

The Chair: — Have a coffee or juice and whatever, and if we could come to order, please.

Mr. Toth expressed his regrets; he'll be in later. And I guess that's the full complement.

The Clerk is passing out or has passed out a copy of a letter that I've received from Mr. Kraus and it relates to a reply that was asked by the Standing Committee on Public Accounts relating to the Provincial Auditor's 1993, March 31, '93 report. And I think since the Public Accounts Committee has asked for a report we should acknowledge receipt of it.

There's two sections in the material that you have. The section I are those issues that have been discussed with the Provincial Auditor and the auditor is in agreement with the conclusions in section I. The last page is section II, that Mr. Kraus indicates that the government believes that have been addressed but the Provincial Auditor's office has not finalized their position in that regard.

I've asked the auditor to review section II to see if there are issues in there, in his opinion, that are recurring in our protocol agreement of issues that we should deal with and that will come up and resurface. And if they are, it might be your decision that we deal with it within the confines of the protocol agreement. If not, then I stand open to making a time on the agenda some time in the future where we can deal with the section II recommendations specifically.

So I think that that perhaps is sufficient at this stage, to serve notice that thank Mr. Kraus and acknowledge a receipt of this reply. All right. And perhaps depending on the outcome we can talk if it should be agended or something into the future for section II.

Mr. Sonntag: — Just my suggestion, would be just the information is received right now and let us just, as a committee, just to have a look at it and we'll . . . To me though, probably what it would be is just to include it later on in this agenda, logically. But I'll talk to the rest of the committee and see how they feel.

The Chair: — And it may well be . . . Fred is having a look to see if under, especially section II, if it's already covered in our protocol agenda that's already there. And if it is, that may be the most appropriate way of dealing with it. But I just table that for now.

We have, on our agenda, have decided to move to protocol item no. C.1 under government-wide, falling out of the 1994 fall report, the recommendation of the auditor being that:

The Legislative Assembly should ask the Government to publish multi-year, government-wide summary planning information.

Start the speaking order . . .

Mr. Pringle: — Another important matter but related to this is

the Chair of Crown Corporations Committee, Rod Gardner — similar name to yours, Rod — at half-time or at the break used to provide muffins for the members. And so since the break isn't for about an hour and a half, it gives you time to get out and make the adjustments.

The Chair: — To get out and bake? I could go and bake a few.

Mr. Pringle: — And I wonder if you could advise the committee of what your intentions are? He used to personally . . .

The Chair: — I think that that might be construed as bribery or some type of effort by the Chair to intimidate members of the committee, would probably be inappropriate especially in light of the sensitivity to those kinds of things these days, so I'll take it under advisement.

I think the point is well taken. I think that, as we proceed, what we should do is offer the opportunity to the auditor to explain the background for the recommendation and then open the floor up for comments and discussion. Is that agreed, in terms of a process? Hearing no negative points — Mr. Strelloff.

Mr. Strelloff: — Okay, thank you very much, Chair, members, and good morning. C.1, the recommendation — the Assembly should ask the government to publish multi-year, government-wide summary planning information. From our previous meetings you know that this recommendation has come from our office for a number of years. It's an important recommendation.

And with me today are people in our office who have been working on this chapter and this issue — Judy Ferguson is an executive director with our office and is leading this project; Jane Knox, a principal in our office, is also working on this issue; and also with us today again is Fred Wendel, the assistant provincial auditor; and Corrine Maier, one of our staff members who is attending her first Public Accounts Committee meeting. So I'm going to turn over the presentation to Judy Ferguson.

Ms. Ferguson: — Thank you, Wayne. Thank you, Hon. Chair and members. What I would like to do this morning is provide you with a bit of a background to the chapter; why the chapter is even there in the first place; and to take you through basically the contents in the chapter, which is really what is planning information and the background for our recommendation this morning.

And really the starting point for this chapter is a recommendation from this committee made in prior reports, and actually in a couple of the prior reports, and most recently, in a seventh report to the Assembly, and that recommendation was recommendation no. 3. And it asked the government to study the implications and issues related to the achievement of the goal of a multi-year financial plan for the government as a whole.

And as to the matter of an annual financial plan showing proposed revenue-raising programs and spending programs of

all government organizations and the matter of a multi-year plan for all government organizations, this committee recommends that the Office of the Provincial Auditor, the Crown Investments Corporation, and the Department of Finance undertake discussions on this issue and return to this committee with a joint report. And during these discussions, the committee asks that the advice of the Institute of Chartered Accountants of Saskatchewan and the provincial audit committee be sought.

What I would like to say is that we have had discussions with officials from both Department of Finance and Crown Investments Corporation. Unfortunately, we're not at the point where we have a joint report to this committee. In those discussions, what we've found is that we seem to go around in circles a bit as to what was really meant by planning information. And what we hope to do, is through this chapter, sort of have a better understanding of what our office means by planning information. And this chapter was discussed in full with both officials from Finance and CIC. So really this chapter, we're hoping to use as an input into this discussion process and into the recommendation that this committee has made in the past.

We're also hoping that this discussion will generate some discussions on behalf of you, the legislators, and probably and also a broader audience to get a broader input into this whole matter, important matter of planning information. And that we see as very important inputs into this whole process because you guys are key people in the process itself.

So without further ado, I've got a few slides that I want to take us through. Hopefully you be able to see the slides. We're going to project them right on the wall, at the suggestion of one of the members; hopefully it works. And if I'm in the way, just sort of wave at me and we will . . .

Mr. Flavel: — You didn't listen to Mr. Sonntag, did you?

Ms. Ferguson: — Here we go.

The Chair: — Maybe you want to turn the light down or . . .

Ms. Ferguson: — Basically . . . Can everybody see my . . . there's not . . . the slides are fairly simple.

Basically what we've tried to do is focus on planning information. And as all of you recognize, I'm sure with your past experiences and current experiences, planning information is a very, very broad area. And what we're focusing in on is really business plans and financial plans. Okay.

So business plans are . . . really outline what will be done; how; when it will be done; and really evaluates how . . . It sets out how it's going to be evaluated, how the organization is going to evaluate themselves. So it's very much so a structure for the business.

Financial plan is how it's going to finance the business plan. So it's really . . . it gets down into the budget information in the budget details, you know, and setting out the assumptions that

you're going to be using in your budget detail.

What our office has done is we've undertaken some research in this area, and basically for government planning information we've found that they should answer five questions basically. And this applies to the government as a whole or an individual organization.

So your planning information should answer these questions. What is the government doing? Where does the government want to go? How does the government want to proceed? How will it know when it is successful? And lastly, how does it plan to finance the preceding four questions? So there's five basic questions.

For what the government is doing — really what that is is what is its general policy or strategic direction given its mandate and its authority.

The second one is — where does the government want to go? That's where you would take and describe what your policy direction is, your goals, your objectives, and set out the priorities for the upcoming years.

The third one — how does it want to proceed? It would briefly describe how it plans to meet the goals set out in no. 2, and again it would be doing it over the next couple of years, and set out what the key milestones would be, what choices it undertook when it's determining those goals and objectives, and give an indication if the plan itself would require significant changes in its operation — does it mean a shift from where it was before, are we steady on course?

The how will it recognize if it is successful. As for any organization, this is very important, to measure your success, to know whether or not you're on target.

So basically under this question, you're answering or you're looking for what are its performance indicators in both a financial sense and an operational sense. So this would also encompass what your economic indicators or economic assumptions would be. You'd build it in at this point in time.

It would also give the reader, to some degree, how soft your assumptions are. Are they really variable? Like are they very soft numbers? Are you quite confident in them so that you can set it up as to the variance in the future when you're getting back to measuring results?

And the last one, as I indicated earlier, is the financial piece. And we're talking really about the financial activities necessary to undertake your plan. So this would talk about not only your planned revenues or expenditures, but considerations that you'd have to take in place with respect to cash flow. What borrowing requirements are you going to undertake? What investing decisions are you going to undertake? How much money are you going to invest in the infrastructure? To what level are you . . . given the level that you're planning to maintain the infrastructure, which would have been an earlier decision.

So basically planning information would try to cover off those

five questions on a very . . . from a public point of view, it would be on a summarized basis, high-level summary, and supported by more detailed plans within the individual organizations.

So for our office, that's what we're talking about when we're talking about planning information. And if planning information did answer those five questions, basically the organization would be able to use that information to help explain to people outside of the organization its decisions. Okay. So it helps you explain what choices you have made, what direction you're going in, what your major hurdles that you're going to be facing, what your key points are, or how you're going to be measuring your success.

So it'll help you explain to outside people all those high-level decisions that you're making. What it also does though, it helps those outside people understand what you're doing and put them in a position to better assess what choices that you're making.

Lastly, what it's doing is it will in essence help you assess your own performance because you're laying out what your measures of success are. So you'll be able to evaluate yourself, whether or not you're achieving what you set out to achieve. And it'll help outside people again assess what your performance is, whether or not you've set out what you achieved to set out. And so what it does, it positions you as an organization to be able to really close that accountability loop which is very important for all organizations.

In this chapter we make one recommendation which really has two parts to it. What we're recommending is that the government publish multi-year summary planning information. We've got one stronger recommendation, and I would suggest one softer recommendation.

The stronger one is that that information should be provided for the entire government. And when we're talking about the entire government, we're talking about all the organizations that are set out in the summary financial statements. And if you go to appendix II in our report, which is on I-2, you'll find a listing of all those organizations. And you'll notice that in Saskatchewan we have a very complex governance structure and government structure. And we have over 100 different Crown agencies in addition to the General Revenue Fund and in addition to Crown Investments Corporation. And we also have a number of special purpose funds.

So when we're talking about publishing information for the government as a whole, we're talking about bringing together the planning information on a summarized, aggregate basis for the entire government and using the same basis as the summary financial statement for the reporting entity.

The second recommendation that we've made at a softer level is that similar information be provided for each organization. And the reason that we've made that recommendation is that we recognize that there is an accountability link between the organization and the Assembly on an individual basis.

Later on this morning hopefully I'll be talking about annual reports. And again it's important that those organizations provide planning information so that they too can complete their accountability loop so that again they're in a position to assess their performance, and people outside of the organization are in a position to allow assessment of their performance. So it's a twofold recommendation.

Another reason that we've made this recommendation is that we realize that the government has planning information available, primarily for the General Revenue Fund. And we were actually very pleased that when we started these discussions, Finance was very open to suggestions for changes to both the budget papers and the *Estimates* themselves. And throughout the project in discussions with Finance, we have noticed a number of changes that they have made, primarily in the budget papers and also in the *Estimates* documents, to really improve disclosure to the public so that they more clearly recognize that the information provided is for the General Revenue Fund.

Now that's a very important fund for the government and is really their main bank account. But we have to recognize that about 60 per cent of the activities goes through that fund, and there's significant part . . . and that percentage varies from year to year. But a significant part of the government's operations occurs outside of that fund. And so the government, although it's providing information, planning information on a key component of it, we have little planning information provided elsewhere.

Now we recognize things are changing over time, but it's very difficult. We've found it difficult for our office even to be able to pick up all the different pieces of planning information provided. And there is a number of, I would suggest, very important pieces of information that are being provided to the public. We have the *Estimates* group of documents; *Preparing for the New Century*; and more recently there's the *Partnership for Growth* which again provides very good planning information for a segment of government. But what we're finding is that the users are left to pull the information together and to try to make sense of the information and to try to answer the five questions put forward.

So that's why we're recommending that the government look at publishing multi-year summary planning information for the entire government. And that concludes my presentation.

Mr. Strelioff: — Thank you very much, Judy, Mr. Chair.

The Chair: — Are there any questions that any of the members would like to direct coming out of the presentation?

Mr. Sonntag: — Yes, just one question. As you were closing, 60 per cent, is that the dollar mark you're talking about?

Ms. Ferguson: — Yes.

Ms. Haverstock: — Just going back to the seventh report, and I know that what we're discussing today from the fall 1994 report, was then presented in the seventh report which is May

10, 1995. And I note on page iv, that in fact what we've been discussing was indeed a recommendation in the third report and then reinstated in the sixth report.

Now it means that this recommendation has been around for some time. You did comment — and I appreciate it, by the way, very much what you were teaching us this morning about this — but you did say that under recommendation 3 on page vi, you addressed no. II. And I'll just reiterate for people who may not have the seventh report with them. It states:

As to the matter of an annual financial plan showing proposed revenue-raising programs and spending programs of all government organizations, and the matter of a multi-year plan for all government organizations, this Committee recommends that the Office of the Provincial Auditor, the Crown Investments Corporation and the Department of Finance, undertake discussions on this issue, and return to this Committee with a joint report . . .

And it goes on to part 3. Now you began by saying that in fact those discussions have taken place. You haven't gotten to the point yet where you can make a report to this committee. Do you have any idea when that in fact may happen?

Ms. Ferguson: — I guess what we found is that I think we sort of got caught up in sort of the schedule of Public Accounts. What we were hoping for is that if you noticed, the chapter that I reviewed was in our 1994 fall report. And we were actually hoping that this chapter would come out and the committee would review it before this point in time and that we would be able to use this as an input.

And what we found is that we had little information from the legislators on public planning information and what their views were. And we had agreed between the three parties, CIC (Crown Investments Corporation of Saskatchewan), Finance, and ourselves, that we needed some input on that. And so I guess it's fair to say that the point in time that we were at is that we were waiting for this committee to review this chapter 2.

We also have had a number of discussions as to really what are the issues surrounding this. And as you can appreciate, it is a very complex area. And we've had a number of key players change during that course of time. We were dealing with Richard Hornowski at CIC. And as most of you are probably aware, he's moved on to another position elsewhere. It's mainly just sort of a timing point of view.

Mr. Strelioff: — It's also difficult for officials within the Department of Finance and within the Crown Investments Corporation to take a position on this kind of issue, because it does involve a major change in the decision-making focus of a particular government.

And perhaps Mr. Kraus might want to talk about the ability of the Department of Finance to take a position on a government-wide plan when the department primarily focuses on the General Revenue Fund, and the Crown Investments Corporation primarily focuses on the Crown Investments Corporation and its related corporations. And then there are a

number of organizations that are not directly related to those two central agencies. So it's been difficult to draw out a specific position.

On the other hand, they have said that they haven't heard a clear message from the legislature that tells the government that we would like this kind of information. And in the absence of that clear message they're saying, well is there really a need?

So then we went back and said okay, well we're going to try to explain better why we think a complete plan is in the interest of legislators to help you understand what the government proposes to do through all its different arms of government, so that when you're asked to approve the spending and revenue-raising measures going through the General Revenue Fund and actually vote on those measures, you have the broader picture to put that in context.

So we have been continuing to work on trying to explain the importance of it, and also continue to discuss that with the Department of Finance and the Crown Investments Corporation, and a little bit with the officials within the Executive Council.

The Chair: — I think it might be appropriate . . . I think each of you have a copy of a letter received from the Minister of Finance dated October 31, which is the government's official response to the seventh report. And it may be appropriate at this time to read into the record the government's response to recommendation 3, which is out of the seventh report, the recommendation that relates to the topic that we're discussing. And I read into the record and quote:

The area of multi-year budgeting on a government-wide basis contains a number of issues that significantly impact government processes, including governance and financial planning and reporting.

The government is in the process of studying these issues and assessing the implications. Until the government has fully analysed the concerns, the basis for its current budget and its operating processes will be maintained.

Now perhaps it would be appropriate at this time to ask Mr. Kraus to comment.

Mr. Kraus: — I can say a few comments. But again, if you're going to get into a discussion on the budgeting process, Mr. Chairman, you might very well want to hear something from the deputy minister of Finance or the Chair of CIC. But as the auditor points out, there certainly is two sides to this. I mean Finance focuses a great deal on the General Revenue Fund and CIC is concerned with the utilities, and the Crown corporations they're responsible for. There certainly is a coming together though, in the budget process on the borrowing and so on; the borrowing requirements for the province take into account the borrowing needs of SaskPower, SaskTel, what have you.

And I think in general, though, that if there was to be a change, as it says in this formal response, that it would have a . . . it could have an impact on governance and how the government

manages the Crown sector, so this is being proceeded with not particularly quickly.

I think really, though, for a fair discussion and maybe someone who could give you a little more insight from the budgeter's perspective, you may want to talk to my deputy minister about that, if and when you call the Department of Finance in.

Ms. Haverstock: — Excuse me, Mr. Chair, I believe that I still have the floor. Just to follow up on my previous questioning, to go through the recommendations, I'd very much appreciate it if you could tell me if you have, in fact, sought the advice of the Institute of Chartered Accountants and what the Saskatchewan Institute has stated.

Ms. Ferguson: — I think we're not at the point where we actually are . . . I'm actually involved on various provincial committees for that association and we're not at the point where we can seek their advice because I think you need to provide them something fairly tangible to . . . what we have done in our discussions is do a literature search and see what type of guidance is being provided by the Canadian Institute of Chartered Accountants on planning.

And Wayne indicated a little bit earlier where they were talking about different measures that are put forth, you know, vulnerability, etc., you know, we have factored those types of things into our discussions with Finance and with CIC. But as to formally seek the advice of the local institute, we haven't. The research body and etc., is actually done by the Canadian Institute of Chartered Accountants; so it's their literature. And we have had phone calls with them to see if they've done any initiatives in the area of planning or if anything's on the table in that respect.

Mr. Strelloff: — In those two areas, the Canadian Institute of Chartered Accountants recommends that within the government summary financial statements, that that summary financial statement include a comparison of what you plan to do compared to what you actually did. So that sets the stage for a complete plan, but providing that comparison within the summary financial statements. So as a standard-setting body the Institute of Chartered Accountants, the Canadian, — the national group — is responsible for standard setting, whereas the provincial group is responsible for membership and education.

Also they have put on the table that there should be a comparison. Also, when the Financial Management Review Commission examined issues pertaining to accountability and financial management, they also, in their text, said that the government should work towards — this was about four or five years ago — work towards providing a comparison of . . . or work towards preparing a plan in the context of the scope of the summary financial statements which again is government-wide. So there is other support for that. But as Judy said, we haven't specifically sought views from the Saskatchewan institute.

Ms. Haverstock: — Thank you.

Ms. Stanger: — So you were saying that in the General

Revenue Fund this fund oversees 60 per cent of the money the government controls. And that leaves 40 per cent outside the General Revenue Fund which includes CIC and 100 government Crown agencies.

So how much is the dollar figure or the percentage of the dollar figure that the CIC controls, and what does that leave the 100 Crown agencies controlling?

Mr. Strelloff: — We'll start from a general point of view. The General Revenue Fund, the government moves through about 60 per cent of the revenues and expenditures that they plan to carry out during the year. And other organizations which obtain revenues from sources outside the General Revenue Fund will raise about 40 per cent.

Ms. Stanger: — That's what I said.

Mr. Strelloff: — Now the Crown Investments Corporation, there's one wrinkle to it. You said the 100 other Crown agencies. A lot of those 100 Crown agencies receive most of their resources from the General Revenue Fund. So for example . . .

Ms. Stanger: — That's why I wanted to get to the bottom of this.

Mr. Strelloff: — So you vote money to be spent by SIAST (Saskatchewan Institute of Applied Science and Technology), for example. And perhaps the vote was \$70 million or thereabouts; I can't remember the exact dollars. And SIAST though raises its own revenue of maybe \$40 million directly from sources, whether it's tuition fees, whether it's providing fee for services. So the General Revenue Fund provides SIAST maybe 75 per cent of their resources, and they receive or they obtain revenues from other sources.

Ms. Stanger: — Well how about the Crown then?

Mr. Strelloff: — The Crown . . .

Ms. Stanger: — CIC. Okay, you've got 60 per cent coming out of the general revenue. Out of the 100 Crown agencies, some of their money comes from that general revenue.

Mr. Strelloff: — Yes.

Ms. Stanger: — So that's hard for you to put a percentage on. But how about CIC? Because I want to get my mind around this. If CIC is as high as 30 per cent, I mean that tells me something. I mean if it's 10 per cent, well it tells me something else.

Mr. Strelloff: — Well CIC's probably . . . Do we have CIC's financial statements with us? Gerry, do you have them? I'd say two and a half billion dollars is probably what CIC, on a consolidated basis, controls — two and a half to three billion dollars out of . . . total revenue in '95 of the government was about 8.8 billion.

Ms. Stanger: — So that's 25 per cent then.

Mr. Strelloff: — That's about 3 billion. And then there's the Workers' Compensation Board, the Liquor Board, the auto fund . . .

Ms. Stanger: — So we're up to 85 per cent now under the General Revenue Fund and the CIC — 85, 88 per cent.

Mr. Strelloff: — About 60 per cent of the money, the spending of government, comes through the General Revenue Fund.

Ms. Stanger: — Yes, and then that leaves . . .

Mr. Strelloff: — About 40 per cent other.

Ms. Stanger: — Yes, but I knew that when I started; I'm trying to break it down.

Mr. Strelloff: — And say about 30 per cent of that goes through CIC and SaskTel and SaskPower.

Ms. Stanger: — Okay.

Mr. Strelloff: — And another 10 per cent are included through such organizations as the Workers' Compensation Board, the auto fund, the Liquor and Gaming part, although some . . . the government does move some of the Liquor and Gaming revenue through the General Revenue Fund as well.

Ms. Stanger: — Okay, that gives me a clearer picture.

Mr. Flavel: — As I look at this recommendation . . . And we were into estimates last night and the question was asked, the mandate of the Department of Highways and the minister gave what his department . . . the mandate was. It was eight points, I believe — and I don't have *Hansard* so I can't list them off to you — which tells what his department is going to do, where his department is going, and what his department is to provide.

So that, I guess in a nutshell, to me would tell where the department's going and what their plans for the future are — is to provide such and such a service for the people.

Adding to that, we have tabled in the last several years a four-year plan with the budget which tells how these . . . whatever the department is doing is going to be paid for. So the financial part of it is tabled on a four-year plan.

Now this four-year plan is open to scrutiny by the opposition — or anyone — through estimates for clarification, plus questions are asked in estimates whether the department of whatever accomplished last year what they said they were going to accomplish, or whether they accomplished what they were set out to do.

So I wonder if this doesn't fulfil this recommendation. It's not all in a neat little package, but the information that you're asking for in this recommendation is out there, in the mandate, in the four-year plan, and in estimates where it can be questioned by anyone.

So I believe that the recommendation that you're asking for is

already fulfilled; as I say, not in one neat little package, but it is out there. So I think it's already available.

The Chair: — Thank you. Mr. Thomson, do you want . . . Would you like to respond too, Judy?

Ms. Ferguson: — Yes, actually I would. Yes, some of the information is out there at the departmental level. Highways is actually a very good example in that basically what they as an organization are doing is they're putting in what they call an asset management system. And later on in one of our other reports we'll be dealing with that.

Basically what they are trying to do as a department is to determine what the conditions of the road are across the province and define what level of service they should be providing as a department, so that when they're preparing the budget that's put forward, it's based on road conditions. Currently, their budget is based on road conditions only for a portion of the highway infrastructure. It's for the pavement system. They haven't evolved to the point where they actually can do that for thin membranes or gravelled surface highways.

So the basis of the information that's being provided, they're not quite there yet for saying, we're going to provide to the public this level of service and it will cost this amount of money. So what we have is part of the information out there and part of it not.

So a key part is not only the dollars that are put forward but what are the underlying assumptions for those dollars. When you're looking and reviewing the *Estimates*, do you have an understanding of what you're paying for; do you have an understanding of what level of service you can expect from the Department of Highways and Transportation with respect to its preservation activities?

Mr. Strelloff: — Now for the transportation activities though, most of the funding is moved through the General Revenue Fund. So that's one important line of business that the government has that its funding is . . . most of its funding is moved through the General Revenue Fund and therefore during the debate on what amount to approve, you have more of a complete story for that line of business.

Mr. Flavel: — But then I take from what you're saying then, that what you would want out there is to know how many miles of gravel we're going to grade every year and how many miles of blacktop we're going to pave. Like you want a very in-depth of saying exactly what they're going to do and how much it's going to cost. And there's a bunch of unknowns out there that you can't do that.

To provide a road system, to maintain the infrastructure in rural Saskatchewan or whatever, I mean is about as general as you can get, not to say that Highway 20 will be built 3 miles, and highway such and such.

I wonder how in depth do you want this thing?

Ms. Ferguson: — I think the public one can be at a very

summarized basis and we recognize that it would be supported by more detail, and that would reside within the individual organization. But in a summary basis it probably wouldn't be that much different than perhaps what the city of Regina has just released lately with respect to its residential road program, that it's planning to spend little money on this; and we recognize the conditions of the roads are X, Y, and Z; and we're going to bring them up to condition A, B, C, you know, and that would be it. So it would be very summarized basis.

And Highways again is probably a very good example because they have summaries, they do break down their road system by different pavement surface types, and they're probably in a department that is very close to doing it on a very summarized basis.

Mr. Thomson: — I want to thank you for the presentation this morning. It was quite interesting and informative. I think I want to just focus in a little bit here. There's been several important things that have happened since this report was tabled. Obviously the most important of that was the very positive initiative by the legislature in passing The Balanced Budget Act in 1995.

I'm sure the auditor and his staff are aware that that Balanced Budget Act requires under section 3, a four-year financial plan and debt management plan to be presented, outlining various different pieces. And I won't belabour the point by reading the Act because I think members are aware of it. But this obviously goes a long ways in dealing with what the auditor is calling for, or am I misunderstanding this?

Mr. Strelloff: — Members, Mr. Thomson, The Balanced Budget Act focuses on what you plan to do through the General Revenue Fund. So that's an important part of a government's fiscal management responsibility. But it is, as other members have noted, is an incomplete part of what the government does manage, and contains about 60 per cent of the revenue and expenditure activity.

So how that varies from what we're recommending is that when a particular government comes in and shows what it plans to do, how it plans to meet The Balanced Budget Act through the General Revenue Fund, that you have the complete plan on the table as well to show how that portion of government activity can be put in context.

Mr. Thomson: — I'm not sure I completely understand. Put in context how.

Mr. Strelloff: — Well let's see, that when you approve the government's plans for the General Revenue Fund and the 60 per cent of government activity, you know how . . . what it plans to do with 100 per cent of its revenues and expenditures. And there are a lot of interactions as well between what you plan to do through the General Revenue Fund and what you plan to do through other organizations like the Liquor and Gaming Authority, Workers' Compensation Board, or the CIC and its major projects, or whatever the other government responsibilities are.

So the context means when you approve the activity for one part of government, you know how that one part fits with other parts and what the government is planning to do.

Mr. Thomson: — So for example then, when we talk about the budget, the balanced budget plan and the four-year financial plan that's been laid out, we know that the government, the ministers, intend to draw 6 per cent of the revenue from transfers for Crowns. That's the current amount today; that's the amount they project in the year 2000.

Is that the type of information you're talking about?

Mr. Strelloff: — That would be important to have on the table when you're approving the General Revenue Fund budget. But the full context would be what are the total revenues that SaskPower plans to raise this year; what does it plan to spend those monies on — some will be operating, some will be capital; what net income does it anticipate; what are some of the key operational targets that it has for the next year and two related to the cost of kilowatt hours, or whatever the key performance targets are for that organization.

Then of its net income, how much of that net income will be moved to the Crown Investments Corporation to subsidize the debt costs of its . . . debt costs and some of the losses that relate to some of its major projects like NewGrade and Bi-Provincial, and the financing of HARO and Saskferco — putting it all together.

And then part of what CIC does also is to plan for a dividend to move to the General Revenue Fund, and that part would be part of the proposals for what a particular government . . . or what the government wants to do through the General Revenue Fund.

So the government operates many lines of business. Some of those lines of business are carried out through the General Revenue Fund; some are carried out through other organizations. A lot of the lines of business interrelate and a multi-year plan, government wide, I think would help legislators understand the particular proposals that are being made through the General Revenue Fund.

Mr. Thomson: — So this really goes back into what Mr. Kraus was talking about in this being a budgeting exercise. I guess I look at the way the budget is put together. And we start with the assumptions that (a) it's going to be a balanced budget as is required under the Act, and we begin to work our way back from that in terms of the various amounts of money that are allocated to the envelopes and where they have to come from.

Now in this case we know it's going to be a balanced budget; 6 per cent of our revenues will come from transfers for Crowns, and as a result we effect the various changes.

What I think I hear on the opposite side then is the argument saying no, in fact what we should do is start with the smaller levels, set the standards, and figure out what the costs of those are. So for instance, using the highways example, we should set the level of standard for the highways and then provide the funds through.

I'm not sure that is . . . I appreciate the intent of that, and that is an interesting exercise. I'm just not sure if it's going to be very practical.

Ms. Ferguson: — I think what we're suggesting is that budgeting realistically is sort of a reiterative process, and I think it's both an up and down process at the same point in time to get the final product out.

I think what we're suggesting is that the individual organizations, when they're setting their budgets and setting their planning activities forefront, then budgeting flows from there, is that they have to have a really good understanding and a good grasp as to the strategic direction of the government itself and really what the priorities of the government are, so that you don't get conflicting business plans and financial pictures coming forward.

That would include sort of broad level directions that are provided, you know. So I think what we're suggesting is both an up and down process at the same point in time, which I think realistically is what currently happens now. It's both . . . people are, within their own organizations, planning, and then they're waiting for a central direction from the Treasury Board for actually doing their planning initiatives.

So I think budgeting truly is a reiterative process and it's an ongoing process, you know. So what we're suggesting is the broad basis, you know, and framework being clearly set out for the government for both the general revenue side and also the Treasury Board Crowns which factor in. Some of them receive subsidizations and funding from the General Revenue Fund — others don't, you know — and the CIC side. And then sort of a working through.

Mr. Strelloff: — One real advantage of a summary-wide plan would be that the priorities of a particular government are clearly stated so that all the different organizations and officials within government departments, agencies, corporations, can mesh their directions in concert with the direction of the government as a whole.

In our discussions with some of the officials within various government agencies, they did express concern that from time to time they needed that general direction on the table so they could decide how best to fit — whether at SaskEnergy or the Workers' Compensation Board or the auto fund or the Department of Health — into that broader picture.

Mr. Thomson: — One final question, Mr. Chair. I'm trying to reconcile two different pieces in my mind. One is the argument I hear today in the committee. The other is the argument I read in this morning's *Star-Phoenix* that talks about us actually going with a much more invasive process than this.

Talking about, for instance, your comments, Mr. Auditor, in the *Star-Phoenix*, and we all know that the media is known to take things out of context and misquote them. But the issue at hand in the newspaper this morning deals with the cross-subsidies our Crown corporations participate in. And you raise the question as to what exactly are the full costs, and should in fact

these be dealt with through the Crowns, or should they be dealt with through the General Revenue Fund.

So in fact, what I read is a little different than simply a reporting process that I'm hearing this morning. What I'm reading is in fact a much more invasive process that questions very internal decisions about cross-subsidization and the rest, rather than simply where the revenue comes from, where it goes, and what the pricing is set at.

Mr. Strelloff: — Members, Mr. Thomson, I was asked yesterday to comment on the proposed Crown corporation review that is taking place or is beginning to take place. So the question was focused on what my thoughts were on the Crown corporation review. And I said something to the effect that I thought any public scrutiny of government organizations or corporations is a valuable exercise. It's a valuable task, and I think that that's important.

And then I said that in the Crown corporation review, that I think it'll be particularly important to have on the table, information about the extent of cross-subsidies that take place within the Crown corporation community. For example, a large part of what CIC does is move money from one segment of Crown corporations to finance losses and financing costs in another set of mainly large investment activities. So there's a cross-subsidy there. I said one of the important things to have on the table when discussing the future of Crown corporations is good, rigorous information about the extent of and the costs of cross-subsidies.

The second thing I suggested that was important related to . . . oh, to make sure that the financial and operational performance targets for the major corporations are also known. For example, earlier I said something that related to SaskPower, that what is their target on the cost of kilowatt hours and where they plan to move that target over time.

And then the third item I said that would be valuable in the Crown corporation review would be to have the utilities' business plans, the five-year plans that are available within those corporations to help assess what their current plans are.

So I wasn't dealing with a question about the need for a complete plan although in part it relates to it. It was more of, what do you think about the Crown corporation review planning to take place. So it was a more specific question.

Ms. Stanger: — Well, Mr. Auditor, and Judy, this would be all fine and good as far as the CIC part is concerned which is, I understand, about 25 per cent. I have no problems with applying anything that you've said to the General Revenue Fund. It would be all fine and good if the Crowns operated the way they used to. But they're not a total monopoly any more. We are in an atmosphere today of the Crowns operating in a deregulated, competitive market. And some of the kind of information that you are stressing that we need . . . I mean how could you possibly table that; and for them to exist in a deregulated competitive market. And a lot of those are business decisions that are made according to what the market-place is like.

I mean, would you be telling CIBC (Canadian Imperial Bank of Commerce), even though they're a private company, to table that kind of information? Or would you be telling Morris Rod-Weeder? I mean they're operating in a total different environment than they were five years ago and ten years ago.

So unless you can sort of tell me how you reconcile somebody like . . . can you just see that . . . use the rates of SaskPower. I mean, when you're operating in a deregulated atmosphere, you're asking SaskPower to really stick its neck out, aren't you?

So I don't know how I can reconcile this in my mind. If you're still going to have Crowns that are going to compete and make some profit in the kind of atmosphere that they exist in today, I don't know how you could do it if you're going to lay out everything that you're going to do, to the competition.

Mr. Strelloff: — Mr. Chair, and Ms. Stanger, the major utilities in every other province in Canada, through rate-regulated bodies, publish, make public multi-year business and financial plans in a detailed way. And the public, members of the public have the right to access that information, to ask for further information from these boards, and receive it.

Ms. Stanger: — It's not like a business plan that you're asking for here.

Mr. Strelloff: — Well it's far more detailed, yes. We're not asking for the detailed kind of information that a rate-regulated body would ask for; we're moving it far higher to a level of aggregation that brings it all together. We're not proposing that the detailed information that is provided in other jurisdictions, that is provided in the rate review process; we're at the summary level. And you should be able to provide a summary of business and financial plan for the government as a whole. That would be not much more than 20 or 30 pages. It shouldn't be any more than that, otherwise it becomes just too detailed.

So this information is out there in other jurisdictions. And again, we're talking at a level of aggregation that you're not going down deep into specific organizations, but you're trying to see the general direction of a government.

Mr. Sonntag: — You can break now, if you like. It doesn't matter to me.

The Chair: — I have Mr. Pringle on the order yet and we thought we may keep the line of thinking going.

Mr. Sonntag: — Yes, I don't want to add too much more to what has already been said. My focus was as well on the Crown corporation. I think they like referring to, as you did, Regina, for instance, city of Regina. I think that's all good and well also, but I mean they don't deal with Crown corporations. They deal, much like we do, with just strictly departments. I think that would be the analogy there, and I don't have particular problems with that either.

But I think you say on one hand, and this is a circle that I'm having a hard time squaring, is that you say on one hand that

you don't want detail, and on the other hand you refer to things like the cost of kilowatt hour. And maybe that's a poor example. But let me say, for instance, let us pick SaskTel who made the decision to sell off recently the cable portion in Europe. Like would you expect that to be included in the plan where you're going to sell off . . .

A Member: — Sure it's a financial plan, a business plan.

Ms. Ferguson: — I think I'll respond to that one there. Basically what we're saying is we're talking about planning at two different levels, and that's where I said really we have two recommendations. There's one recommendation where we're asking for the government to publish multi-year planning information for the government as a whole, okay. And at that level it would be summarized for the reporting entity, that would be the summary financial statements. So obviously that's higher level of information.

Then we're talking . . . I think where we're getting a little bit confused is we're talking about planning information for the individual organization. So it's two levels of information. And with the ultimate objective so that people can really . . . You can explain to people what your choices are and allow people enough information so they can assess what you're doing and have an understanding and assess what you're doing.

For SaskTel's situation, no, I don't think we would expect them to say well gee, you know, we may, you know, sell one of our investments or one of our subsidiaries that we have as an organization. I think in reality it was an opportunity that arose. And that's why I think planning is a continuum.

There's also, I think, different mechanisms that are in place and that Crown Investments Corporation has asked that when significant transactions such as that occur, that that information become public through the Crown Corporations Committee. So there's other means to advise the people of sort of a change in direction or change in plan that did occur.

So the level of planning that we're talking about is really to answer those five questions on a summarized basis and not to drop into the level of detail. What may be more of interest is, what is the return that SaskTel is anticipating? What's its target for its dividend that it's paying over to the Crown Investments Corporation? For SaskTel, how much does it . . . given the changes in deregulation, what does it anticipate the changes on its future types of activities are going to be? Does it anticipate future changes in long-distance rates vis-a-vis, or your monthly rental rate? That type of information.

Mr. Sonntag: — But then wouldn't that . . . excuse me for being . . . it's just that I can't reconcile this in my mind either. Wouldn't that, if you're going to ask SaskTel for instance to lay out in a plan what they anticipate their profits to be or what they're going to pay to CIC in the form of dividends, would that then not unfairly position them in competition with other players in the field? I mean if I knew what SaskTel was going to make, for instance, if somebody from Glentel or wherever, I should be able to therefore draw the conclusion as to what rates they might be charging.

Mr. Strelloff: — Okay. Mr. Chair, Mr. Sonntag, at last year's Crown Corporations Committee, that information was brought forward by SaskTel. They did set out what their targets are for the next five years. So they have, I mean . . . they did that.

And the other point is that through the CRTC (Canadian Radio-television and Telecommunications Commission), which is a rate regulating body for all the telephone companies in Canada, they receive very detailed information about the financial plans, the rate structures of all telephone companies. And that information is public; there's opportunity for challenge. So the information, the sensitivity of the information . . . the information is there.

Mr. Sonntag: — Okay, so now you're telling me that on the other hand you've go more information than you need. See, this doesn't make sense to me.

Mr. Strelloff: — Well no, we're trying to bring it together.

Ms. Ferguson: — What we're trying to do is we're trying to suggest that the information should be presented in a way that's accessible to people. I think it's fair to say that most members of the public are not aware that there is *Hansard* and verbatim reports for the standing committees, you know.

So some of that information is being released on sort of a public basis in those committee formats at this point in time. But that information may not be accessible to the public at this point in time. And you may not even be aware of it, you know, as a member of the Assembly that that information is there.

Mr. Sonntag: — The intent of this report then is for — I don't want to say for public consumption, but you're saying it is for the Joe Blow on the street to understand. Is that the intent of providing the report?

Mr. Strelloff: — Well the primary purpose is for legislators; that when you're assessing the proposals of a government, and the main focus of those proposals when you vote is what they're planning to do through the General Revenue Fund, you have on the table how it all comes together.

Say the government has about 15 lines of business or lines of activities that it's managing. It manages eight . . . seven or eight or nine through the General Revenue Fund, and you have opportunities to see those plans.

And then it operates seven or eight through other vehicles and you don't receive the opportunity to see how they, how those plans come together in one organizational sense. Here's the general direction that we're taking — our province or our government — and here, legislators, is what we propose to do through the General Revenue Fund. And we're asking you to vote on those appropriations.

But when you do that, don't forget how it fits into our broader plan of attack. That we're planning to move forward on SaskEnergy in the sense of construction activity through new gas lines; that in SaskPower we're planning to do something else, or to contract; at the Liquor and Gaming Authority, we

plan . . .

Mr. Sonntag: — You're saying that would be included?

Mr. Strelloff: — Yes, in that broader picture. But in a summarized way not . . . a summarized way that puts it all together in about 20 pages so that legislators can see where the government of the day is planning to go and also to put in context of what's going to be moved through the General Revenue Fund. And then they can say, okay, I understand the general direction; now do I agree or disagree. And the arguments and discussions can take place with more information.

Mr. Sonntag: — You see, that's where I disagree. You're saying — not disagree with the concept — but you're saying that you don't want specifics and now, to me, you've just described a whole bunch of specifics. And you say you want, not the debate, but the plan up here some place; you don't want to be down in specifics. And to me you've described a whole package of specifics. And I don't know; I would have a problem with that.

Mr. Strelloff: — Well if you wanted to debate more carefully about what the department of transportation is doing, I mean, you move into it in a very detailed way. But as part of that debate, you'd also want to know what perhaps SaskPower is doing in the context of transportation; perhaps they're doing something that will affect transportation. Or SaskEnergy or SaskTel, how do they fit within the debate about transportation?

But you're right. You're right in the sense of having all the pieces on the table does help legislators and the public go deeper and then come back out and say, okay, I understand how that particular program fits in a broader context, but I have a more detailed question about that particular activity, and they come up. But they're moving back and forth in the context of a more complete package of information which you don't receive now.

And I really — well it's hindsight — but I often wonder where we would be if we had this kind of information 10 years ago.

The Chair: — With that, I'll recess for five minutes.

The committee recessed for a period of time.

The Chair: — If we could come back to order.

Mr. Pringle: — Thank you, Mr. Chair. Thank you, Judy, for the presentation. I think it is important to know in a clear way what you're planning to do, how you plan to do it, how you measure it, and sort of refocus and that planning is a continuum. And I think that has been my experience, certainly the feeling I've had in government, that it's viewed that way. So I think this is very good, and you can always improve.

Now in looking at this issue, this recommendation, again I say what I said the last day — a number of areas where the provincial audit office believes that the financial accounting has improved and in fact may be the best in Canada. And, you

know, I pay credit to that office in many ways for that accomplishment.

But then I look at the . . . again I go back to the Alberta document. And I'm not focusing on the Alberta document, but it was raised yesterday as sort of the model or a model in terms of financial planning and even quarterly reports. And so I've looked at this document in some detail. And again I know I don't want to get hung up on the Alberta document. But again this is one that was highlighted.

Page 1 to 8 in this document is . . . that information, as I see it, is very accessible in the budget. Page 10 to 12 is basically accessible as well. Page 13 and 14 is really political rhetoric. Page 15 to 19, there's really nothing there. And page 24 to 34 is information that's available in the budget, as I see it.

I don't see any mention of Crown corporations and their information in that report. Certainly not in any way that pulls together a government plan or a government strategy. And I think you would need to take a number of other documents, it seems to me, to get a complete picture of what is being presented by the Government of Alberta in terms of its financial planning.

So I'm not sure how this is the tool, and this tool doesn't outline the Alberta government's priorities. It doesn't outline their strategy; it doesn't outline their plan; it doesn't pull things together. It doesn't say what they plan to do, how they plan to do it, how they plan to measure it — it doesn't have any of those components to it.

So I guess I believe we have a four-year plan and that has been presented in the House. When I was the minister of Social Services, we were part of that. We had to look at what we were planning over the next four years in our projections; fit into that overall four-year plan in the larger picture.

I'm a little concerned that that . . . there's a bit of an image here that none of this occurs — none of this kind of planning occurs. You don't just develop a four-year plan, generally, without the component departments feeding into that, and projections around dividends and so on. So if the main purpose, as the auditor said this morning, for the kinds of multi-year financial statements and annual report is for legislators, I don't see legislators calling for it. I see this being largely driven by the Provincial Auditor's office who thinks that, in our best interests, we could better examine expenditure of the government in the planning process.

So I feel a little . . . I personally would prefer that — this is our second meeting, in a sense, on this area — that the Finance officials be here if we're going to have this discussion. And so I'm not sure that what's being called for is . . . I'm just not convinced it isn't being provided already. And I certainly don't see the Alberta tool as any great model that we can learn from.

The Chair: — Do you want to make a comment, Mr. Strelloff?

Mr. Strelloff: — Sure. I assume you're looking at the annual report of the Government of Alberta, not the annual plan of

Alberta.

Mr. Pringle: — Oh, the annual report, yes.

Mr. Strelloff: — So the one that we were looking at last week.

Mr. Pringle: — The only one that we've seen.

Mr. Strelloff: — They do provide a complete plan. Alberta has moved to operating . . . providing their Assembly a complete plan, and that annual report is the complete financial results, as a result, as well.

So they have moved to planning and reporting on a broader basis. If you remember, in Alberta they used to have what was called the heritage fund. And quite a few years ago, they never made the heritage fund plans. They didn't bring them together with the general revenue fund. And then about, I don't know, five or seven or eight years ago, they brought them together to show what was going on in all the different vehicles of the government in terms of an annual financial statement. And then more recently, they now are providing the Assembly a complete plan of all the different agencies and corporations and departments that Alberta is responsible for.

They also require individual government organizations to publish three-year plans with performance measures as well, related to those three-year plans, and of course make them public. One of the things I think would be important or valuable to legislators in getting a complete picture is the resource allocation trade-offs and some of the implications that one organization might have to another organization without people in those organizations knowing about it.

For example, when SaskPower increases its power rates, well that directly affects Social Services' budget. But how do you know as a legislator, and also as an official in those organizations, what the impact is going to be, and to make sure that your planning and resource allocation policies and plans are cognisant of those kind of interrelationships.

Also the borrowing of a particular government, as Gerry said, is managed on a complete basis, but government has to make choices on whether it's going to borrow new monies and for what purposes should it borrow new monies for expanding the energy sector, or should it do so for the education sector. Those decisions are part of what governments do. But because there's not a complete plan, it's difficult for people to see those trade-offs.

Also another trade-off that is made constantly is should we pay down the debt through utility rates. I mean, say we have a . . . I think there's about thirteen and a half billion dollars of bonds and debentures that the government has right now. Now should we pay off the interest costs and the principal payments? Should we pay off that amount through utility rates or general taxes. Or to what extent? It's a very important decision that governments of the day make.

But without bringing it together, you don't get to see those decisions and be able to understand, assess, and of course,

challenge them. So the broad resource allocation decisions that occur that interrelate from one sector to the other sectors are not quite evident now with the planning information that you receive.

Mr. Pringle: — I'll just stand on this point. Certainly the discussion of rates on utilities doesn't come as a shot in the dark and a surprise to the Minister of Social Services, and the impact on that budget. I mean, there are discussions around that and the impact there.

I mean the landlords, for example, would probably have a damage deposit increase now if it wasn't going to impact on the budget of Social Services so greatly. I mean so you don't make that kind of decision based on the fact that you can't afford it. And so I mean those decisions are made and conveyed in the legislature, and opposition members are asking their own questions in regard to those trade-offs. So I take your point, which I'm not saying it's not a good point, but again, there is a sense that none of this planning is occurring, and I don't . . . that has not been my experience.

Mr. Strelioff: — I'm not saying that the planning is not occurring. I assume that officials from the Department of Finance, CIC, and Executive Council could bring to you the complete plan for the government. It's the planning information that is made available to the Assembly and the public. There's a difference in the planning, the planning that goes on in cabinet and in various government organizations and the links between them and then what actually comes to the Assembly and the public. So there's a difference there.

Mr. Flavel: — Just that that last statement just went right over me, but okay. I guess each department, as I said before, has the general direction of the government. And that's what you said; each department has to know what the general direction of the government.

Well that general direction is made as you sit around the cabinet table or the caucus table. I mean each department doesn't wait for another department to put out their budget, and then say oh well that's where they're going; I guess that's where we'd better go. I mean that, as Mr. Pringle just said, is a decision that is made well in advance. And everybody's on the same wavelength and going in the same direction.

But you said that the information to the general public is not in-depth enough, and I guess that statement I would challenge because if I go back to the book of the *Estimates* for Highways and Transportation, and it states right on page 71 that:

The mandate of the Department is to optimize transportation's contribution to the social and economic development of Saskatchewan by operating, preserving, enhancing and guiding the developing of the provincial transportation system.

Then it goes on to a summary of expenses, administration, accommodation, preservation, maintenance, all in sub-sections. But if you go over to preservation and maintenance, it comes down to routine preservation, capital, winter maintenance. It's

all listed: how much is going to be spent on winter maintenance, how much is going to be spent on regional operations, how much on capital preservation.

You move over to the construction: how much is going to be spent on highways and bridges, how much on airports, how much on engineering. It's all listed — can't get any more in-depth than that unless you want to list the people that are going to do the job. So I think it's there. I think you're asking for something that's there already.

And then you can go on to any department you want. You can go back to Health, and it's the same thing. It goes right down to salaries: what the salaries are going to cost, what the operating is going to cost, what the grants are going to be, what the capital procedures are going to be, how much is going to be spilled on capital production or capital investment. It's in the book.

I think that you're asking for . . . and I don't know of any other government that does a four- or five-year program or projection as we do in our budget. I haven't heard of any other government that does it like we do. So I guess I wonder then, when I look at this recommendation . . . And as I said before, it is there, but it's in two or three different places. It's not all in one little package. But I think the information is more in-depth than what you're even requiring. It's there now.

Mr. Strelioff: — Okay, Mr. Chair, Mr. Flavel, I wasn't advocating more depth to the information. I was advocating a more completeness to it. For example, the government prepares very good, summary, financial statements that show what the total revenues, expenditures, assets, liabilities, borrowing requirements are, or the actual results for each year. They bring together what took place through departments, through CIC, through the Liquor Board, through the Workers' Compensation Board.

For example, on page 13 of the 1994 fall report . . . puts it all together and says that the total amounts are as follows. There is nowhere that I know of where you have information on what the government planned to do in terms of its revenues, expenditures, or annual deficit or surplus for the summary financial statements. I've never seen any information that says, here's what we plan to do in the context of our fall responsibilities. At the end of the year, we'll report to you that our annual deficit in total for the March 31, 1995 year was \$184 million of surplus.

But I don't know of any place where the government advises the Assembly about what it planned to do. Did it plan a higher surplus or a deficit to bring it all together? So there's one example of information that . . . pretty relevant information in assessing a performance of a government. It shows what actually happened in the summary financial statements, but the government doesn't tell you what it planned to do. So it's hard to assess whether its performance was as expected.

Mr. Flavel: — Does that plan, what it does . . . is not in the budget speech the year prior? On budget speech it would table the budget of 100-and-some-million-dollar surplus. Then it files

the auditor's report, says that it was 100 — and whatever the figure would be — surplus. Therefore it has told you ahead of time that this is what it plans to do. Now the budget comes out; it's done it. But that's not the two that you want.

Mr. Strelloff: — But the budget plan that you referred to relates to the General Revenue Fund only. It doesn't relate to the total summary of financial activities that the government plans to carry out. So the budget for the General Revenue Fund and the financial statements for the General Revenue Fund are different than the financial statement for the summary financial statements and of course the General Revenue Fund statements. They're two different scopes of activity. One's smaller and one's bigger. One's complete. The other for the General Revenue Fund, which is the focus of the budget, is incomplete.

Mr. Thomson: — Just a few questions. Mr. Auditor, you examine the accounts of the Crown corporations, all Crown corporations, or you designate somebody to do so. Is that correct?

Mr. Strelloff: — We participate in the audits of all those, of all government organizations.

Mr. Thomson: — So what we're talking about here is not an accounting problem. In fact, you are satisfied that the accounts are well maintained for the Crown corporations and for the government's General Revenue Fund. I mean this information is available to you.

Mr. Strelloff: — Yes, that doesn't deal with my access to information. I have access to information, and when I don't, I advise you in my reports.

Mr. Thomson: — So you're satisfied then that you are able to access the information that you require in order to make sure that your duties are properly discharged?

Mr. Strelloff: — Yes, with the qualifier that when I don't, I inform you.

Mr. Thomson: — Correct. So the question I have then . . . and I expressed some concern last time we met. We are spending a lot of time on these, what I would consider to be, largely academic discussions of public policy. I find them interesting. I appreciate the dialogue. I think it's a very excellent opportunity for us to talk as legislators with legislative officials about some of the major public policy issues.

What is eluding me though is how this is an issue related to the public accounts of the province. And I guess, more specifically, I'm not completely sure even what statutory authority we're probing these issues under. We're dealing here with a public policy issue about various different pieces within what information is provided to the public, not in fact what specifically is being dealt with here on the monies.

And I'm just not sure why we're spending so much time on this and — I guess not just this committee — why your office is spending so much time on this. I'd appreciate your response on that. It's an excellent discussion, but how it fits in with the

public accounts of the province, I'm not completely sure I understand.

Mr. Strelloff: — Members, Mr. Thomson, the *Public Accounts* show the financial results of individual corporations and departments and agencies, and also it shows the results of the General Revenue Fund and the summary financial statements. Part of assessing, understanding how a government manages which is in large part the responsibilities of this committee and the Assembly, is to find out what are planned to do and that it does have a solid plans, that the plans are made available, made available to the Assembly so that the Assembly can understand and assess performance.

And part of our job is to move from organization to organization and look at various sectors of government and bring to the attention of you issues that we think would help you scrutinize what the government is doing, that would help a particular government manage better. I think a complete plan made public would be a strong ingredient to better planning, managing, and performance reporting. And we bring these kinds of issues to your attention so that you're able to assess whether change needs to happen and assess what to recommend to the Assembly.

Mr. Thomson: — But as I'm reading through the Saskatchewan statutes, chapter 30.01, The Provincial Auditor Act, and I read under duties and powers, and it enumerates several; I don't notice anything in there about dealing with public policy choices.

Mr. Strelloff: — Well is a complete plan a public policy? It's a management tool. The policy choices are within the plan. For example, we never comment on whether you should be spending more or less money on health or education or SaskPower or whether you should be carrying out gaming kinds of initiatives.

Our role is, given the public policy decision . . . are those decisions being well managed, administered? Are government officials and others complying with legislative authorities? And we examine those kind of issues and bring matters of concern to you. We don't question the policy considerations of where . . . which is obviously the responsibility of the legislators.

Mr. Thomson: — So have you been misquoted in the paper then, when you say, quote:

If that's the case, and it probably is, then we need to know the costs of those broader public policies, including cross subsidies, to determine whether that's a good thing.

Or by "good thing" are you referring specifically to the accounting aspects of it? Or are you dealing now with broader policy issues?

Mr. Strelloff: — What I'm saying there is for legislators and the public to assess the merits of the cross subsidies that take place. For example, moving money from SaskPower to CIC to pay for NewGrade; that's an important cross subsidy. I think you need to know what the cost of that cross subsidy is so that

then you can and the public can debate whether that's a good decision.

I'm not dealing with whether the cross subsidy is a good thing or not. I'm saying, make sure that the information about those cross subsidies and the costs of those subsidies are on the table so that legislators, the public, and others can debate the underlying public policy dimensions of those questions.

Mr. Thomson: — I'm just not completely sure I understand where the public policy dimension of the Provincial Auditor's office comes in. I understand the accounting aspects. I understand the need to maintain the financial records. I understand the various responsibilities you have under section 11(1) of the Act. I'm just not completely sure where I understand this focus comes from on deciding whether or not cross subsidization within the Crown corporations is a good thing or a bad thing, where in fact the responsibility to bring these issues forward.

I mean, this is consuming a great deal of our time, great discussion, very interesting, not particularly germane I would say to what is established in your Act as your mandate or in fact what this committee should be dealing with, which is the public accounts. Not accountability, this is not a public accountability forum. This is a forum to deal with the public accounts of the province, not public policy.

The Chair: — I think, if I may, that we're starting to circle the issue several times. And I've got two more people on my speaker's list, Mr. Aldridge and Mr. Sonntag. I would like to complete that.

Mr. Aldridge: — Yes, Mr. Chairman, if I could. You had mentioned earlier and read into the record the government's response to the recommendation that had been put forward so far. Would you just, for my benefit and perhaps for the benefit of some of the others, just perhaps repeat that.

The Chair: — This flows out of the response to the seventh report, recommendation 3, which was outlined, is similar in nature. And again the response is:

The area of multi-year budgeting on a government-wide basis contains a number of issues that significantly impact government processes, including governance and financial planning and reporting. The government is in the process of studying these issues and assessing the implications. Until the government has fully analysed the concerns, the basis for its current budget and its operating processes will be maintained.

Mr. Aldridge: — I would maintain, in that statement, that they are acknowledging an impact on governance there. I don't know, or I didn't note from what they said there that it would be a negative impact on governance. So therefore you might infer it might be a positive impact on governance. So at this point, I'm prepared to bring a motion forward, and if I could do this and read this at this time:

Given that the government has now had the opportunity to

review recommendation no. 3 in the Public Accounts Committee's seventh report, the committee now recommends that the government publish multi-year, government-wide summary planning information.

The Chair: — Okay. I have a motion; seconder is not required. Would you like me to read the motion again. The motion reads, moved by Mr. Aldridge that:

Given that the government has now had the opportunity to review recommendation no. 3 in the Public Accounts Committee's seventh report, the committee now recommends that the government publish multi-year, government-wide summary planning information.

It's been moved. Is there any discussion on the motion?

Mr. Sonntag: — Well in light of the discussion we've had and thinking of all the questions that we've had, I don't think anybody is yet comfortable with where we're at. And as noted in the motion, I don't think that it should be assumed the government is necessarily opposed to this. And I think there are a number of very positive aspects about planning. I think what our concern is is about whether this should be across the piece to include a level of detail that we're not clear on with Crowns, for instance.

I think also that, as Mr. Kraus has referred to, we should be hearing from the deputy minister of Finance as well which I think will probably happen later on as the hearings go on, and these questions should be raised there.

So while the content of the motion is good, I think at this time I would urge members to vote against it because I don't think we're ready to make that decision yet at this time. So I'm just going to encourage members to vote against it.

The Chair: — Anyone else with to speak to the motion?

Mr. Aldridge: — If I might just . . . one example that comes to mind here and it will tie in with some of the comments from Mr. Flavel and also from Mr. Thomson. But when the '95-96 budget was brought in, I think we saw in there an example of where a summary planning would of been of some assistance to legislators where I believe . . . and I stand to be corrected, but I believe that it didn't state in there that there would be any borrowing requirements for CIC. And by the mid-year report, I think, there was something like \$100 million of borrowing funds taken by CIC.

Now tying that in with public policy, the debt-related charges of that additional \$100 million in borrowing could have been enough to reinforce Mr. Thomson's argument for saving the Plains hospital because that would have been close to the \$10 million annually that would have been required to maintain the Plains hospital.

So I think the issues can . . . I think this is a very valid discussion that's occurring here today. I think policy ties in very much with what is being discussed here, and that just being one example.

Another one is a matter of . . . I think it is of importance that we heighten public awareness through a summary planning process. And whether it goes into the in-depth analysis that some members may fear it might, that certainly is open for discussion.

But a summary plan, I do believe, is very necessary. It's a case of where . . . it's like keeping two bank accounts where you've got a current account, which is the General Revenue Fund, and then you've got a chequing/savings account which is the balance of the government's activities. The government has more or less unlimited borrowing privileges with respect to the chequing/savings type account. And they're balancing on an annual basis this current account and telling us what's coming in and what's going out with respect to that, but we don't get the explanatory note for that chequing/savings account.

And then you get occurrences like this \$100 million of additional borrowing is required by CIC. These are issues, I think, that we do need to heighten public awareness about.

Another would be, another example might be . . . and I'd ask the auditor for assistance here. But just to heighten public awareness in terms of total investments in any particular entity in this province, for example . . . and perhaps the auditor will be able to tell me whether this is correct or not, but I think the single largest investment we have in this province at this time is SaskPower. What would be the second, single, largest investment in this province at this time?

Mr. Sonntag: — Excuse me, Mr. Chair, we're on a motion right now, so we're getting a bit sidetracked.

The Chair: — He's speaking to the motion in terms of questioning it which I don't think appropriate. But I think the point you're making is one of the information. I think we should stay with the motion.

Mr. Aldridge: — Well the auditor . . . I think what we're talking about here is developing a summary plan which heightens public awareness as far as what the government's activities are in a broader sense. I think the second, single, largest investment in this province at this time is HARO Financial Corporation.

The Chair: — The Clerk is reminding me that people can speak as often as they want on one motion in committee.

Ms. Haverstock: — Thank you very much. I wish to make two more comments. The first of which is that I have been a member of this committee since 1991, and it has been a most interesting experience to sit with this new committee on public accounts and listen to the issues that have been raised — yet again — on this issue; some of which are new, some of which are much more adamantly opposed to this than have been in the past.

And I guess the second comment I want to make is about the fact that I was here before there were summary financial statements for the province of Saskatchewan and that the recommendation had come forward, that the recommendation

was welcomed, that we now have summary financial statements in this province which are extremely useful and of which government members are very proud of the advances that have been made.

I guess I'm a bit perplexed why it is that having a summary plan, which is a multi-year financial plan which summarizes information, is going beyond the realm of possibility and the perception of use because it's really . . . (inaudible interjection) . . . well you may not be saying it and articulating it in that way, but really what this appears to be. When one has been here in 1991, '92, '93, '94, '95, now '96, is it's a very interesting development of what I'm hearing.

And I just think it would be very useful for us to look at this in the same way as we looked at summary financial statements and that it could be such a useful tool, and they've proven to be such a useful tool. And I think that this is something that would be very, very valuable to be able to look beyond the General Revenue Fund. And, you know, I want to put this in the context of the things that the Government of Saskatchewan has done that I think they need to be commended for. And I really do think that there has been tremendous progress that was made — much of which, by the way, were based on the recommendations of the Provincial Auditor's office.

And it was because of those recommendations and the Gass report, the recommendations were welcomed, and these recommendations were implemented. And now the Government of Saskatchewan can take credit for having considered those recommendations and implemented them. And I think that the whole way in which finances are dealt with in the province of Saskatchewan has been improved and enhanced by the implementation of many of those recommendations. I perceive this recommendation in the same kind of way as some that were made in the years past which, subsequent to their adoption, has made the province be run better.

The Chair: — I have two people on the speaking order and I'll take direction. Either you want to deal with the motion before 11:30, or I will not cut off speakers that have asked to be recognized. So it's your call. Mr. Flavel, Mr. Pringle are the two people that I've listed. If you wish to speak, I won't cut that off. If you want to ask for the question, it's your decision.

Mr. Flavel: — I will pass and let Mr. Pringle go.

Mr. Pringle: — Well I just want to say very quickly that looking at the estimates for next year, I'm just . . . The only point I'm making is I'm not sure that the information isn't here in summary form.

There's a statement of revenues that deals with all the revenues of the Crown corporations sector. There's a statement of expenses that does the same thing. There's a statement relating to deposit activity and borrowing and the debt. There's a statement relating to the capital expenditures by department.

And so that's my only point. What, that's been raised here, isn't in this that will be of usefulness?

The Chair: — The question has been called for. Are you ready for the question? All those in favour of the motion, please signify. Opposed? Motion is defeated.

It being now very close to 11:30, I declare the meeting adjourned.

The committee adjourned at 11:30 a.m.