an amendment to Mr. Sonntag's motion. With respect to some of the comments by Mr. Thomson, I think what you find is the Law Clerk's opinion is pretty much grounded in — and you'll have to forgive my rudimentary knowledge of law — but it seems like it's grounded in a common law versus a statute law, which is what the auditor's opinion is built around.

I also too, with respect to some comments by Mr. Thomson in terms of as a committee we should look at a more narrow interpretation of the matters before us, and under the federal Interpretation Act — and I'm told provincially there's something similar — we are advised to take every Act regulation in its broadest sense, I think some of the wording here has provided a legal opinion is with respect to a provincial statute — and I might as well read this into the record so that everybody knows what I'm referring to — but in section 11 of

this provincial statute, it reads: every Act and every regulation and every provision thereof shall be deemed remedial and shall receive such fair, large, and liberal construction in interpretation as best ensures the attainment of the object of the Act, regulation, or provision. And I might add it's a "small l" liberal.

But I think some of my comments that I made earlier are still applicable to . . . we have to take this within the context of our duties as it relates to other Acts such as The Executive Council Act that I had referred to earlier, where we must take it very seriously any matters which we might take into our own hands which could impede the work of the Provincial Auditor as it relates to The Provincial Auditor Act.

I agree, I think, and all members of this committee agree, that this matter has been before this committee and many before it more than often enough. I think it's quite obvious that it isn't a matter to be resolved by this committee. We have legal opinions in hand just as do the two parties involved in this matter.

I also take into account what the Provincial Auditor had said earlier, which I take it to mean that any arguments that they have put forward to date are equally as applicable whether it be a Crown agency or a Crown-controlled entity, which Greystone obviously is. And therefore I would be proposing to amend the motion to read as follows:

The committee acknowledges the results of the legal opinions and recommends that the Provincial Auditor seek the cooperation of Greystone Capital Management Inc. to jointly submit to the Saskatchewan Court of Appeal a jointly agreed-upon set of facts and a question to resolve this matter.

**The Chair:** — I think we've got to work on the wording of the amendment in order to get . . . I think the intent is clear and what we have to do, and I'm advised that we've got to work on the wording so that it amends this existing motion, not just really proposes another one.

**Mr. Sonntag:** — I don't think there's anything wrong with making a separate motion and dealing with that motion after this one's been dealt with either. It may be redundant but I don't know, based on, based on the premiss of the amendment, I don't know how we could incorporate those thoughts as an amendment to the motion that I've already made.

**Mr. Aldridge:** — If it's acceptable to the committee then we'll be introducing another motion entirely. Given that it's substantially different than the other one, well then we can do that.

**The Chair:** — If the committee adopts this first motion, then the second motion would be out of order because we've made a decision. The only way we could deal with it is to accept the second motion firstly.

**Mr. Aldridge:** — Can I have that motion back and I'll have a look at that?

**The Chair:** — If with your permission, would people like to take a five-minute refreshment break? Or just take the opportunity to refill your coffee or something of that nature while I get this wording done.

**Mr. Koenker:** — I think we should just wait, Mr. Chair.

**The Chair:** — Okay, that's fine.

**Mr. Thomson:** — Thanks for offering.

**The Chair:** — It's totally unlike me to do that. It's out of character, I know. I'm sucking up at the end.

If we could come back to order, I believe we have an amendment to consider. I will read the motion that we have accepted by Mr. Sonntag:

That the committee acknowledge the results of the legal opinion, of which the majority did not support the auditor's position and as a result reject the auditor's recommendation and consider this matter closed.

That's the motion before us. And I will now entertain an amendment by Mr. Aldridge.

**Mr. Aldridge:** — Thank you, Mr. Chairman. I would propose that the motion be amended by deleting all the words after opinions and substituting the following words:

and recommends that the Provincial Auditor seek the cooperation of Greystone Capital Management Inc. to jointly submit to the Saskatchewan Court of Appeal a jointly agreed-upon set of facts and a question to resolve this matter.

**The Chair:** — I'm advised that this does comply with the requirements of a proper amendment to a motion. Is there any discussion on the amendment?

**Mr. Toth:** — Yes, thank you, Mr. Chair. I have listened both to the motion and to the amendment. And in view of the fact that this whole discussion basically, over the past number of years, has been centred around politics, it might seem to me that this might be the best way of removing it from the political venue and getting an outside opinion.

I believe the Court of Appeal might be that avenue; so that we just aren't again debating it, and I realize that once the motion or the amendment is accepted or defeated, and the original motion is put forward that this question will be, for all intents and purposes in this committee's mind, put to rest. But I think it still doesn't address the questions that the auditor will have even ongoing or down the years.

And it also leaves us in a situation, are we . . . of question whether or not we're having all the facts submitted to us and the auditor feeling comfortable that all his statements are correct, that we have access to information that's available. And I note the opinion brought forward by the Department of Justice, and the unfortunate part is here again, it's more

political than it is really addressing the question.

We take a look; the letter is signed from Mr. Cotter. There's no doubt that Mr. Cotter, through the years, has been quite closely aligned with the current government of the day.

And the facts are . . . And that's why I indicated earlier that for too long this discussion has been centred on politics versus the fact that we, as taxpayers of this province or legislators, are able to feel that the comfort level that the auditor has been indicating . . . that he has been able to present all the information that he feels is necessary for us as legislators to feel that we are indeed managing public funds appropriately.

And therefore I am led at this time to be in support of the amendment, and feel that this is the best way of arriving at a conclusion without it being strictly political. And I'm in support of the amendment as it's been presented by Mr. Aldridge.

**The Chair:** — Thank you, Mr. Toth.

**Mr. Pringle:** — Thank you, Mr. Chairman. Well I would like to speak against the amendment, and I find it unfortunate that Mr. Toth would make the comments he did about the Department of Justice's opinion as a political opinion. I hope that one wouldn't say the same about the Legislative Law Clerk's opinion, which is the same.

I'm a bit surprised and puzzled by this whole discussion today because I thought we had agreed that this was a legal matter — a legal matter. I'm not a lawyer so therefore we decided to seek legal opinions. We sought legal opinions, got four legal opinions.

Now unless I didn't read this correctly, three out of the four legal opinions reached the same conclusion. That included the Department of Justice's opinion, and I think that I view that with some validity. That included the Legislative Law Clerk's opinion. We're talking 22 years of experience looking at statutes.

I wish I was as qualified as Mr. Aldridge to say that the Legislative Law Clerk's opinion isn't valid because it's based on common law. I mean he looks at statutes all the time and makes decisions around their legalities. So I'm not that qualified but I think that, as Mr. Thomson had said, we respect the Provincial Auditor's opinion on accounting and accountability issues. I would fail to see how we then don't respect the Legislative Law Clerk's opinion on legal matters since that's the purpose of his office here — legal matters as it relates to legislation, including the Provincial Auditor's legislation, related to the legislature and the duties of we as legislators.

So on the four opinions, three out of four reached the same conclusion, or 75 per cent of them reached the same conclusion. Now what would have been sufficient? 100 per cent? Total agreement?

I mean Ms. Haverstock saying that the legal opinion that the Provincial Auditor sought is persuasive. Well I guess . . . I

mean again, on what basis are the other three opinions not persuasive? I just don't understand that when we're agreeing that this is a legal matter.

So if it would have had to be 100 per cent, we should have stated that. I'm also surprised — I have to say — that given the nature of this issue and the fact it's been around for six or seven years, that even the Provincial Auditor's office wouldn't have got another, independent opinion. And obviously the Provincial Auditor didn't feel that was necessary but it might have been useful as well.

So from my point of view, we sought legal opinions. We got three that agreed, or 75 per cent. And therefore, especially tipping the balance being the legislative Law Clerk for me, I just don't accept the amendment. I don't accept that we've been dealing with this committee as a political issue. We viewed it as a legal issue and sought our best to try and resolve it as a legal issue. And based on that, I'm satisfied that I'm carrying out my responsibilities as a committee member in as honourable a way as I can to support the motion as introduced by Mr. Sonntag.

**Ms. Haverstock:** — Thank you very much, Mr. Chair. I wish to be on record for saying that I at no time have seen this as arguments of differing political views. I have seen this very much as differing legal opinions. And that's what I would like to go back to.

And I would like to reiterate, yes indeed I did find the legal opinion of the Provincial Auditor's office very persuasive. And that is not to state that there were no persuasive arguments put forward by anyone else. It simply underlines the fact that I have no expertise in legal matters. And the reason why I will be supporting Mr. Aldridge's amendment is because of that. I feel very seriously about what this will mean in terms of precedent for the future, the implications that this will have for the Provincial Auditor's office. I want to have the level of comfort that I was talking about earlier that I don't have even at this moment.

And because of that I most certainly would appreciate having both the Provincial Auditor's office and Greystone/SaskPen, SP Two, coming together on this matter and putting it before the Court of Appeal that I think would render a decision with which we could all feel very, very comfortable.

And just as an addendum here, Greystone didn't seek an alternate legal opinion either. I don't think that it would require people to simply go out and continue to get different legal opinions. It's not like sort of getting different medical opinions on the same potential disease, if you will. But I do appreciate the work that's been done by everyone on this matter, but I continue to have questions about it. And I most certainly cannot support Mr. Sonntag's opinion ... pardon me, motion — simply because I don't think it really will leave anyone feeling that we've resolved this. And I think there should be clear resolution.

**Mr. Aldridge:** — Thank you, Mr. Chair. To base, as members opposite have, an argument just on sheer numbers of legal opinions is nonsensical. I mean, Mr. Chairman, the committee

could stand adjourned and by this afternoon we could have a whole bunch more of legal opinions developed in favour of the Provincial Auditor. I think everybody around the table would agree that there has been enough legal opinion developed. I think there's a general acknowledgement that we're not all that well versed in legal matters and that the amendment proposed deals with that. It puts it to a final resolution.

**The Chair:** — Thank you, members. I've exhausted the number of people that have indicated they wanted to speak on this issue. Are you ready for the question? The question on the amendment that ... It has been read in? Yes, it has been read into the record. I think everyone is in understanding of what the amendment is. All those in favour of the amendment? Opposed? The amendment is defeated.

Is there any further discussion on the motion that is before us? Not noticing any indication of people wishing to speak on the motion, are you ready for the question? On the motion by Mr. Sonntag, all those in favour? Opposed? The motion is carried.

**A Member:** — It's actually on division.

**The Chair:** — On division. Would you like on the record these motions defeated and carried on division? It's whatever you request. I'm advised that it's possible.

**Ms. Haverstock:** — It is possible? Sure, then I'd like it.

**The Chair:** — Okay.

The next item on our agenda, as I indicated in the discussion leading out of ... or requesting approval for this item to be included on the agenda on this Standing Committee on Public Accounts's first report under section 2, matters of continuing interest, there were the recommendations from previous committee reports. I've circulated ... we've had them circulated to you and I'm advised that the Provincial Comptroller and the Provincial Auditor are both in agreement that these recommendations have been resolved as indicated. I would like, for the record, for the Provincial Comptroller and to the Provincial Auditor to indicate that in a comment to the committee at this stage.

**Mr. Paton:** — Yes, Mr. Chairman. As I stated earlier, unfortunately I don't have a copy of that document with me, but that was prepared by our office in conjunction with the Provincial Auditor and we believe those issues are resolved.

**Mr. Strelloff:** — Members, we also agree that the recommendations of the committee have been handled and resolved as set out in the letter to the Chair dated April 11, 1996.

**The Chair:** — Thank you. Then I believe a motion to acknowledge this would be sufficient and that the committee ... or the committee is satisfied and will so include in their next report. Mr. Toth. Agreed? Thank you very much.

Finally, I would like to take this opportunity to thank the committee for allowing me the opportunity and the great

pleasure and learning experience of chairing this committee over the course of the last, almost a year. It's been a most interesting and rewarding experience and I would like to thank all members very much for their cooperation and wish the committee very good success in the future.

I note that I have submitted my letter of resignation to the committee Clerk and I now so do resign.

**Mr. Sonntag:** — I know there's several other comments as well, but just to you, Mr. Chair, if you still are Mr. Chair, I want to say a few things.

When you took on this position, we had a huge amount of work before the committee. And I think, especially as a new member to the legislature and also a new member to this committee, I think that must have seemed almost insurmountable when you began. And I'm sure that, much like the rest of us when we began on the different committees, there was a fair bit of confusion and apprehension of about which direction you were actually headed.

But I want to, certainly on behalf of myself and I'm sure the rest of the committee members on our side of the ... on the government side and probably I think, although I don't want to be presumptuous, I think I'm speaking for the rest of members at least in your party as well, that I think you've done an admirable job.

I've enjoyed, certainly enjoyed, working with you. You've been most cooperative through all of the difficult decisions as we've had to make and some ... And also often in cases where there was delicate issues being placed before the committee, you've been most cooperative. And I want to say as Vice-Chair that I really genuinely do appreciate the role that you played here as Chair.

And I think also that you've heightened the awareness of non-partisanship in the committee as well. We tried to move in that direction. I think as a new Chair you certainly carried that role on and I want to compliment you very much.

So it is with some regret that I see you stepping down from the position as Chair. So anyway, in conclusion, thank you very much. I think you've done a very, very good job.

**Some Members:** Hear, hear!

**Ms. Haverstock:** — Whoever decided to make him Chair, wasn't that a wise decision?

**Ms. Stanger:** — I have a further comment to make before the committee. It was a comment of concern that I had in reading the *Herbert Herald* last week. Are you chairing ...

**Mr. Putz:** — The procedure upon the resignation of a Chair is for the ... Before the committee can do anything else, a new Chair must be elected. And it's the role of the committee Clerk to preside over the election of a Chair. Then we can attend to ...

**Ms. Stanger:** — So I can make my comment after?

**Mr. Putz:** — After the election of a Chair.

**Ms. Stanger:** — I'll make it afterwards.

**Mr. Putz:** — With that, it is my duty as Clerk to this committee to preside over the election of a Chair upon the resignation of the previous Chair. And with that I'll accept nominations now for that position.

**Mr. Sonntag:** — Thank you very much. I'd like to nominate Gerard Aldridge as Chair.

**Mr. Putz:** — Mr. Sonntag has nominated Mr. Aldridge to preside as Chair. Any further nominations? Can I have a motion that nominations close. Ms. Stanger. All those in favour of the motion? Carried.

With that I'll invite a member of the committee to move that Mr. Aldridge be elected to preside as Chair of the Standing Committee on Public Accounts.

It has been moved by Mr. Sonntag:

That Gerard Aldridge be elected to preside as Chair of the Standing Committee on Public Accounts.

All those in favour of the motion, please signify. All those opposed? I declare Mr. Aldridge elected as Chair and invite him to take the Chair at this time.

**The Chair:** — Well thank you, committee members. And the first order of business I see would be to deal with Ms. Sonntag's concerns — I'm sorry, Ms. Stanger's concerns. And also I'm assuming that there might be a few other committee members wish to make some comments too.

**Ms. Stanger:** — Well first of all I'd like to thank Rod Gantefer, our former chairperson, for the way he conducted the chairmanship of this committee. I was a new member and he was a new member, and I really appreciated the way he dealt with the issues. And I just wonder if you know, just being a new member thrown in, when I think back to '91, how difficult that was. So I think you did a wonderful job. So I want to thank Rod on my behalf as a new member.

I take the responsibility of this committee very seriously because I think it is an overarching committee of the government. It looks into all aspects of government. It keeps us accountable. I think it's a very important committee. I appreciate the comments of the opposition. I've come to appreciate the auditor and his role, which I really didn't understand as fully before I came on this committee.

So it was with some actual sadness that I read Mr. Aldridge's column in the *Herbert Herald*, Tuesday, December 17, and the comments that he made about members in the committee. I take this very seriously. I come prepared to this committee, and I know my colleagues do the same, and I know opposition members do also.

Mr. Aldridge, Mr. Gantefer had tried to keep things at an unpartisan level at this committee. We're all working together here as people in a democracy — a parliamentary democracy.

We all belong to different political parties, but I did not appreciate his remarks in the . . . He took the committee and politicized it, when he himself had been missing for a whole week while he was running for the Liberal leadership. I would have never referred to that in any column that I would have written because I believe in the democratic process and I believe that he is entitled to do that.

We even tried to arrange dates around, so that people can do the political work plus their work as legislators. And we've tried to . . . we tried to accommodate his schedule. We make jokes among ourselves, like we may joke with Mr. Toth about farming or something, but we realize that that is his business, and I would never think of putting that in a column, pointing to his absence or anything else or your absence or anything else. And I did not appreciate the partisan comments that you've put in your column. Because I believe the Public Accounts Committee — as partisan as all of us are; we're all politicians — I do believe that we try hard when we're in this committee to do our best.

And so I just thought I couldn't let that pass. I was either going to write a letter there or I was going to say it in the committee but, as my colleagues noted, being the kind of person I am, I thought I would say this to you: that I hope that we are able to conduct this committee in a more professional way. And you can slam us all you want on political issues, but maybe on Public Accounts, and what we read here or don't read here, I can tell you that for myself personally, I attended every single second minute of the Public Accounts since I've been on here. And I come prepared, and as prepared as fully as I can.

So I would like the Chairman to take that into consideration and when you're on something like . . . especially Public Accounts — is very serious. I don't think we should start politicizing it or we will be in trouble. And the public also will . . . is liable to criticize us, and they should too.

**The Chair:** — Thank you, Ms. Stanger. Are there any other comments? If I just might add to the discussion here, for the benefit of the members on the other side of the table, I don't think there's a single one who knows what you're referring to. And if they would be interested, perhaps Ms. Stanger could read the said column just to give them some idea of what the comments are directed to.

**Ms. Stanger:** — I don't think I want to read it into the record. I didn't like it the first time I read it. I don't want it . . .

**The Chair:** — Just for the benefit of the committee, my comments made in the column weren't related to physical absence; they were related to attentiveness in Public Accounts meetings. And for the record, I would just like to say that I've noted a marked increase, improvement, in the attentiveness of committee members.

So I would also offer to make such a comment in the upcoming

issues of the *Herbert Herald* if it would be the wishes of the government members — that I make note of the progress in that regard, with respect to attentiveness. But failing . . . if that isn't satisfactory then . . . if there is any other comment?

**Mr. Sonntag:** — Yes. Thank you very much. I think the points have been duly made and I don't want this debate, from my perspective, to degenerate at all. And as the new Chair, I have every confidence that you will preside as non-partisanly, if that's the right word, as the previous Chair, and welcome you to the committee, and look forward to working with you as well as with myself as Vice-Chair. So anyway, welcome very much. And I would prefer that we don't allow this to degenerate in any way. Thank you very much.

**The Chair:** — Thank you, Mr. Sonntag. No further comments, then?

**Mr. Toth:** — Not really to this issue. I'd just like to say thank you to Rod for his term as Chair. As well extend my appreciation and welcome to Mr. Aldridge in the position of Chair.

But I'd also like to thank the comptroller's office and the auditor's office for their input this morning. I know it's difficult. And I realize the auditor has been, and I've been, around for a number of years, and there's been ongoing issues, regardless of who's been in power, as to whether or not government has been complying with all the rules, all the regulations, and even all the audited statements.

And I think the auditor, in my opinion, has done his utmost to make sure that we as members are well-informed and kept informed, and issues are raised before us, and I want to thank the auditor for that. While we may not always agree with his opinions, we certainly appreciate the work that's been done, and I just want to extend an appreciation to each and every one on this committee for their hard work and diligence over the past number of years.

**The Chair:** — That being said, I also want to take the opportunity now to thank Mr. Gantefer for his good work this past year. I appreciated it, as obviously the rest of the committee did as well, and I have some big shoes to fill.

I see no further items on our agenda, so unless anyone else has anything further, I'd just ask for a motion to adjourn.

**Mr. Sonntag:** — I would just like to ask then . . . to clarify that this committee will not meet until we're in session again. Is that the understanding? I shouldn't be looking at Mr. Gantefer; I should be looking at the new Chair.

**The Chair:** — Well it will be at the call of the Chair and we'll be in session. So can I have a motion?

**Ms. Haverstock:** — I so move, and Happy New Year!

**The Chair:** — The meeting stands adjourned.

The committee adjourned at 11:16 a.m.