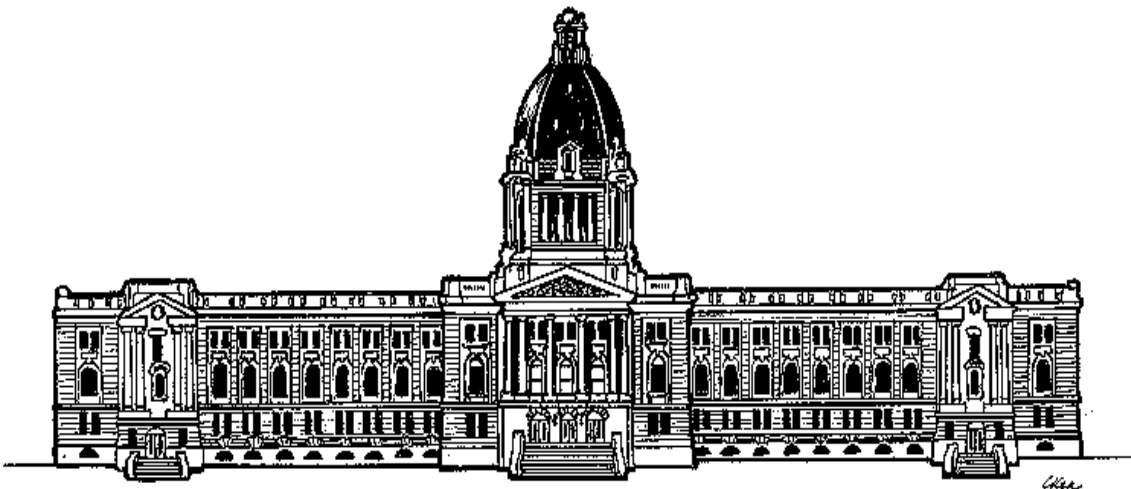




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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**STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES
2005**

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Saskatoon Fairview

Mr. Allan Kerpan
Carrot River Valley

Mr. Warren McCall
Regina Elphinstone-Centre

Hon. Mark Wartman
Regina Qu'Appelle Valley

[The committee met at 10:00.]

The Chair: — Order. I call to order the Standing Committee on Crown and Central Agencies meeting. We have the agenda that has been distributed. Before we begin, we have Mr. McCall, Mr. Iwanchuk, and Mr. Yates is filling in for Mr. Wartman. And we have Ms. Eagles, Mr. D'Autremont, and I understand Mr. Heppner will be filling in for Mr. Kerpan, as well as Ms. Harpauer, the critic who's not officially a member of the committee but will be wanting to ask some questions, I'm sure.

Just to advise members that the committee meeting is being webcast and is available for in-house TV viewing. And following today's meeting, the full meeting will be video streamed and will be on the Legislative Assembly website. And the television rebroadcast for this committee meeting for the public will occur in November.

There's a number of reports and significant transactions that members will have received, and those are officially tabled. And then today's agenda is the consideration of the Provincial Auditor's reports, and then — hopefully we will get to that fairly soon — consideration of CIC's [Crown Investments Corporation of Saskatchewan] 2004 annual report and related documents.

But to kick it off, if Minister Atkinson could introduce her officials, and I understand you wanted to make a statement.

Hon. Ms. Atkinson: — I do.

The Chair: — Go ahead.

Crown Investments Corporation of Saskatchewan

Hon. Ms. Atkinson: — Okay. Well first of all, thank you very much for inviting us to appear this morning. I understand we're scheduled to return on the afternoon of October 5 and then the afternoon of October 6.

First of all, I want to introduce the officials from Crown Investments Corporation who are with me today. They are Tom Waller, president and CEO [chief executive officer]; he is to my left. Blair Swystun, vice-president and chief financial officer; he is to my right. And behind me is John Amundson, corporate controller; and Karen Schmidt, executive director of communications; and Kathie Maher-Wolbaum, special advisor, government relations.

We're pleased to once again kick off your examination of the Crown corporations' annual reports for the previous fiscal year. Blair Swystun will provide you with a detailed presentation on CIC's 2004 financial results when we get to that point on your agenda. I'll provide you with a brief overview of these results in my remarks this morning. I'll follow that with some comments about issues arising from the Provincial Auditor's reports, which are at the top of your agenda today. I think my comments will lead us into some discussion.

CIC and its subsidiary Crown corporations had an excellent year financially in 2004. It was also a year of accomplishments in public policy, corporate renewal, and accountability. The

Crown sector recorded a profit of \$312.1 million on revenues of \$4.1 billion in 2004. In addition we returned \$52 million to Saskatchewan people through a utility rebate and \$268 million to Saskatchewan citizens through dividends to the province's General Revenue Fund. That's a total of \$320 million to the people of our province.

Of the \$268 million in dividends, \$188 million was used for programs and services for citizens such as health care, education, and infrastructure. The remaining \$80 million was in the form of special dividends; \$75 million from CIC was used to assist Saskatchewan farmers through the Canadian agricultural income stabilization program and \$5 million to help finance our province's very successful centennial celebrations.

Public ownership of our Crowns allowed us to make those important expenditures in 2004. At the same time our Crown corporations continued to provide safe, reliable, high-quality services to Saskatchewan people at rates that were the lowest in Canada. Our government made a commitment to Saskatchewan families that they would pay the lowest annual cost in Canada for a bundle of basic utility rates that includes home electricity and natural gas, basic phone service, and auto insurance. And we kept that commitment in 2004 by providing a rebate of \$137 to approximately 380,000 Saskatchewan households. And we plan on keeping that commitment again this year and into the future.

Another commitment we kept in 2004 was to introduce programs to hire more young people and more First Nations and Métis people in our Crown corporations. We have an aging workforce, and by 2017 about half of our employees, or about 5,000 people, will retire. We need to replace them with skilled and educated workers. That's why we've committed \$20 million over a five-year period to bring more young people and more First Nations and Métis people into our Crown sector.

Filling our human resource needs is not our only goal. Our young people and First Nations and Métis people are among Saskatchewan's greatest actual assets. We need to keep them in our province and to do that we need to ensure that they have good career opportunities. As some of the larger employers in Saskatchewan, our Crowns need to be leaders in providing those career opportunities.

Our Crowns also need to reflect the diversity in our province by having a truly representative workforce. In 2004 we began two programs that will assist our young people and First Nations and Métis people. We established a bursary program for undergraduate Aboriginal students at the University of Regina and First Nations University of Canada. We provided 34 bursaries last year and will assist up to 165 students over the five-year life of the program.

We also began a program called Gradworks which provides internships in our Crowns for recent post-secondary graduates. Through this program the interns gain valuable work experience which we hope will lead to permanent jobs in the private sector or in the Crown sector. Gradworks is proving to be very successful. We hired 15 interns during the 2004 pilot phase and more than 1,800 graduates have registered with Gradworks' website since we officially launched the program this year. We

have already reached our target of 85 new interns in 2005, and we intend to hire another 50 interns in each of the next three years for a total of 250 altogether.

I know I've departed somewhat here by talking about 2005 rather than just 2004, but I think it's important to let you know about progress on these initiatives. This year we've also announced a mathematics and science enrichment program for Aboriginal students at the University of Saskatchewan, and this program will help those who plan further study or careers in the maths and sciences.

We're working on the development of other programs with the U of S [University of Saskatchewan] and U of R [University of Regina] as well as SIAST [Saskatchewan Institute of Applied Science and Technology] and other educational institutions. We're hopeful that all of these programs will be successful, and all indications are that they're on track.

Now back to the fiscal year in question. Well 2004 was a busy year because of these policy initiatives. It was also a year of renewal in the head offices of our Crown corporations. We welcomed new CEOs at all of our major Crowns including Tom Waller at CIC. With this new leadership we believe our Crowns will be well positioned to identify opportunities and meet the challenges of the coming year.

Part of our renewal in 2004 included improved accountability measures for our Crown sector. Our goal is to exceed private sector standards in this area. And some of the steps we took included returning to the practice of having a minister responsible for each Crown rather than just one minister for CIC and all of its Crowns. We tabled the annual reports on different days rather than on the same day, and this has been a huge improvement in order for the media and the opposition to have an opportunity to critique these annual reports and have some time to do so. We've also introduced quarterly financial reporting, and we mail a summary annual report to all homes in the province.

In April of this year, for the Crowns' 2004 annual reports, we also began the practice of holding technical briefings for government and opposition MLAs [Member of the Legislative Assembly]. And I believe that those briefings were well received and we'll continue to do so.

We'll continue all of the other measures as well because they allow greater scrutiny of the operations and performance of our Crown corporations. The citizens of Saskatchewan have a right to this information because they own each one of those Crowns. For the same reason we'll continue to appear before this committee to review the Crowns' annual reports and answer any questions that you have. The minister responsible for each Crown will appear with their respective Crown officials whenever possible.

In addition to that, we will continue to provide this committee with payee information for CIC and each of its subsidiary Crowns. As you know, last year for the 2003 fiscal year we significantly expanded the information that CIC had been providing to this committee on behalf of the Crowns. And each CIC Crown now provides, on an annual basis, names and amounts for all employees who receive more than \$50,000 in

salary and taxable benefits; suppliers who receive more than \$50,000 for goods and services; grant contributions, donations, and sponsorships of more than \$5,000; consultants who receive more than \$10,000; and ministerial and board member expenses.

Mr. Chair, I'm pleased to once again present this information, and I'd now like to table with the committee the 2004 payee disclosure report for CIC and its subsidiary Crowns.

Once you've had a chance to review this information, we'd be pleased to answer any questions that you might have about it. It was very gratifying for us when the Provincial Auditor acknowledged last year that this expanded pay disclosure was a significant improvement in public sector accountability. The auditor suggested some improvements as well as some clarifications the committee may wish to make to the Crowns reporting requirements.

I'd like to briefly comment on some of the auditor's recommendations before we get into a broader discussion with the committee. I believe you will all see in our 2004 payee disclosure report that we've addressed many of these issues. Once again our goal has been to improve our reporting, and I believe we've accomplished that.

The auditor's first recommendation is on the issue of disclosure of out-of-province expenses for executive and senior management. The auditor recommends that the committee either clarify what it means by the phrase "other expenses" or confirm that the Crowns are providing the required information. Last year when we began listing employees who made more than \$50,000, we included in that amount their salaries, wages, bonuses, payments in lieu of notice, vacation payouts, and other compensation.

We did not include reimbursements for things like in-province travel or course tuition because employees were simply being reimbursed for making payments that the corporation would otherwise have made. We believe that this is consistent with the committee's direction to the Crowns. We also note that other government departments and agencies are not required to report these kinds of expenses paid to employees.

We're continuing our practice of providing out-of-province travel expenses for executive and senior management employees, and we've been doing this since 2002. We believe that this practice meets the committee's requirement for disclosure of other expenses. Mr. Chair, we would concur with the auditor and request clarification to ensure that we are following the committee's direction in this area.

The auditor's second recommendation is one on which we might have a lot of discussion today. It's regarding exemptions from reporting payments to certain suppliers where the Crowns claim the need to protect commercially sensitive information, disclosure could prejudice a competitive position or interfere with contractual obligations of a Crown or a third party, and disclosure is prohibited by law including the freedom of information and privacy Act. The auditor recommends that these exemptions be clarified and we concur.

During committee meetings in 2003 — and I was a member of

the committee at that time, so I remember the discussions well — we talked about four specific categories of payments that would require exemptions from disclosures: SGI's [Saskatchewan Government Insurance] reinsurance and reinsurers' payments; SaskEnergy's gas supply contracts; SaskPower's power purchase agreements; and SaskTel's dealer arrangements; SaskEnergy network partners; and SGI brokers.

According to my recollection and my careful review of the transcripts, I believe the committee intended to provide specific exemptions for payments in those categories. We also believe the committee intended to exempt disclosure of payments made to or on behalf of SGI claimants. SGI believes these payments are protected under The Freedom of Information and Protection of Privacy Act, and it should not disclose them.

The auditor has a different interpretation, so we would ask for clarification.

To summarize, we would ask the committee to amend its original motion and to specifically exclude the following from disclosure: payments made to or on behalf of SGI claimants; payments made to SGI reinsurers or reinsurance brokers; payments made pursuant to SaskPower power purchase contracts and agreements; payments made pursuant to SaskEnergy gas supply contracts; and payments made pursuant to arrangements with SGI brokers, SaskTel dealers, and SaskEnergy network partners.

Mr. Chair, the purpose in allowing these exemptions is not to avoid disclosing information. It is to protect the Crowns and their suppliers from undue harm that could be caused by disclosing information that is competitive, commercially sensitive, or otherwise protected by law.

I can't stress this enough particularly regarding the competitive environment in which many of our Crowns operate. Our Crowns already go far beyond what their competitors disclose; for example, the salaries of employees. Competitors have a distinct advantage if the Crowns started disclosing information about suppliers which the private sector companies do not disclose and don't have to disclose to their private sector shareholders. We cannot allow our Crowns to be harmed in this way.

Mr. Chair, we believe our view is consistent with the committee's original intentions.

Before we leave this issue of exemptions, I would like to comment on the improvements the Crowns have made this past year in notifying suppliers that payments to them would be disclosed. We've had another look at our processes since we filed the payee disclosure report for 2003. Unless suppliers are specifically exempted under the provisions we've already noted, it is now the practice of all of the Crowns to disclose those payments. We no longer allow suppliers to make the judgment call about whether the Crown's payments to them should be disclosed. Each Crown now simply notifies its suppliers that the payments will be disclosed unless a convincing argument can be made by the supplier.

Mr. Chair, I'm pleased to report that our more rigorous processes for the 2004 reporting year have resulted in a

significant decrease in the number of exemptions. In total the 2004 information shows only 64 exemptions that are above and beyond the specific categories of exemptions we talked about earlier. The Crowns will continue to be rigorous in this area because we believe it's important to tell the public about supplier payments unless there's a very good reason not to do so.

Mr. Chair, the auditor has made several other recommendations which the Crowns have rectified in the 2004 payee disclosure report. I won't go into detail about them. They include listing all Crowns in our payee disclosure report, even the smaller entities that had no payments over the minimum thresholds, being more consistent so that one Crown doesn't list a certain supplier while another Crown exempts that supplier; however there may still be differences depending on the type of work done by that particular supplier. We're now reporting all inter-Crown payments. The remuneration for the CEO of Information Services Corporation will be listed in the executive compensation category starting in 2005. And we're moving away from the practice in some Crowns of attaching confidentiality provisions to severance agreements, but we will still have to honour some agreements made prior to last year. We're making every effort to minimize the use of confidentiality clauses in business arrangements with suppliers.

Mr. Chair, my final comment on the auditor's report is the recommendation to have a common threshold of \$50,000 for all payments. We would support that recommendation to be consistent with Treasury Board practice and to allow for better administration of the disclosure policy within our Crowns. However we would like to continue with our practice of reporting on all grants, contributions, donations, and sponsorships over \$5,000 rather than raising that threshold to \$50,000 because you'll see in the payee disclosure report that many Crowns make contributions far smaller than \$50,000, and we think the public needs to know how those grants and contributions and donations and sponsorships are being distributed across Saskatchewan.

Mr. Chair, that concludes my remarks this morning. We look forward to the coming discussion of the auditor's recommendations on the pay disclosure because I believe that together we're moving in the right direction and for the right reasons. We must always be mindful that the people of our province own our Crown corporations, and they have a right to know how our Crowns spend public money. We have a duty and a responsibility to provide that information unless doing so would cause undue harm to our Crowns or to the businesses and suppliers to whom they make payments. We believe that we've made significant strides in the past few years in improving our reporting and our accountability. We want to thank the auditor for his very helpful recommendations. We also want to thank the committee for its directions. We'll take whatever steps you deem necessary to continue to make improvements.

I note that on the committee's agenda for today, we will also be looking at other recommendations from various reports by the Provincial Auditor and we will welcome those discussions as well. We'd be pleased to answer any questions that committee members might have. Thank you.

The Chair: — Thank you very much, Minister. Thank you for

the payee disclosure report. There was some questions raised earlier that the Vice-Chair and myself are considering - just to let the committee know they can be considering this - that there have been requests for this, and it's a fairly expensive document to reproduce. So we need to consider on how we provide the public document to the public. We'll leave that at that and we'll have to be discussing that a little later.

The next item is the Provincial Auditor, and I'd welcome Mr. Wendel and if he could introduce his officials and then move right into his first item on the agenda which is the report to the standing committee regarding disclosure of payee information.

Mr. Wendel: — Well thank you, Mr. Chair. And with me today is Ed Montgomery and Andrew Martens who lead our work with CIC. And over on this side is Mike Heffernan, who looks after SaskEnergy, and Mobashar Ahmad looks after SGI.

And I don't have an opening comment or an opening statement, but I'm going to ask Mr. Montgomery to make a brief presentation on the special report we made to this committee in October 2004.

Mr. Montgomery: — Mr. Chair and committee members, I'm going to give you a brief overview of our report regarding disclosure of payee information. My overview is going to consist of three parts: first some overall comments, second I'll talk a little bit about the process for the 2003 report, and third I'll address the recommendations in our report.

2003 was the first year for which CIC and its related corporations published additional information about their payments. We think this is a significant improvement in public sector accountability and transparency. Overall we think Crown corporations have done a very good job for this first year. However improvements are needed to fully comply with the committee's disclosure policy. With regard to the process we followed, in the fall of 2003 we developed a standard format and guide for Crown corporations to use to prepare their payee information in a clear and consistent manner. We did this in consultation with CIC and its related corporations.

In general we look for consensus in how to report items to be included in the payee list. I can report to the committee that we received good co-operation from CIC and the related Crown corporations.

We also met with the Information and Privacy Commissioner to get his advice on issues as they arose. For example we sought his advice on the evidence required to exclude items from public disclosure and on whether it was necessary to write to suppliers before including their name and amounts on the payee lists.

Now I'd like to draw your attention to the two recommendations included in our report. Our first recommendation is set out on page 6. This is a matter on which we're seeking further clarification from this committee. When we met with the Crowns to discuss how to present the new disclosure information, we noted that the committee's policy requires a list of the amounts that employees were paid for salaries and expenses with the minimum threshold of 50,000.

This policy requires corporations to disclose other expenses paid to employees. In practice, however, corporations had difficulty in interpreting what types of payments to include in this category and thought it would involve considerable work to assemble that information, as the computer systems were not set up to separate that information easily. Examples of the information that could be included in this category include in-province travel expenses, mileage claims, car allowances, course tuition fees, and employer share of employee benefit plans. We also noted that similar information is not disclosed for other government employees. Therefore pending further clarification from the committee, the consensus was not to report expense information for employees this year — that's 2003.

Therefore for 2003, the only employee expense information provided is out-of-province travel expenses for its executive and senior management employees. This is consistent with the information received on employee expenses by the committee for previous years. Consequently, on page 6 we seek clarification regarding this issue. And we recommend that the committee either confirm that the disclosure of out-of-province travel expenses for executive and senior management employees meets the committee's requirements or clarify its interpretation of other expenses.

If the disclosure of out-of-province travel expenses for executive and senior management meets the committee's requirements, we recommend that the words "and other expenses" be deleted from the employee remuneration section of the committee's Crown corporation payee disclosure policy. In addition, in order to align the policy with the information you are already receiving, you should consider adding the sentence, "a list of out-of-province travel expenses for executive and senior management employees," to that employee remuneration section.

Our second recommendation is set out on page 7. This recommendation is made to reduce the number of items not disclosed on the payee lists. We think all payees should be disclosed unless they meet the committee's exemptions. Also the onus is on the corporations to verify that these items meet the committee's exemptions, and if not, the payee information should be disclosed.

We followed the advice of the Information and Privacy Commissioner with regard to the evidence required for non-disclosure of payee information. And we're also mindful of the commissioner's advice when he noted, in his experience, there'd be very few items that would meet the requirements for exemption, accordingly:

We recommend in the future, Crown corporations assemble and give our Office sufficient convincing evidence to demonstrate the relationship between disclosing the payee information and the harm it would cause for each undisclosed payee. Alternatively, Crown corporations should disclose the payee information to the Committee.

I also want to draw to the committee's attention the fact that since the committee made its payee disclosure in June 2003, that Treasury Board has amended its payee disclosure policy for

government departments and other agencies. Treasury Board now requires disclosure of all payments over a uniform threshold of \$50,000. The committee's payee disclosure has a threshold of 5,000 for grants, contributions, donations, and sponsorships and a threshold of 10,000 for payments to consultants. Since these are lower than the policy for government departments and other agencies, the committee may want to consider whether or not a uniform threshold is applicable to CIC Crown corporations.

That ends my overview of our report. We'd be pleased to answer any questions of the committee.

The Chair: — Okay. I propose that we deal with the Provincial Auditor's reports section by section or chapter by chapter. So we'll open up the floor to questions on this and comments and any potential motions. So Mr. D'Autremont and then Mr. Yates.

Mr. D'Autremont: — Thank you. I'm assuming then we're starting with chapter 19, that's the first one on the agenda.

The Chair: — Well first, there's the two recommendations for the . . .

Mr. D'Autremont: — Okay.

The Chair: — October 2004 regarding disclosure payee information.

Mr. D'Autremont: — Okay.

The Chair: — Then chapter 19, then 12, then chapter 15.

Mr. D'Autremont: — Okay. On the recommendations from the auditor on the payee situation, the auditor's recommending that we clarify what we mean by salary and other expenses. In making the recommendation that we eliminate other expenses and stick with out-of-province travel, has the auditor looked at whether or not there was any benefit to the employee within that category of other expenses that excluded the out-of-province travel?

Mr. Montgomery: — Mr. Chair, first of all we haven't made a recommendation to remove the words, "and other expenses." We're leaving it to the committee's guidance as to whether they want to or not.

I simply point out that when we met with the Crown corporations, there's a lot of information that could be classed as employee expenses. And that would include for example a mileage claim or a course reimbursement or a number of items, and that these items are . . . or even a person that paid for maybe a lunch where several people were involved. The systems are not set up to easily sort of extract that information and put it into a form where we could include all the payee expenses.

So we simply here come back to the committee and ask, is that really what you want? And if so, then the Crowns have indicated that they are prepared to go forward and get that information. But as to terms of what other expenses or have we looked at those expenses, no we had not.

Mr. D'Autremont: — Well when I look at some of the other expenses that have been mentioned such as training as an example, certainly a well-trained employee is of benefit to the corporation. But a well-trained employee is also a benefit to that employee; they now have a skill that is marketable in some other employment as well. So while it's not necessarily seen as a direct benefit — that payment — it is a benefit to the employee in their career. And so I think it is valuable to have those kind of expenses included in what is recorded for an employee for total expenses within a Crown corporation.

Also travel, you know, depends on what kind of travel we're talking about. If an employee is allocated a vehicle, what's the usage policy on that vehicle in determining what the expenses are? If an employee who is normally working in Regina travels to Moose Jaw for one day and is giving mileage, you know, that's one kind of expense. But if an employee working with a Crown corporation is given access to a vehicle for their daily usage, that's another kind of expense because . . . what's the policy say? Do they pick up that vehicle in the morning, return it to the workplace when they're done work at the end of the afternoon, or are they allowed to take that vehicle home? What's the policy when that vehicle is sitting in their driveway? Are they allowed to utilize that vehicle after hours? I mean all of those kind of things come into play.

And the fact is I believe on vehicle usage, the federal government has some special rules in there as well that vehicles that the employee has access to 24 hours a day has to be declared as a benefit in most cases by that employee.

So within your investigations and your audits and your determination on these, have you looked at those kind of issues as to whether or not that is a benefit to the employee, that is of benefit to the public knowing?

Mr. Montgomery: — No, we have not. In terms of for senior executive, we make sure for example that all of the items that would be classified as a benefit are recorded properly on their T4s, but not for the other employees.

Mr. D'Autremont: — So even for the senior executives, are their travel expenses in-province then — access to a vehicle, let's say — recorded as a benefit in the report?

Mr. Montgomery: — Yes, I believe their benefits are . . .

Mr. D'Autremont: — Well I think that if you take a look at even our own as MLAs, all our expenses are made public. It doesn't say that, you know, MLA X went from location A to location B. But it does say how much the total expense for the year was for travel, for office expenses. All of those kind of things are recorded. And so the public has access and knowledge of the total expense for operating one MLA.

And I think that within the Crown corporations I think it's reasonable to look at the similar kind of disclosure within the Crown corporations as well. You don't necessarily know that employee A went from Regina to Moose Jaw, but you know that employee A's expenses for the year for in-province travel was X amount of dollars.

And the information is available. It may be just a situation that

the Crowns haven't gathered it yet, haven't set up the procedures with which to extract that and collect it and report it. But at least I would hope that within the Crown corporations they track that as to the expenses that each employee is incurring because those employees I'm assuming are being compensated for those expenses if they pay out of pocket for them. And if it's not paid out of pocket, then it's recorded in some other manner as a vehicle expense or a training expense, someplace that's allocated to an employee. So I guess I'd like to ask the minister or the head of CIC, Mr. Waller, does the Crown corporations have access to that information?

Mr. Waller: — Well I think as Mr. Montgomery indicated, Mr. Chair, the information is available, but to compile it for the purpose of providing it as part of payee disclosure, the systems are not set up to easily do that. But certainly expenses are tracked; that's just simply part of the normal accounting administration function maintained by the Crown corporations.

Mr. D'Autremont: — It was mentioned in passing, not by either of the presenters but around the table, that health benefits are an expense. Do the Crown corporations have additional health expenses that they would be paying above and beyond that which is covered by our insurance policies?

Mr. Waller: — None that we're aware of. I mean health expenses would . . . All of the CIC Crowns I think, without exception, have health plans with private insurers and that the bulk of an employee's health expenses are handled through that. We maintain sick leave policies. So there is, for employees who take time off as a result of illness, there may be a charge against the accumulated sick leave that's maintained within the corporation, and workers injured on the job would be entitled to workers' compensation benefits. But there's no separate payments for health-related expenses that we're aware of.

Mr. D'Autremont: — So if other expenses were reported in total, there would be then no concerns that we might be providing information about an individual's illness and health expenses because the Crown corporations aren't paying anything additional other than the insurance that we each and all collect as part of our salaries.

Mr. Waller: — I believe that that's probably correct. What would likely be disclosed would be payments made in respect to obtaining the coverage. Or if there is a separate plan that might exist at the executive level in any Crown corporation, what would be disclosed would be the contributions into that plan.

Mr. D'Autremont: — And those contributions would be similar for employees with similar salary scales. So there wouldn't be a situation where employee A at salary scale A, his would be different than another employee at salary scale A as well.

Mr. Waller: — Within each individual corporation, as far as I'm aware, we do strive to have consistency.

Mr. D'Autremont: — So there's really . . . health would not be a concern with disclosure of other expenses?

Mr. Waller: — Not that I can think of as we sit here today.

Mr. D'Autremont: — No, just I was interested in that because of the potential for privacy concerns. But if health would not be a part of it, then that would not be a concern. I think it's important that we find, that the public and the committee know the total expenses related to a person's employment, and that's why the payee disclosures are there. And additional expenses — travel, training, I'm not sure what other kind of expenses there — would be because accommodations and meals are all part of travel, etc.

I guess perhaps entertainment . . . or that's probably the wrong word for what I'm looking for. But when you take a client out for lunch or something like that, those would be recorded in some manner. How would the Crown corporations record those? Would they be under travel, or would they be under marketing, or would there be some other terminology that's used?

Mr. Swystun: — Well certainly, Mr. Chairman, the information, if the committee desires to receive it, could be presented in whatever format you would direct. The types of business expenses that the member is referring to I think would generally be recorded within the company's records in a manner that relates to the activity that they were related to, so they would indeed be recorded as marketing expenses, for example. But if it's the committee's wish to have those kinds of payments included in the reports, the way I would foresee it working is that the various expense categories that the committee directs be reported on, would be rolled together, and there would be an amount recorded per employee for whatever categories we're looking at here.

Just if I might add one additional point of clarification to perhaps address the question that was raised, the payments that are reported with respect to payments to employees are essentially reported on the same basis as would be laid out on the employee's T4 for income tax reporting purposes. So it would include payments to or on behalf of the employee that would be subject or would be considered a taxable benefit. That just may be a bit of additional information that may help to clarify what the principle has been here for reporting on remuneration to employees.

The Chair: — I have Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I have a number of questions regarding . . . And as many of you will know, I sat on the original committee that put this policy in place, and we had very detailed discussions about what we were trying to accomplish. And what we were trying to accomplish with this policy was the balance between public disclosure and cost effectiveness of that public disclosure in that the information that would be disclosed would be of need to the public or of interest.

Could I have the Provincial Auditor explain to me whether an employee would actually get any benefit — I mean any benefit to himself — in any way that would not be covered under the taxable benefits category of our T4, that would be different than anybody else? Like normally the amount you would get paid for mileage or what you get for a meal would be uniform and covered in some form of collective agreement or compensation. So only the volume of meals that the person would eat would

change, type of thing, but there would be no direct benefit where he would actually get cash advantage in their pockets from that because it would be return for what they expensed out. Is there anything that wouldn't be covered by taxable benefits?

As an example if you use a vehicle for private use, that has to be claimed for a taxable benefit as required by federal law. Is there anything that a person would get that wouldn't be covered either by the federal law that they'd have shown a taxable benefit or wouldn't be uniform based on it's covered by a collective agreement or simple return for money they've already paid out?

Mr. Montgomery: — The vast majority of employee expenses would be simply reimbursement; you know, none of those would be included on a T4. I guess there would be, if you had a vehicle you would have items disclosed or a portion of that disclosed on your T4. In terms of where maybe the corporation paid for some education, that might have some T4 implications. But as I say, the vast majority would be reimbursement of expenses incurred by the employee, and they would not be on the T4. If the committee was to clarify it in terms of just expenses that occur on the T4, that would certainly reduce the amount of digging that the Crown corporations would have to do to determine those numbers.

Mr. Yates: — Thank you. My second question has to do with disclosure in other jurisdictions. To your knowledge, do any jurisdictions go into disclosure of issues such as meals and mileage types of things that are being considered here? Or do they use the same definition that we basically have come to use, requiring some clarification, but basic taxable benefits and salaries, and very similar if not the same definition we have?

Mr. Montgomery: — Mr. Chair, I think the other provinces have disclosed information or disclosed similar information to Saskatchewan. They tend not to disclose the employee expenses.

Mr. Yates: — Thank you. Mr. Chair, if I could, with that clarification I'd like to move a motion. The motion being:

For the purposes of the payee disclosure policy, employer remuneration includes the following payments: for salaries, wages, bonuses, payments in lieu of notice, vacation payouts, and other taxable benefits paid to employees.

And further, that disclosure of out-of-province travel expenses for the executive and senior management meets the committee's definition or requirement for disclosure of other expenses.

The Chair: — While Mr. Yates is writing out that motion, is there any discussion on the motion? Mr. D'Autremont.

Mr. D'Autremont: — Well I think that we do need as well as the out-of-province expenses that we do need indeed to see the in-province other expenses as well. To argue that the public should be aware of out-of-province expenses and not in-province expenses, I think, is a contradiction because they're very much similar. I mean the person who travels from their

work location to the other end of the province incurs an expense just as that same employee does when they travel from their work location to another province.

And if you happen to — say — be stationed in Lloydminster and drive across the border for a meeting with your counterparts in a similar type of employment, that constitutes out-of-province travel expenses. And so what's the difference between that employee driving from Lloydminster, Saskatchewan to Lloydminster, Alberta versus driving from Lloydminster to Saskatoon? The fact is, instead of it being a few blocks, it's you know 150 miles or whatever it is.

So I think that there is . . . I think the public has a reasonable expectation that when reporting expenses, that in-province is reported as well as out-of-province. And I think it's valid that the public should have a desire to know what the out-of-province expenses for the employees are, but certainly even in-province expenses. You take a look at the situation that was happening at SaskEnergy with one senior executive there. Had the in-province expenses been reported, inconsistencies may have shown up a lot quicker than they did. But if . . . to fail to report that, does it not then bring that necessarily to light?

I think we . . . Just today before I came in, I heard on the news that Mr. Dingwall had resigned as the head of the Canada Mint. Why? Because it's related to his expenses.

And I think when you don't have disclosure, then you don't know what's going on. If there's disclosure, then that has a tendency to limit the unfortunate circumstances that can occur from time to time with an employee abusing their position. So I think it's important that as much disclosure as possible be provided, and I don't see a lot of difference between out-of-province expenses when it comes to reporting, and in-province expenses.

The Chair: — Any questions or clarifications? Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I made the motion deliberately using the criteria we have based on our previous discussions in other years and the fact that our disclosure is very similar and equivalent to that of other jurisdictions. And it also meets a very important test: the need for public disclosure versus cost-effectiveness.

If we start getting into all the expenses in-province by every employee, it would require a huge, huge amount of work to gather information that would be only differentiated largely by the number of meals a person has, perhaps their work location in the province, how many miles they have to travel as part of their . . . where they are assigned or located within the province. And those types of issues are all paid similarly to all employees regardless where they are in the province. They're paid based on either a collective agreement or a compensation policy. So the only difference between the payouts for those individuals is based on how far they may have to travel away from home to do their work. So should somebody from Shaunavon, Saskatchewan who has to work in Eastend and around the whole southwest part of the province be viewed negatively by people in Regina who may see that list and not know where they work, simply by the fact of the location of job?

And what do we gain as the overseers of this committee, members of this committee, and the members of the legislature in getting that information? What do we gain by that? And what purpose would we have for going to all the expenses of putting that information together? I can't see a value in it. And if I can't see a value in it, why would we continue to increase the amount of public expenditure put forward or needed or required in order to gather that information without the benefit?

And the information, although it is obviously contained in the Crown corporations, to separate that out for every employee and then put it together and disclose it, without necessary benefits, something that we want to achieve by it, something we need to achieve by it, is simply added work and added expense. And other jurisdictions in Canada have looked at this issue too and they haven't gone there, and there's a reason they haven't gone there.

The Chair: — Any other discussion? Mr. D'Autremont.

Mr. D'Autremont: — Thank you. I guess I have a question for the minister or her officials: What kind of work would be involved in gathering this, in compiling this information since it's already been gathered, in compiling this information? Would it be a matter of employees having to shuffle through papers to accumulate all of this, or is it a situation where the information has already been gathered and it's simply a matter of rewriting a computer program to compile it?

Hon. Ms. Atkinson: — Well my understanding from the officials here today — and we are basing it on our own experience and not necessarily the experience in each individual Crowns — is that the information is available. It's a question of putting the information together, maybe rewriting a program, so that you'd be able to individualize expenses for each employee that earns over \$50,000 per year. So if you look at senior executives, we have included their out-of-province. We show their remuneration, and then we include out-of-province expenses. Obviously you'd have to do that for each individual employee so there would be another line in the payee disclosure information for each employee which would show their remuneration plus their expenses.

I guess the question would be: Do we break it down by category? If we were to show expenses, do we need to individualize what those expenses would be for — travel, meals, tuition, reimbursement? I suppose there might be some other things. Or would we give a global number for each individual employee?

I think the other thing is — I'm just going from recollection — I don't recall in Public Accounts, which is the GRF [General Revenue Fund] side, that we show expenses for each individual employee. So obviously if we were to do this, then we'd need to look at the same thing on the GRF side, Public Accounts.

Mr. D'Autremont: — Yes, it's been a long time since I was in Public Accounts. I don't remember either.

Hon. Ms. Atkinson: — Yes. Did we show it? No, I don't think we do.

Mr. Wendel: — The Public Accounts do not show the

employee expenses besides their salaries.

Mr. D'Autremont: — Thank you. Well just grabbing one page in the 2004 report, what is provided here is one line and there's certainly . . . If people are under the assumption that there's no room on the page for anything more, there certainly is lots of room on the page for more information.

Hon. Ms. Atkinson: — I haven't suggested there wasn't room on the page. I'm just suggesting that you'd have to have another line, and then you'd have to determine what you'd want, that there may be two or three or four other lines so that people are clear that this is for meals, this is for travel, this is for course reimbursement, or whatever.

Mr. D'Autremont: — I think it would be of value to the public to know what those expenses are, and I can understand the problem with breaking it all down in total for travel versus training versus some other expense — marketing, whatever it might be. But I think it would be of value to see what in-province expenses were as well as out-of-province expenses and Mr. Yates believes that . . . what benefit would there be to the public knowing this.

I think back to a labour dispute that took place a number of years ago within one of the Crown corporations, and management employees were travelling around the province trying to carry out the duties that had previously been done by the unionized employees. I think it would've been of value to the public in evaluating the pros and cons of either side in that to know the expenses that were being incurred by the management employees in carrying out those duties. If a management employee, let's say from Regina, had to go to Estevan to live there, be paid, you know, their accommodations there and all those travel, any other incidental expenses, you know, would play a part in making an evaluation as to the reasonableness of either side's proposal within the contract negotiations. That's just one example I can think of right off the top that I think the public would gain value from knowing.

As they understand when, you know, when negotiations . . . when the union says they want a 5 per cent increase and the government saying no we're only going to offer 3. And when they throw in then the additional expenses that are being incurred, it makes it more understandable, even though it'll be after the fact on determining whether there was actually value in supporting one side or the other on this particular issue. Without that kind of information, then the public is left making their decisions based on limited information and we all get into trouble when we do that. And so I think that's one of the areas that I see that there is a potential benefit for the public knowing what those kind of in-province expenses are.

Mr. Heppner: — Thank you. Just briefly, the word trust came up here just a while back. The public, any time that information isn't available, is convinced that somehow or other something's going wrong. It's just the nature of the way the thing works.

I received a phone call not long ago on an issue, and I said well we can't get that information because it's going to be hidden under this kind of bit of logic. Now it may all be totally above board, but that was the only answer I could give. And the person is totally convinced there is something very seriously

workers and managers, not senior managers, that would be involved in out-of-province travel.

workers and managers, not senior managers, that would be involved in out-of-province travel.

So it's quite possible and likely that there would be both in-scope and out-of-scope employees involved in out-of-province travel that aren't part of the senior executive team.

Mr. D'Autremont: — Thank you. So a disclosure of out-of-province expenses for executives and senior management wouldn't give a complete picture then of the corporation's out-of-province travel.

Hon. Ms. Atkinson: — No it would not.

Mr. D'Autremont: — Thank you. I see that as a problem then in this motion as well, that it's giving us an incomplete picture of what out-of-province travel would be within the corporation.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair.

I think our concern, as legislators and members of this committee, should be to oversee where we think there may be problems. The reason it's limited to those senior executives, those would-be individuals who themselves could approve those trips. Employees other than those senior executives would need approval from others.

And our responsibilities . . . and the problems we have seen come forward have been at levels where people could approve their own expenses or plan their own trips. And that is what we should want to oversee. Any other travel will be overseen and approved by somebody else. And we're never going to know and understand the intricacies of any of the travel that these individuals do. But what clearly here, by getting the information we do, it allows us to question whether or not travel those individuals who could approve their own is appropriate. But for us to worry about everybody's individual travel, those that require approval from other levels within the agency, again is starting to get down into information as to what benefit is there in protecting the public interest in us having that.

And to get pages and pages of information that we're not going to use in protection of the public interest . . . and it all takes, even if it has to be only keyed into various programs, all takes time. It takes employees to do that. And if it isn't going to be a benefit in accountability in the overall process, why would we want that information at that level? Having it at the level we do gives us the ability to check and challenge those who have the ability to make the planned travel independent, independent within these organizations.

Mr. D'Autremont: — I wonder if Mr. Yates could define for me the meaning of executives and senior management.

Mr. Yates: — That would be those that are categorized in each of the payee disclosure lists as senior executive management.

Mr. D'Autremont: — So then under your motion, any out-of-province travel by any other employee would not be reported.

Mr. Yates: — It currently isn't either.

Mr. D'Autremont: — Yes, that's what I was . . . We already knew that. That's why I was asking to clarify that. I guess I have a question then for the minister and her officials on this.

How much out-of-province travel occurs by other employees than executive and senior management?

Hon. Ms. Atkinson: — We don't have the answer to that, but we can get it for you.

I would say this, that there are employees within SaskEnergy, for instance, that might be involved in Heritage Gas in Nova Scotia. These aren't the senior people. They are managers perhaps or workers perhaps that are going to Nova Scotia to assist in that project. Or another example might be SaskTel International that does work all over the globe — telecommunications work. There may be people who are

Mr. McCall: — I guess my question, Mr. Chair, is through you to the auditor. You'd stated that this, the kind of information being contemplated here, is not required for the General Revenue Fund, entities that answer to the Public Accounts Committee. Am I understanding that correctly?

Mr. Wendel: — That's correct.

Mr. McCall: — Is there a request forthcoming from the

auditor's office to the Public Accounts Committee to bring this kind of information to the table?

Mr. Wendel: — No. There's no request coming from our office. The purpose of our request today was just to clarify the committee's original intent: what did you really intend with the comment?

Mr. McCall: — So I guess that leads to my last question. This is more a request that arises out of a need for clarification around imprecise instruction, rather than some burning desire on the part of the auditor's office for access to information that they see as vital to them safeguarding the public interest.

Mr. Wendel: — We're asking for clarification, this being the first year, 2003 being the first year that Crown corporations started to disclose this information. We wanted to make sure that it was all clear, what it is you were getting. So no, it's not at our request that you increase it.

Mr. McCall: — Thank you.

The Chair: — Okay. Is this committee ready for the question? Is that a yes or is that no? Okay. Mr. D'Autremont.

Mr. D'Autremont: — Well I guess the original, I ask this of the auditor, the original wording on this motion was salary, benefits, and other expenses, was it not?

Mr. Wendel: — Yes.

Mr. D'Autremont: — So the auditor has indicated yes. That's the . . .

Mr. Montgomery: — Salaries and other expenses.

Mr. D'Autremont: — Salaries and other expenses. Other expenses isn't limited just to taxable benefits. Other expenses includes all other expenses: travel, marketing costs, in-province and out-of-province. I think in making the original motion, the committee at the time understood in general principles what they were asking. They weren't limiting; they were saying other expenses, understanding that other expenses were not just those items that show up on a T4 slip.

So I think while we do need clarification, that the motion being put forward by Mr. Yates is restricting, is going backwards rather than simply clarifying.

The Chair: — As the Chair of the committee, just to clarify, I'm a participant of the committee under the new format. So I vote. I don't break ties. I participate in meetings. And I guess . . . so I'm going to exercise my right to do that.

We have three former members of the committee that are saying this is what we meant when we passed this. And now we have the auditor, Provincial Auditor, saying could you please clarify that. And from my way of looking at it, we've got three former members that were there when this was passed saying this is what we meant when we said that. So for me that's good enough. But I just wanted to put that on the record. Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I wanted to

just for the record say I was on the committee, sitting here, when we made that motion. We were talking about those benefits or expenses that would show up on our T4. We've now been asked . . . because different people obviously can interpret what we said differently. So we are . . . My motion is brought forward based on the intent of what we did originally and looking to clarify what that intent was and very clearly not to expand, change, or take away from what the original intent was.

The Chair: — Is the committee ready for the question?

Mr. D'Autremont: — One minute while I write up the motion.

The Chair: — And I just caution members not to ascribe desires to the Provincial Auditor's for burning or otherwise. I recognize the hon. member, Mr. D'Autremont.

Mr. D'Autremont: — Okay. Thank you. I would like to propose an amendment to the motion and that the amendment reads:

That all the words after the word "employee" be removed and that the following be added: that all other expenses accrued by an employee be reported broken down into out-of-province and in-province expenses.

The Chair: — I will read the amendment. I'll attempt to read the amendment:

That all the words after the word "employee" be removed and that the following be added: that all other expenses incurred by an employee be reported broken down into out-of-province and in-province expenses.

Is that right? Okay. Any discussion on the amendment? All those in favour of the . . . or is the amendment agreed?

Some Hon. Members: — Agreed.

The Chair: — Is that agreed?

Some Hon. Members: — No.

The Chair: — I believe the nos have it. So the amendment is . . . Would you like to do a hand count? All those in favour of the motion raise your . . . say aye. All those opposed? I declare the motion defeated.

Okay. The main motion, Mr. D'Autremont.

Mr. D'Autremont: — I'd like to move another amendment if I may. This one is actually a friendly amendment.

The Chair: — Wasn't the other one?

Mr. D'Autremont: — Well I thought it was:

That the word "province" be added after "disclosure of out-of" in the amendment.

The Chair: — Could you repeat that? . . . [inaudible interjection] . . . Okay, the main motion as friendly amended, is this agreed?

An Hon. Member: — Agreed. Oh no, I . . . [inaudible] . . . I agree to the amendment but . . .

The Chair: — Well this, the friendly amendment was already agreed to . . . [inaudible interjection] . . . Okay. That is carried.

Thank you, members. Recommendation no. 2. You've already covered that. Is there any discussion, or does the minister want to make any comments on recommendation no. 2 or has she covered that in her . . .

Hon. Ms. Atkinson: — Yes, I covered that in my opening remarks.

The Chair: — Okay. Any discussion or motions?

Mr. D'Autremont: — Could the auditor repeat recommendation no. 2.

Mr. Wendel: —

We recommend in the future, Crown corporations assemble and give our Office sufficient convincing evidence to demonstrate the relationship between disclosing the payee information and harm it would cause for each undisclosed payee. Alternately, Crown corporations should disclose this payee information to the Committee.

The Chair: — I have Mr. Yates.

Mr. Yates: — Okay. I would like to move so we have something to discuss:

That the payee disclosure policy does not apply to the following: payments made to or on behalf of SGI claimants; payments made to SGI reinsurers or reinsurance brokers; payments made pursuant to SaskPower purchase contracts or agreements; payments made pursuant to SaskEnergy gas supply contracts; and payments made pursuant to arrangements with SGI brokers, SaskTel dealers, and SaskEnergy network partners.

And that the Crown corporations assemble appropriate sufficient documentation to support individual payee exemptions.

And, Mr. Chair, if I could speak to the motion.

The Chair: — Yes.

Mr. Yates: — There are a number of issues that for commercial sensitivity reasons that I've laid out that we should not disclose. And secondly, if we look at the number of payees not disclosed out of the total of tens of thousands of payments made by the Crown corporations, I believe this year we're dealing with 64 — 64 that would not have fit into those four exemption categories, pardon me, that I just talked about.

A Member: — Which year?

Mr. Yates: — In 2004. So we are dealing with tens of thousands of payments made — a very few, very few that

would be of an exemption status. And I think that's a very, very commendable record. And of those 64, in future they would have to come here with appropriate documentation to support not giving those to us.

And I want to remind people that means they're not coming here. That doesn't mean the Provincial Auditor hasn't seen them and doesn't have access to them — am I correct? — that you have access to all information regardless. It's just what is disclosed to us. So that the Provincial Auditor has the ability to look at each of those and look to see if there is in fact, in his mind, a problem. So it's not that they're not scrutinized by the Provincial Auditor, by the appropriate body to scrutinize each of those expenses.

So I think including those expenses in those categories of which for commercial sensitivity reasons we wouldn't want to be made public . . . so they are scrutinized by the appropriate body that has the right to scrutinize them. So I think the motion makes good sense for the commercial competitiveness of our Crown corporations, for the competitiveness of those businesses that do business on behalf of one of our Crown corporations or in fact market our products, and protects the public interest because the Provincial Auditor has full access to that information. So for those reasons I move the motion and put it on the table for discussion.

The Chair: — We have a question by Ms. Harpauer.

Ms. Harpauer: — I think that a question that arises . . . And perhaps the Provincial Auditor could help us here. The Provincial Auditor lists far more than 64 suppliers who he felt could have disclosed the amount that they received. There are 70 under SaskEnergy. There is 13 under SaskPower, 127 under SaskTel, and 913 plus 49 under SGI.

Now the member mentioned that there would only be 64 that would fall into the criteria that he had listed that would then have legitimate reasons not for disclosing. Now I have no way of knowing that.

I don't know what in particular the Provincial Auditor found that he felt that these expenditures could have been disclosed and that 64 would have legitimate reasons for not disclosing under the criteria of the amendment or the motion. So can the Provincial Auditor help us there?

Mr. Montgomery: — Our report deals with the year ended 2003. We have not issued a report on the 2004 pay list which was presented this morning. We received an advance copy of that, but we haven't yet done any work on that. So there's a difference between the years. I think the comment by the minister was, if you exclude all of the categories they want to exclude, there'd only be 64 items in the 2004 report. So there's a difference between the two years we're looking at.

Ms. Harpauer: — Okay. The other thing that Mr. Yates said in speaking to it was that with the appropriate documentation . . . and there's indication in the report that that has been lacking in a lot of cases as well. And so I think we need to really clarify and stress that appropriate documentation needs to take place, that we can't just automatically assume that they are granted an exemption.

Mr. Montgomery: — In 2003, yes the documentation was significantly lacking in explanations as to why things were excluded. Often it was a box ticked by the supplier saying it would cause harm, but there was no explanations there as to what harm or how it could cause harm. But they were the processes for the 2003 year.

Just looking at the amount that . . . the progress in the report in 2004, it's obvious that they improved those practices by getting some more evidence, but we have not yet seen that evidence.

Ms. Harpauer: — So I guess I have a question of . . . how does Mr. Yates know that this would then solve the problem? I believe you added a couple of things to the existing list of criteria.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you. What I did was . . . In going back again to the original discussions and going back to the conversations that took place a number of years ago, we wanted to make sure of two things or three things, but two major principles here, one that we didn't want to hurt the commercial competitiveness of those small businesses that represent us throughout Saskatchewan and are in competition with others.

We didn't want to hurt the competitiveness of our major Crown corporations on issues like power purchases, gas purchases, because that information creates sensitivity in the public. It can create problems in purchasing, in our competitiveness in purchasing some of those commodities that they're purchasing on behalf of the people of this province, and we need to be able to do that with the confidentiality that's required in order to work with some of these companies. So I've laid out four basic exemptions of those types of things that by virtue of them being made public could create problems for the companies and result in increased costs in many cases to us, the consumer, or hurt those small businesses that are out there representing us, selling SGI products, selling SaskTel products, throughout the province. And in any other case, in any other case, then they would have to provide adequate documentation and sufficient proof if they don't disclose it.

But I also wanted to remind the committee that even if it's not disclosed publicly, the Provincial Auditor has total access to this and has the ability to ask the questions and ensure and safeguard that public funds are being spent appropriately. So it is not a concern about public funds being spent inappropriately because the Provincial Auditor and his employees and colleagues have the ability to check on each and every one of these. It only becomes an issue what's told to us and then becomes public knowledge which could hurt the commercial viability and financial well-being of those organizations. That's all that we're looking at. And that was the original intent.

And all I'm trying to do is clarify that so it's even more specific so that they can't, as they did in 2003, eliminate 11 or 1,200. You're getting it down to a very narrow number, and then I'm saying very clearly that documentation has to be provided. And so we're just narrowing it so that it deals with very specifically what can be excluded so that you can't use excuses for excluding things. Only those things that fit into those very narrow categories, and it says exactly what they are, could be

excluded automatically. So the Crowns know very clearly what they have to report, and then they have to provide sufficient documentation for any other case that they would want to exclude, and that documentation would have to then be able to be provided to this committee. And the Provincial Auditor of course throughout all of this has access.

The Chair: — The Chair recognizes Mr. D'Autremont.

Mr. D'Autremont: — Okay, thank you. Question either for Mr. Yates or for the Provincial Auditor to answer. Under Mr. Yates' motion, payment made pursuant to SaskPower's purchase contracts or agreements, would that include all people who are through contract or agreement supplying services to SaskPower?

Mr. Yates: — No, it wouldn't. It would just simply deal with the purchase, pursuant SaskPower purchase agreements for power. It's not all SaskPower.

Mr. D'Autremont: — It doesn't say that in your motion though. To the Provincial Auditor: if this motion passes as presented that the following exemptions would be to payments made pursuant to SaskPower's purchase contracts or agreements, how narrow or how broad is that?

Mr. Wendel: — It could be interpreted fairly broadly. I think you'd probably want limit it to the power purchase agreements.

Mr. D'Autremont: — Okay.

Mr. Wendel: — Whichever would require that.

Mr. Yates: — Which is the intent.

Mr. D'Autremont: — Well we need to put those words in there then.

Mr. Yates: — If I could make a friendly amendment of my own motion. That'd be:

Payments made pursuant to SaskPower power purchase contracts or agreements.

Add the word power in there.

Mr. D'Autremont: — Can we add two words in there — power purchase contracts and power agreements — in case there are agreements for other things that would fall under this?

Mr. Yates: — That's the intent.

The Chair: — Okay. Just to clarify. And we are just conferring so if I'm not correct, interject. From my understanding of Mr. Yates' motion that . . . amended by adding the word power after SaskPower. Is that your motion?

Mr. Yates: — Yes.

Mr. D'Autremont: — And after the word, or power agreements.

The Chair: — Or power agreements. So add power in two

locations. So, okay, on this motion, or this amendment is that agreed?

An Hon. Member: — Agreed.

Mr. D'Autremont: — Okay, I'd like a clarification on the next paragraph as well. What is the meaning of SaskEnergy network partners?

Mr. Yates: — Those are the partners that supply benefit around the . . . or as an example working with us on the energy efficient furnaces and who are out working with SaskEnergy on those types of programs. Those are the network people around the province, and they have a whole network of businesses that they work with directly around the province.

Mr. D'Autremont: — So this is basically the plumbers, and the gasfitter, contractors that supply . . .

Mr. Yates: — Right, but it's only the arrangement between them for being a network partner. It's not everything those businesses do of course because those are private businesses anyway.

Mr. D'Autremont: — But would that mean all business that they do with SaskEnergy though?

Mr. Yates: — No, just in those very narrow areas of networked partners.

Mr. D'Autremont: — Well how narrow is the network partnership? I guess we should ask the minister that. How broad or how narrow is that partnership?

Mr. Swystun: — Mr. Chairman, the network that's referred to is indeed plumbing, heating, air conditioning contractors that work in partnership with SaskEnergy to improve the energy efficiency of SaskEnergy customers' heating systems so as to lower energy consumption. So it's a specific program that we're talking about here, and it would be payments made to those contractors under that program only.

Hon. Ms. Atkinson: — And if I might add, there are 145 independent plumbing and heating contractors in 65 different communities. So when we talk about the SaskEnergy network, we're talking about 145 independent plumbing and heating contractors in 65 communities.

Mr. D'Autremont: — I'm assuming that these contractors would supply more than a one-time service to SaskEnergy. Would that be the case?

Hon. Ms. Atkinson: — If you are a person that wants to get a high energy-efficient furnace with a high Energy Star motor, and you want to get the low interest rate loan, then you use one of these 145 independent plumbing and heating contractors to install your furnace. So there will be, in a year there will be literally hundreds and hundreds of furnaces that come under this program. And so these individual contractors will have a number of furnaces that they install each year where the customer has access to a low interest loan program of prime. There would be more than one contractor with one contract. They might have dozens of contracts.

Mr. D'Autremont: — So disclosing that information then wouldn't actually disclose the amount of dollars being dealt with on any one particular transaction. If you had a dozen transactions you could say an average, but you don't know whether that person bought a big furnace or a little furnace or an air conditioner, or whatever else, natural gas range or whatever.

Hon. Ms. Atkinson: — That's true.

Mr. D'Autremont: — So what would be the difficulty in including that along with all the other suppliers to SaskEnergy?

Hon. Ms. Atkinson: — Well as I understand this, and you're asking a question that I've asked myself, Mr. D'Autremont, as I understand it we make . . . when I say we, individual Crowns will be involved in making payments to a contractor on behalf of a client or a customer. So let me give you an example. If I'm in an automobile accident, I do 3 or \$4,000 worth of damage to my car or if someone else does, then I take my car to an autobody repair shop and have it fixed. I don't pay that autobody repair shop; SGI does. Or if I'm injured, I go to a physiotherapy place. SGI makes payments on my behalf to the physiotherapy place.

As I understand this, the companies are reluctant — and I'm talking about the private sector companies — are reluctant to have shown, in basically public accounts, how much money they receive from the individual Crowns to do work on behalf of customers of SGI or it could be SaskEnergy or whatever. So the autobody repair people are not very interested in having their autobody repair shop shown in public accounts that they may have gotten 2 or 3 or \$4 million worth of money, insurance, from SGI. Or the brokers aren't interested or so on because they are in a competitive business environment. They don't necessarily want their competitors seeing how much they're getting from SGI when they're doing work on behalf of individual customers.

So this applies not only to the 45 independent plumbing and heating contractors, but it applies to autobody shops. It applies to physiotherapy, where the customer chooses who they're using but the payment is made by the company, by the Crown, on behalf of the individual customer.

Mr. D'Autremont: — Well I can certainly understand that individual businesses don't necessarily want their business made public, just like law firms. Mr. Waller was from a law firm. I'm sure that they would be happier if that information wasn't made public, what that law firm was doing business with the government. But we have all as governments made the decision that that information will be made available to the public even though they might argue that it harms us commercially because, you know, our competitors now know that we do X number of dollars with this Crown corporation or the government or whoever it might be. That's no different though than the independent heating contractor or the autobody for that matter. We know somebody is getting that money.

And why . . . I don't see a problem in disclosing that the ABC autobody shop got \$4 million from SGI, and that the DE and F shop down the street only got \$1 million, you know. Maybe there is a message there that ABC is maybe doing a better job than DE and F, you know, if that's what people want to take

from that. Or maybe DE and F is just a smaller shop and can't handle all the business. I think the public though has a right to know, since we've come to the point where we've agreed to do the disclosures of \$50,000 or more.

So the independent contractor — particularly on the heating side — a number of them wouldn't be reaching the \$50,000 level, some of them certainly will be. And I don't see a problem at all with disclosing the amount of monies that they get, the 145, if they exceed the \$50,000, any more than any other contractor. If SGI goes to a contractor who is not a part of this 145 group and gets a \$50,000 contract with them, it's going to be disclosed. So what's the difference between disclosing that contractor who's not a part of this SaskEnergy network and not supplying the information about one that is.

Hon. Ms. Atkinson: — I think the difference, as I understand it, Mr. D'Autremont, is that it's not SGI entering into a contract with an autobody . . .

Mr. D'Autremont: — It's SaskEnergy.

Hon. Ms. Atkinson: — Oh, I'm sorry I'm just using SGI as an example, or SaskEnergy entering into the contract with the individual contractor or autobody shop or broker, it's the customer . . . or the customer going through the door of that body shop.

As a customer I make the decision which body shop I'm going to use. As a customer I make the decision of the 145 independent plumbing and heating contractors, which one I'm going to use. Payments are made on my behalf by SaskEnergy or Sask . . . SGI to that individual company.

And I think the difference, as I understand it, is that for those contracts that SGI enters into on its own without a client making the decision, those kinds of contracts with suppliers can be disclosed and are being disclosed. For those contracts that are entered into by the customer and then SaskEnergy or SGI or whichever Crown pays, makes the payment, that's the difference.

Mr. D'Autremont: — That may be the difference, but what's the rationale for not disclosing? The fact that a customer made the decision to go to this particular supplier to have their work done. What difference does that make? SGI or SaskEnergy is still providing those monies to that contractor and the fact that SGI or SaskEnergy didn't make the decision to go to that contractor, they still have to pay. So what is wrong with disclosing that?

Hon. Ms. Atkinson: — Well in the case of SaskEnergy, they pay on behalf of the customer, but the customer over time on their natural gas bill pays for their new furnace.

In the case of SGI, the customer pays for their auto repair or their physiotherapy or whatever it might be through their insurance rates, through their insurance premiums.

So I think the companies have made a distinction between those payments that the company makes on behalf of the company. They're making the decision where the company to disclose it wouldn't be a competitive disadvantage, and those payments

that the company makes on behalf of customers who make the decision which independent business there're going to use to repair their car or install their furnace or where they go to renew their licence and so on.

Mr. D'Autremont: — These decisions though are not made completely independent of the Crown corporation. If I want to go buy a furnace and I don't go buy one from one of these 145, then there is no . . . I don't accrue any benefit. I only accrue a benefit or have that option for a choice because SaskEnergy has entered into a contract with those 145.

Same with SGI. If I go to my neighbour down the road, who does autobody work and get my vehicle fixed, SGI is not going to pay for that because that's not approved and contracted through SGI. So SGI has already made the contract decision with those suppliers. Now the customer has a choice of which supplier that has contracted with SaskEnergy or SGI that I can deal with. And so SaskEnergy and SGI have made the contracts first and said to the client, here are the list of contractors you may go to. So SGI, SaskEnergy have already made the initial contracts before the client makes their decision.

Hon. Ms. Atkinson: — Yes. I'll just add my comment and then I'd ask Mr. Waller to speak to this.

You are correct that SGI and SaskEnergy, for the purposes of this discussion, enter into partnership arrangements with various brokers, various autobody companies and, in this case, independent plumbing and heating contractors. They do so on the understanding that these particular companies have met a particular standard that is necessary to repair cars or install furnaces.

As well as I understand it these independent contractors belong to some sort of industry association and that's why . . . It's 145 independent plumbing and heating contractors which other small contractors could join if they met the standard of that particular industry association and were prepared to make the membership fee or pay the membership fee. But I'll ask Mr. Waller to respond as well.

Mr. Waller: — Well perhaps, Mr. Chair, I could just add a couple of additional points and there may be more than one category of contract here.

But in the case of the exclusion for SGI, the payments made to individual claimants under SGI policies, the advice given to SGI, legal advice, is that disclosure of that is prohibited under the access to information and protection of privacy legislation. When SGI pays an autobody shop, they're actually making a payment that is legally . . . and the beneficiary is entitled to the payment. So when the payment is directed to be made to another autobody shop, the argument as I understand it is that the same privacy rules are likely to apply.

In the case of some of these other contracts, when we're talking about SGI agents for example and others within the group that you've identified here, these are services that are operated in competitive businesses. And the issue is that the contractors or the license issuers or agents that have contracted with SGI or SaskEnergy are concerned that they want to maintain their commercial confidentiality because of the nature of the business

that they operate in. And that, I think, underlied the original committee discussion and decision as I understand it, although I wasn't here at that time.

Mr. D'Autremont: — Thank you. In the case of the SaskEnergy network partnership, how would it endanger their competitive position if it was known publicly what the total volume of business was that they did with the Crown corporations?

Mr. Waller: — I would have to guess on that and it might, if the committee wished, we could seek out a specific answer from SaskEnergy and bring that back to the committee. But my guess would be that some commercial contractors would not want the level of involvement with either SaskEnergy or any other entity disclosed because that information might render the business susceptible to some competitive forces.

I mean if a contractor in rural Saskatchewan is competing with one other contractor in that community, the knowledge of what volume of business is being done by his competitor with SaskEnergy may give him some commercial advantages.

Mr. D'Autremont: — In a small community in rural Saskatchewan, everybody already knows how much business an individual is getting. That's really not a secret. The dollar values may not be known but certainly that they're getting the business is known, and I'm not sure that that's going to provide any comfort to either one of the businesses because they already basically know. You know the old saying, Sears knows what Eaton's is doing, so I mean in a small town just everybody knows.

On the question, I believe it was Ms. Atkinson said, that the contractors have to meet a certain standard and pay a membership fee. What is the most important component of this? Is it the standard or is it the membership fee?

Hon. Ms. Atkinson: — Well I think that would be a question that you could direct to SaskEnergy, but as I understand it, it's both.

Mr. D'Autremont: — I'd suspect that there are a number of contractors out there who certainly meet the standard but haven't paid the fee, and so it would seem that it's not the standard that's the important criteria. It's the payment of the fee.

I don't see how providing the information that a contractor is receiving \$50,000 or more in contract with SaskEnergy in any way threatens their commercial viability. And I think that they should be listed if they're over \$50,000 or more just like any other supplier of services to SaskEnergy.

The Chair: — Is there any other discussion on this motion? Oh, Mr. Heppner. We're getting very close to our regularly scheduled recess time.

Mr. Heppner: — Yes, on those two specific items that were brought up as far as people being allowed to install the furnaces and the fact that it seems the fee is the key thing, in many small communities that's a substantial fee for a small company that may be totally qualified to install it but says, well, in my area I

may only install two or three of these so it may not count.

The statement was made that there are 65 of these. I don't find that at all impressive because being of my age I remember those old Pool calendars that used to hang in every farm home where you could see all the communities across this province. And to say out of all of those there are only 65 where you're a plumber, can do that . . . I know the area that I live in, and it's a very vibrant area compared to most of rural Saskatchewan. We have plumbers in many towns that would like to be able to be part of this, but because of that fee said, why am I supposed to give money to the government so that I can install a furnace? I'm well enough qualified to install all kinds of furnaces in all kinds of locations — commercial, institutional — there's no problem. But this one I have to go ahead and put some money into some government box in order to put in a furnace. And not at all happy with that, they're not happy with it. And fact is I'd like to be able to quote word for word what they have to say, but I'll refrain from that today.

The Chair: — Thank you, members. Provincial Auditor, Mr. Wendel.

Mr. Wendel: — Before you bring this to a vote, I had a chance to read the motion. I want you to think about whether you want to also exempt the reinsurance programs of SGI so that I don't have to bring this back again next year. At the moment you're exempting SGI brokers, and had you intended to also exempt SGI reinsurers? . . . [inaudible interjection] . . . Did I miss it?

The Chair: — I think it's there.

Mr. Wendel: — I'm sorry. I was looking at the other . . .

The Chair: — Thank you very much. There's a motion before the floor, or on the floor before the committee. Is this motion, as amended . . . Mr. D'Autremont.

Mr. D'Autremont: — Mr. Yates, in his statement on his motion here, talked about that the auditor gets to see all of the things that are exempted and that he has that oversight and reviews it and determines whether or not it meets the proper criteria. I have a question for the auditor. When you're reviewing these contracts and expenditures, do you view them for value-for-money?

Mr. Wendel: — I wouldn't say that we do that in every case. We do do value-for-money auditing, but it's done just on a risk basis where you look at some agencies some years, other agencies other years.

Mr. D'Autremont: — So basically when you're reviewing it, you're reviewing it to say the bill was \$10 and \$10 was paid out on it.

Mr. Wendel: — And the goods and services were received. There's evidence that they did get the goods and services.

Mr. D'Autremont: — Yes.

Mr. Wendel: — As to whether those were good goods and services or they should have got the goods and services, that's a different issue.

Mr. D'Autremont: — Yes. Or whether the services were valued at \$10 rather than \$5 or 15 . . . just that the bill was \$10. They received the service, and the \$10 was paid.

Mr. Wendel: — And we would look to see they had good processes to do purchasing in the first place.

Mr. D'Autremont: — Yes.

Mr. Wendel: — Looking for the best price.

Mr. D'Autremont: — Okay. So you're not actually evaluating whether or not one contractor was getting more work than another, just simply that the tendering processes were in place to ensure that things were being done fairly and properly.

Mr. Wendel: — That would be correct.

Mr. D'Autremont: — Mr. Yates also mentioned . . .

The Chair: — Do you have additional questions because we're getting close to the recess time?

Mr. D'Autremont: — Yes I do have. We can come back and do this after lunch.

The Chair: — Are you sure?

Mr. D'Autremont: — Yes.

The Chair: — Okay. The committee will stand recessed until 1 p.m.

[The committee recessed for a period of time.]

The Chair: — Order. We'll reconvene the committee at 1 p.m. And we have a motion before the committee which has been moved by Mr. Yates. Was there any final discussion on that motion? Oh, Mr. D'Autremont.

Mr. D'Autremont: — Surprise. One of the things that Mr. Yates mentioned in his commentary was that the auditor provides oversight and reviews all of the expenses and the suppliers and the monies that are paid out, and we've discussed this just before the lunch break.

But this committee as well provides oversight; while the Provincial Auditor does, so does this committee. And so we are a part of the chain of the oversight of public expenditures. And we in turn make a report to the legislature which is the ultimate arbiter of the expenditures done by government, done by the Crown corporations. And so when this committee is excluded from that chain, then the total oversight is not being accomplished.

And it's for this reason that we believe that the exemptions that Mr. Yates has proposed are too broad. In particular I have a concern with the exclusion of the SaskEnergy network contractors that I don't see that they supply really any different service than a contractor who is not within the network. And so I don't believe that they should be a part of this exemption.

The SGI, the autobody shops, I am less concerned about.

Although I still wonder at the value of excluding them. They do have to have a contract with SGI.

I don't know how it would impair their competitive position if their competitors who are doing exactly the same job, who are receiving the same contract from SGI, are to be maintained as an exclusion as well on this disclosure. I'm not sure what benefit there is to them to not having this kind of . . . of having that kind of disclosure.

There's always benefit to the public for having more information — even though they may or may not utilize it — than there is in having less information, and then some of which they may have had a right to know.

But I am particularly as I mentioned concerned about the SaskEnergy network partners being excluded from the disclosure, and I believe that that should be removed from the motion. And if I can find my motion paper. So I would like to make the motion to remove the SaskEnergy network partners from that exclusion.

The Chair: — So last part of bullet four.

Mr. D'Autremont: — Yes, the last part of bullet four.

The Chair: — Okay while you're writing that up, Mr. D'Autremont has moved that we remove SaskEnergy network partners from bullet four. Is there any discussion on the amendment? No discussion. Okay. I'll put the question on the amendment. Are we agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Okay that has been amended. Mr. D'Autremont.

Mr. D'Autremont: — On the last sentence of the motion I wonder if Mr. Yates, the Provincial Auditor, or the minister or her officials could explain what "assemble appropriate sufficient documentation to support individual payee exemptions," what would constitute appropriate sufficient documentation?

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. Well the information that this committee viewed to be appropriate and sufficient. That in fact the disclosure of that information would create a problem, a significant problem for that company and so they would have to in its final stage give a request to provide that information to this committee, and it would have to be sufficient for us to agree.

Mr. D'Autremont: — In going to them when . . . Let's say SaskEnergy goes to a contractor and a contractor says, I would like an exemption. And SaskEnergy says, well you'll need to supply us with appropriate sufficient documentation. And they say to SaskEnergy, what does that mean? How does SaskEnergy respond to that?

Mr. Yates: — SaskEnergy or any of the other Crown corporations would have to respond that it — the three criteria

that we originally looked at — that it would violate one of those three criteria. And I'll just go over those criteria one more time so people would understand that but it would . . . That there is a legitimate need to protect commercially sensitive information, and that need is viewed legitimately by both that Crown corporation and ultimately by this body. Secondly, the disclosure could reasonably be expected to prejudice competitive position or to interfere with contractual obligations of the Crown corporation or a third party, and they would have to demonstrate how that would in fact be the case. Or, disclosure is prohibited by law including the provision of the freedom of information and privacy Act.

So they would have to be able to outline for us exactly which one of those three criteria that it violates and why and not just, say, tick a box off and say for whatever reasons. They would have to be able to demonstrate exactly why it violates one of those three criteria.

And I think that's why you've seen since 2003 into 2004 such a difference in the number that are being approved for . . . or that were brought forward to not be disclosed — simply because as, you know, the information's getting out and better communication goes on between the various organizations that do business with the Crown corporations and it's becoming clear that it's going to be disclosed if it doesn't meet very stringent conditions.

Mr. D'Autremont: — Mr. Wendel, this sentence “with the appropriate sufficient documentation,” will that supply your needs and queries of suppliers or will you be returning to us next year for a clarification on that?

Mr. Wendel: — We would access each of the items individually if we were going to do it, and we would also be looking to advice from the freedom of information and privacy commissioner as to what he might think would be reasonable sufficient evidence. He has to make those kind of judgments. So I'd get some advice from him and then try to apply those criteria.

Mr. D'Autremont: — So you may or may not be coming back to the committee for clarification.

Mr. Wendel: — Yes.

Mr. D'Autremont: — Thank you. I wonder if the minister or her officials would care to comment on those three words — appropriate sufficient documentation.

Mr. Waller: — Well I think, Mr. Chair, as the minister indicated in her opening remarks this morning, there has already been a change and a fairly significant change in approach that has been taken with respect to preparing the 2004 payee lists. The principle is now clear that if a supplier is to be excluded from disclosure, except in those categories that you'll deal with pursuant to this resolution, then there has to be convincing material supplied to demonstrate some basis upon which that that exclusion should be applied.

And Member Yates has outlined the three areas that we have been able to identify. It will vary depending on the individual basis. You may recall last year there was some discussion about

the need for non-disclosure in respect to gas supply contracts. Again that's included in the specific list. But on a go-forward basis if there's to be any exclusion then there will have to be documentation provided to justify the exclusion and that's really what this language is intended to address.

Mr. D'Autremont: — When you say justify the exclusion, in your view who do you have to justify that exclusion to?

Mr. Waller: — Well initially a supplier will have to justify the exclusion both to the individual Crown corporation and to CIC. I would then anticipate that there may be a review by the Provincial Auditor's office, and ultimately if there's any question it will be determined by this committee.

Mr. D'Autremont: — Well I think at the present time that we would be prepared to move ahead on this. But I think it might be of value next year if we were to — depending on the numbers of exemptions — perhaps to sit in camera and review some of the exemptions so that the committee can gain an understanding as to what items . . . why certain contracts are being excluded.

We're making this decision based on faith in a lot of cases that there is actually a competitive reason for this exclusion without knowing what those competitive reasons might be, what the difficulties that a supplier may face. So I think it might be of value either for us to look at the 64 that were excluded in the 2004 to gain an understanding of why those would have been excluded or why those in 2005 may be excluded.

Hon. Ms. Atkinson: — If I could, Mr. Chair. I think it's fair to say that when we entered into the notion of providing a payee list for 2003, this is the first time that the Crowns had been advised by this committee that this information needed to be provided to the public.

I think we would also acknowledge, or certainly I would acknowledge, that the process that we used in 2003 to identify what would be an appropriate exemption was less rigorous than it might have been. For the purposes of the payee list that we provided you this morning, we believe that there has been a great deal of rigour applied to this process.

And I just want to put it on the public record, even though we're dealing with 2003 and the Provincial Auditor's report, but I think I want to put it on the record that there is evidence of new rigour when it comes to these supplier exemptions. And I just want to say this. SaskPower and its subsidiary, SPI [SaskPower International], have reduced the number of non-disclosed payees from 177 in 2003 to 24 in 2004. Of the 24 exemptions, five are related to power purchase agreements. SaskTel and its subsidiaries have reduced the number of non-disclosed payees from 196 to 144 with 95 exemptions related to dealer agreements. SaskEnergy and its subsidiaries have reduced non-disclosed payees from 135 in 2003 to 84 in 2004, and 78 of those 84 of the exemptions relate to gas supplier contracts. And all of SGI's non-disclosed payees — so that's 1,034 — represent payments to brokers and reinsurers and so on. So this doesn't include payments made on behalf of claimants or citizens.

So in total there are 1,291 payee exemptions in 2004, down

from 1,455 in 2003. And of the total exemptions, only 64 are unrelated to the four specific categories that are contained in your motion.

I would say that of the 64 that we're providing, it will be extremely important to have supporting documentation of why these particular 64 are outside the policy direction or the direction that this committee is going to give to us. So we want — I don't disagree with your previous comments — we want to ensure that if a Crown is exempting something that comes outside of the motion, they have to have supporting documentation. There has to be a reason and the committee should be notified of the reason.

The Chair: — Motion is on the floor moved by Mr. Yates. Are we agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. The last item on this issue that I think Mr. Iwanchuk wanted to raise is referring to the last page of the report. So I'll let you raise that, Mr. Iwanchuk.

Mr. Iwanchuk: — The minister made comment regarding the Treasury Board policy and disclosure with a threshold of \$50,000 for all payments. And I think we would be in agreement to put that across all categories in the Crown sector. So where the exhibit and the payee disclosure would be, would be to:

Delete the clause of "payments to consultants" and then under supplier and other payments add in the words "including consulting services" after the words "a list of payments for goods and services."

So then that would . . . with a minimum threshold of 50,000. So I would move that.

The Chair: — So as I understand it, if . . . Do we all have copies of the exhibit on the last page of the . . . Okay. Well as I understand it, you're saying that you delete the one bullet referring to payment for consultants which refers to the 10,000 and just roll that into the next line which is 50,000. So it's in effect moving the threshold from 10,000 to 50,000. Is that right?

Mr. Iwanchuk: — Adding "including consulting services" though . . .

The Chair: — Yes.

Mr. Iwanchuk: — . . . in that second line. Yes, correct.

The Chair: — Yes. Okay. Mr. D'Autremont.

Mr. D'Autremont: — Well there's been a number of people around the table who have stated that they were sitting at the table when these original recommendations were made to do this. I wonder if they could comment on the rationale for having the \$10,000 limit for the consultants that were done at that time.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. At the time, we were looking for thresholds that made sense and the \$50,000 threshold was already there in Public Accounts for individual employees. We didn't want to lose capturing consultants and we at the time didn't know what thresholds made sense and were appropriate, so we picked the \$10,000 threshold at that time.

Since then there have been concerns raised about consistency in approach, and there are only two things that are inconsistent with the approach. One is consultants and the other is donations. And whereas donations deal with . . . We do think, you know, at least my opinion is the 5,000 limit is appropriate because there are very few donations that would go above \$5,000. Those would be the major types of events that Crown corporations would be involved in supporting. But consultants, like you and I, are people and individuals, and should they be afforded less protection than we afford every other category? Small-business owners are at 50,000. Employees are at \$50,000. Should consultants be treated any differently? And that was the consideration.

At the time we didn't look at it from that point of view. But in a way we are treating people who do consulting work and are funded for that for their services differently than we do both employees and other payees. So the consistency issue is the issue.

Mr. D'Autremont: — Perhaps the minister or her officials could answer. How many consultants would fall between the 10,000 and 50,000? Do you have any idea?

Hon. Ms. Atkinson: — I can't answer your question specifically. What I do know is that you may have Deloitte & Touche or Meyers Norris Penny. They may provide consulting services on several files, and for the purposes of the payee disclosure, you would bundle the sum of their contracts. So you may have two contracts of \$25,000 each. It would show in the payee disclosure as \$50,000 worth of contracts. So I don't know how many consultants show up at under \$50,000, but I suspect that there are more consultants that show up at over \$50,000 in the payee disclosure list.

The Chair: — Are we ready for the question? Mr. Iwanchuk.

Mr. Iwanchuk: — Just a further statement. I believe the minister also said that they would like to . . . that the government would continue to report all sponsorships over 5,000 which is sort of not in the motion but just as a comment.

The Chair: — All right. Are we ready for the question? Is this agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. This concludes the review of the report regarding disclosure of payee information.

The next item on the agenda is chapter 19 of the 2004 report. And what I propose is that the Provincial Auditor, if Mr. Wendel could go through chapter 19 and then have response by the minister, and then we can dispose of the recommendations and then move on to chapter 12. Is that agreed, that process?

Okay, Mr. Wendel.

Mr. Wendel: — Thank you, Mr. Chair. I'll have Mr. Montgomery give you a brief presentation on chapter 19.

Mr. Montgomery: — Thank you, Mr. Chair, and committee members. I'm going to give you a brief overview of chapter 19. There's three topics in chapter 19, but since you've already dealt with the payee information, there's really two that require your attention.

The first relates to payments to board members and senior executives. In 2004 SaskEnergy had concerns with executive pay and benefits. I understand the payee lists showed higher payments than had been expected by the board. SaskEnergy hired Deloitte & Touche to examine the corporation's policies for executive pay and benefits and payments to its executives in 2003.

Deloitte reported several concerns, such as the lack of approval for executive pay and benefits. None of these concerns had been reported as a result of the annual audit. As a result of the concerns, we decided to audit directly the 2003 and 2004 payments to board members and executives at CIC, SaskPower, SaskTel, SGI, and SaskEnergy.

In this chapter we report our findings for the 2003 payments to board members and executives. We found pay and benefits were properly included on the annual T4s. Also most payments were properly authorized and properly supported, but there were some exceptions. In addition there was a lack of public information on benefits that executives receive. In November 2004 the Clerk of the Executive Council advised us that each CIC Crown had filed detailed benefits provided to their executives and that these documents would be public information.

We have four recommendations for your consideration on this topic. One relates to SaskPower and the other three to SaskEnergy. I can advise the committee that SaskPower has changed its procedures to address our recommendation. With regard to the recommendations relating to SaskEnergy, we plan to follow up on SaskEnergy's progress to address these issues in the fall. I can also report that we also examined 2004 payments to board members and executives and found them to be authorized and supported.

The second topic that requires your attention relates to sponsorships and promotions. Sponsorships and promotions are used to generate awareness, build relationships with customers, and enhance corporate image. The effects of such activities are not usually apparent in the short term. Therefore there must be rigorous guidelines to follow for assessing sponsorship requests and opportunities.

In 2003, SaskPower, SaskTel, SaskEnergy, and SGI spent approximately seven million on sponsorships. The amount spent on promotion expenses is not readily available because some do not track promotion expenses separately but group them with general marketing expenses. We decided to examine whether these corporations had adequate processes to manage spending for sponsorships and promotions. We focused our work on the policies they used for 2003. We did not examine

their processes to manage their general marketing activities. General marketing activities are activities directed towards the public at large.

We concluded that SaskPower, SaskTel, and SGI had adequate processes to manage their sponsorship and promotion expenses, and that SaskEnergy needed to strengthen its processes to manage sponsorship and promotion expenses.

In chapter 19 we make four recommendations on sponsorship and promotion expenses for your consideration. I can advise the committee that we have not yet determined SaskEnergy's progress to address these recommendations, but again we plan to follow this up over the next several months.

That concludes my opening comments and we would be pleased to answer any questions of the committee.

The Chair: — Did the minister have a response, or her officials?

Hon. Ms. Atkinson: — No, other than I think if you were to contact SaskEnergy I believe that they have the necessary processes in place now. But I know that we're not reporting for this year. I'm talking about the sponsorship and board approval.

The Chair: — Okay, no. 19, 1. Ms. Harpauer and then Mr. Yates.

Ms. Harpauer: — Mr. Chair, my question is in regard to the time lapse between when SaskEnergy, or SaskPower, I'm sorry, were practising policy changes before those policies were actually approved. In the case of the six-week vacation per year, the length of time between when they put that into practice — which was in 2002 — to when they had the board's approval for the policy change in 2004 was, two years had elapsed. And then later it mentions that the establishment of a flexible spending account, we're looking at four years, from 2000 to 2004, that they had the . . . they were practising, you know, having a flexible spending account without having the authority to do so.

Was there anyone who was held responsible for those decisions being made and was there any back pay paid for expenditures that was not authorized?

Hon. Ms. Atkinson: — If we're talking about the flexible spending account at SaskPower, as I understand it the board committee approved the policy but the board did not, or the committee did not forward the policy for board approval. As I recall, I do not believe that anyone on the board was reprimanded for not forwarding this on to the board of directors.

Ms. Harpauer: — How does this situation differ from what happened with SaskEnergy?

Hon. Ms. Atkinson: — I think that the difference would be that there were members of the board that knew that this was in place. There was a board committee that dealt with this. In terms of SaskEnergy my understanding, my recollection is that no one on the board approved some of the activities that were put in place.

Ms. Harpauer: — The auditor's report implies that yes, for the flexible spending account, the board committee members, some may have known. I don't believe there's any reference in the situation of the six weeks of vacation per year, that that went to a board at all.

The Chair: — Mr. Yates wants to say something, is that . . . Okay. Go ahead Mr. Yates.

Mr. Yates: — My question is for the minister. The increase in vacation to six weeks for executives, would that not have coincided with the same period of time which employees gained that same six-week vacation benefit at the bargaining tables?

Hon. Ms. Atkinson: — I don't know the answer to that. But I can say to Ms. Harpauer that in the case of SaskPower there was a board committee that reviewed the policy in 2002, according to the Provincial Auditor, at SaskPower. I'm not aware that at SaskEnergy the board approved, the executive approved the change in policy in 1998 but it didn't go to the board until 2004.

Ms. Harpauer: — I guess that's even more concerning because that would mean that if the board sits around and has a discussion and then implements different policy changes that they may discuss and there's no mechanism for them to need the approval, that's concerning.

Hon. Ms. Atkinson: — I think there is a mechanism in place. It's very clear, after the experience at SaskEnergy, in order for a policy to be put in place it needs to go through the required approval processes. So in terms of board governance you have various committees of the board that would deal with various aspects of governance. The process now is that a committee will deal with an issue. If the committee has a recommendation, that recommendation goes to the board for approval before the policy changes.

In this, I think I will acknowledge, Ms. Harpauer, that in the case of SaskPower the committee dealt with a particular policy, but they never made a recommendation to the board of directors. We acknowledge that. But there was some governance at SaskPower. There was no governance in the case of SaskEnergy. Policy changes were made without the approval of a committee of the board or the board.

Ms. Harpauer: — Okay. Then I'm going to return that if it takes the board's final approval in order for the policy change to take place and in the case of the six week vacation per year, it was two years before that took place. Is there anyone held responsible or is any of the money that was spent on that have to be returned?

Hon. Ms. Atkinson: — In the case of SaskEnergy, I think we know what happened at SaskEnergy. In the case of SaskPower, we do differentiate. The senior executive at SaskPower did have the board committee review the policy, approve the policy. The board committee did not take the policy approval to the board of directors and the policy was implemented. In the case of SaskEnergy, policy was implemented without ever having a committee approval or of the board approval. So we distinguish between the two.

Ms. Harpauer: — Do we know that it was approved by the committee? Like it says in the report it suggests that it was reviewed. There is no mention of it being approved.

Hon. Ms. Atkinson: — My recollection is that it was agreed to or approved or, yes.

Ms. Harpauer: — Okay. I'm going to ask that question also of the auditor, if he's aware if the committee . . . if it was approved at the committee level or just discussed and reviewed, if he has any knowledge.

Mr. Montgomery: — Well the flexible spending account, clearly it was approved at the committee level. I think it was probably, and I'd have to confirm the information, but I think in the case of the other one it was reviewed by the committee but there probably wasn't a formal approval in the minutes. But I'd have to confirm that, that's . . .

Ms. Harpauer: — Right. Then that's concerning because we're back to a discussion by a committee that . . . on a policy change that was put in place without approval even at the committee level. So that is quite concerning that that's being done and obviously needs to be corrected.

Hon. Ms. Atkinson: — I think earlier in my comments I said that for the purposes of implementing policy in this area you have your HR [human resources] committee. They make a recommendation or they approve it. They make a recommendation to the board. The board approves it. HR policies for the purposes of the executive team are not to be put in place without prior board approval, without board approval.

So when you say has this changed, yes it has.

Ms. Harpauer: — So then is there any retribution on what's happened? Because obviously this did not meet the criteria it needed to. It didn't get board approval and yet six weeks of vacation was allowed. So is there no one that's being held responsible or are you just saying, well in this case the committee approved although we have no proof they did approve of it. The Provincial Auditor isn't aware that they approved it. There seems to be no . . . nothing to confirm that this was approved at any level.

Hon. Ms. Atkinson: — If you're talking about the six weeks?

Ms. Harpauer: — Yes.

Hon. Ms. Atkinson: — You're not talking about the flexible spending account.

Ms. Harpauer: — No.

Hon. Ms. Atkinson: — Okay. In the case of SaskEnergy, policies were implemented without ever going to a committee of the board and without ever going to the board. They were just implemented. And an individual has paid the price for that in his resignation.

In the case of SaskPower, this item came before the board. The Provincial Auditor can't tell us if it was approved by the board but it came before the board and the policy was implemented.

There was at least some board discussion. No one has been disciplined for this either on the board or in the senior executive team.

I would say there is a difference in that there were people on the board of governors or the board of directors that knew about the policy in the case at SaskPower. The case at SaskEnergy, no one knew about the policy on the board of directors, didn't go to committee, was never approved by the board of directors.

Ms. Harpauer: — I'm just going to ask for a quick clarification because my understanding from your answers previously was that the committee had discussed it. And there was some people on the committee who were aware of it, but it had not gone to the board, and therefore the board would not be aware of it. And now you're saying the board wasn't . . .

Hon. Ms. Atkinson: — No.

Ms. Harpauer: — Aware of it.

Hon. Ms. Atkinson: — No, I didn't say that. Well if I said that, I didn't mean to say that. According to the Provincial Auditor's report, SaskPower had a board committee review the policy in 2002. According to the committee's mandate, it should have been forwarded to the board for approval. From what I gather from the Provincial Auditor, the SaskPower board did not authorize the policy until September 2004, and three executives received additional vacation leave due to this policy change.

Ms. Harpauer: — Yes.

Hon. Ms. Atkinson: — My distinction is, in the case of the six weeks at SaskPower, there were some members of the board of directors that knew that the policy had changed. In the case of SaskEnergy, no one on the board of directors knew that the policy had changed.

The Chair: — All right. Sorry, members. Just wanted to . . . I think it's the Chair's responsibility, but we're dealing with no. 1 which is:

We recommend . . . SaskPower document [for] prior approval of board members to attend business or social functions on behalf of the corporation.

And I think we've done a lot of discussion and debate on no. 2 recommendation. So I'm assuming that that will count towards the no. 2 recommendation. But if I could bring the discussion back to recommendation no. 1, is there any further questions on recommendation 1? Mr. Yates.

Mr. Yates: — Thank you. Mr. Chair, I move we concur and note compliance.

The Chair: — Okay. It's been moved by Mr. Yates, on recommendation 1 to concur with the auditor's recommendation and note compliance. Any discussion on the motion? Surprise. Mr. D'Autremont.

Mr. D'Autremont: — I just wonder what . . . the structure within SaskPower for this kind of approval, what was happening before? And Mr. Yates notes compliance. I'm not

familiar whether there is compliance or not. So what was in place prior and what are you doing now?

Mr. Waller: — I think one of the issues identified in your Provincial Auditor's report was that there had not been a formal process in place to approve these expenditures before. We are advised that the SaskPower board of directors has now approved an authorization process for SaskPower board members to attend business and social functions on behalf of the corporation other than regularly scheduled meetings. So the process that is now in place is one which involves a formal approval mechanism which we believe should deal with the concerns expressed by the Provincial Auditor.

Mr. D'Autremont: — Okay. Thank you. Is this approval process where notice would come to the board that United Way is having a function, and we approve board member one and two to attend? Or is it that the notification comes to the board that this function is on, the board says Fred and Joe, you guys go, and then it's formally approved at the next board meeting?

Mr. Waller: — I don't have the detailed knowledge to answer that specific question. We can obtain the policy and file it with the commission, or with the committee, should you wish to do so. Or you could put that question to SaskPower when SaskPower appears.

Mr. D'Autremont: — I think it's important that proper authorizations and approvals be done, and I'm just wondering if it's being done prior to or being done after the fact with some sort of authorizations being done before in the sense that someone has the authority to authorize members to go and then get approval after the fact.

Mr. Montgomery: — My understanding of the new system would be a prior approval, so you'd have to have approval to go rather than after the fact.

Mr. D'Autremont: — Okay. Thank you.

The Chair: — Any more discussions on recommendation 1?

Mr. D'Autremont: — I'm not sure . . . Mr. Yates's motion is that we concur and note compliance. How do we note compliance when we don't have a report saying that there is compliance?

Mr. Yates: — My motion to note compliance was based on the comments made by the Provincial Auditor's office earlier that, on this issue, that they believed they were in fact in compliance. And he just, the Provincial Auditor's office just again noted that the policy says prior approval. So then that would meet the requirement that we requested. So that was solely on the information provided.

Mr. D'Autremont: — Thank you.

The Chair: — Is this agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. Now recommendation no. 2. I'm sure there is no more discussion on that one, or is there further

discussion? Ms. Harpauer.

Ms. Harpauer: — Okay. My next question would be, who was responsible? When this was pointed out or when it was noted that . . . And I suppose it would be in September of 2004 when the board actually did give approval to the policy change that was implemented in 2002. At that point, who would be responsible for investigating that indeed the committee had even had the discussion that someone . . . that at least there was some approval at some level. Who would be responsible for looking into that?

Mr. Waller: — Again my understanding is you're talking about SaskPower . . .

Ms. Harpauer: — Yes.

Mr. Waller: — Rather than SaskEnergy.

Ms. Harpauer: — Yes.

Mr. Waller: — I mean the . . . by way of background, when certain information came to light at SaskEnergy, there was then a general review conducted of all compensation policies among the major Crown corporations. In the course of that process these two issues at SaskPower were discovered.

The issue there was not one of the board not approving so much as . . . or there being no authority to implement these steps, so much as an issue in the mind of the board of clarifying and in effect approving what had transpired before. And it should be noted that the individuals that are involved in this category are all senior Crown executives, and they all file pursuant to The Crown Employment Contracts Act. So there's no issue of non-disclosure because their benefits are in fact filed under that particular legislation with the Clerk of the Legislative Assembly.

So what occurred is that the matter was brought to the board. It is an issue within the authority of the board. The board considered the information brought forward and dealt with it in the fashion that's noted, which is to say that they in effect approved both the increase in holiday and the establishment of the other program.

Ms. Harpauer: — Going forward, what authority to make policy changes does the committee level have? Or is it a matter of them getting together, having the discussion and taking the recommendation forward, and only at the board level any changes can be made.

Mr. Waller: — In these areas, I believe in all cases, the terms of reference for the individual committees make it clear that the ultimate decision is to be made by the board of directors. And the decision by the board of directors or indeed a decision at a committee level, in my mind, involves the adoption of a resolution.

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — Thank you. The same line of discussion my colleague was taking. It seems from the minister's comments that the difference between SaskPower and the

SaskEnergy situation is that one or more of the board members at SaskPower were aware of the policy change even though it had not been approved by the board, as compared to SaskEnergy where no board member knew of the policy change. In both cases though, the circumstance was that there was no board approval for the policy change.

I'm not sure that it's valid to say that in one case the entire policy change was illegal, and therefore discipline and restitution is required, and not just restitution from the executive that made the decision but the other executives that were impacted by that decision . . . as compared to the SaskPower situation where only one or more — because I don't know how many people sit on the committees — knew of the change, even though there was no approval by the board similar to the fact that there was no approval at SaskEnergy by the board.

So I'm not sure how you split that hair to say that the fact that a board member knew but there was no approval and no board member knew and there was no approval, in saying that in one case there is no need for discipline or restitution and in one case there was need for discipline and restitution.

Mr. Waller: — Well, Mr. Chair, the two examples that we've been talking about, one at SaskEnergy and the other at SaskPower, were viewed in two entirely different fashions.

In the one case, the board took the position that no payments had been authorized by it, and they treated that as a very serious matter. And as a result the president of the corporation tendered his resignation, and ultimately there was an agreement entered into under which that individual agreed to make certain repayments to the corporation in respect to receipt of those expenses.

In the other case I think it's fair to say that it was viewed in a serious fashion, but it fell into a different category. There was no evidence and no suggestion of any attempt to deceive on the part of the executive of the corporation. It was viewed as more an issue of process as opposed to an issue of substance. When the oversight was noticed, steps were then taken to rectify it and deal with it in a way that the board thought was appropriate.

Mr. D'Autremont: — So the board at SaskEnergy felt that there was an attempt to deceive the board in that particular case, but the fact that the board . . . Maybe I should ask a question. How many members are on the committee that did the review in 2002? How many of the board members would have been on that review committee?

Mr. Waller: — It will be something between three and five members of the board.

Mr. D'Autremont: — And what percentage of the board would that represent?

Mr. Waller: — I think on the SaskPower board there's a dozen members of the board, so it would be between 25 and 40 per cent.

Mr. D'Autremont: — Forty per cent. Okay, just a second. Mr. Auditor, in your reviews how many of those board members

were familiar with the review and the policy change taking place before it went to the board for approval?

Mr. Wendel: — I don't have that information, Mr. Chair.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. My question goes to the officials from CIC or the minister. Clearly as I sit and listen to this, I hear two very different although there may be similar — in some people's minds — outcomes. But in one case I hear that the board didn't know, and a group of executives did something that in fact benefited themselves in the case of SaskEnergy. In the second case I hear a case where it went to the board of human resources, to the board, and then was implemented. But it went to the board, so the process issue may well have been with the board not processing it forward after being approved at the committee.

We don't have sufficient information to assign where the real blame was, or whether there was in fact blame. And so that makes it difficult both in how the audit report has come forward and . . . because on one hand it's very clear to assign that there in fact was some wrongdoing or some intent. In this second case it's very difficult to determine whether there was actually intent or just sloppy process. So I do view them quite differently in outcome.

And the recommendation we're dealing with that's before us has only to do with SaskEnergy, so I'm wondering why we're spending so much time dealing with the issues at SaskPower.

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — Thank you. The member mentioned sloppy processes. Well I remember \$5 million being lost at SaskPower because of sloppy processes, and I think that sloppy processes is unacceptable. And somebody forgot to read a contract, and the province of Saskatchewan lost a minimum of \$5 million. At the end of the day the whole process was closer to 10 or more. So I don't think sloppy processes is a defence.

The committee is made up of — the HR committee — of three to five members. But I'm wondering how many of those members were aware that the policy change was taking place. Was it all of the members? Was it one member made the decision and implemented it because it didn't go to the board?

Hon. Ms. Atkinson: — Mr. D'Autremont, we can't answer that question. And I'm hopeful when SaskPower appears before this committee that perhaps they can give you the detail of this, along with the minister. But we don't have the detail that you're seeking this afternoon.

Mr. D'Autremont: — The situation as well with the flexible spending account, while it received approval at the board . . . at the committee level, again, was that if the committee is possibly three to five people, were two of them present to have a quorum of a three-member committee and those two made the approvals? Again, it's the sloppy process, and clearly this one benefited certainly the senior executives. I don't know whether the board members would have gained any personal benefit out of this, but things seem to be running pretty slack over there.

Hon. Ms. Atkinson: — Well, Mr. D'Autremont, after we became aware of the situation at SaskEnergy, as Mr. Waller has indicated, that we immediately did a review of senior managers' compensation and benefits packages. And we wanted to determine across the piece — and this is before the Provincial Auditor did his work — precisely the level of compliance that we had through our governance structure and other processes. We determined that, and obviously the auditor has determined, that in the case of SaskPower there were a procedural breakdown in terms of governance.

We believe that our Crowns are now fully complying. We understand that each of the Crowns has a human resources committee of the board in compliance with expectations around governance, the level of governance required in this day and age. We believe that there is now compliance not only in SaskEnergy, which is important, but also the other Crowns that have boards of directors and compensation HR committees. And there should not be, Mr. D'Autremont, there should not be any compensation being received by senior managers without approval of the board.

So we concur with your observation and we think we've taken steps to remedy it and we believe that there is now rigour in place. And if there isn't, I'm sure the Provincial Auditor will tell us. And I'd be pleased to hear from him.

The Chair: — Thank you, members, but we need a motion to dispose of these recommendations. Would you like to make a motion, Mr. D'Autremont?

Mr. D'Autremont: — No, not yet. The HR committees or other committees that are reporting to their board of directors within the Crown corporations, does CIC receive a copy of those reports or do those reports go solely to the board of the individual Crown corporations?

Mr. Waller: — Committee reports will go to the committees. We don't as a matter of any filing procedure receive copies of reports to the individual committees. But the Crown Investments Corporation does provide the corporate secretary to individual Crown corporation boards and to most, if not all, of those committees. So while they're not filed with us, we have some general awareness of what's transpired.

Mr. D'Autremont: — The reason I ask that is in this case, with the flexible spending account, the approval was made at the committee level. They, I'm assuming, submitted a report of some form to the board. If they were also . . . If they would also submit a report to CIC, then there'd be a double check to ensure that the board then did the proper approvals. But that is not the case.

Hon. Ms. Atkinson: — As Mr. Waller said, CIC provides corporate secretaries to each of the boards. So the person who is the corporate secretary to each of the boards of directors is an employee of CIC. We do not have minutes of the various committee meetings for all of the Crown board of directors sent to CIC but those minutes are tabled as part of the reporting structure on the board of directors.

I would also like to note for the committee that CIC has taken a much more rigorous role in board of director training and

governance, and we now have training sessions for members of the . . . people who have been appointed as members of the board of directors. As well we have a committee of the Chairs of each of the boards that meets with CIC on a regular basis. And all of this is about improving corporate governance, certainly post-Enron and some of the other disasters that we've seen.

I also want to report that the Conference Board of Canada believes that we have the best corporate governance for Crown corporations, I believe in the country, because of the work that has taken place in the last few years to improve our governance structures and reporting.

Mr. D'Autremont: — I have one last question that deals with the SaskEnergy situation but it may also relate to other Crown corporations.

The president of the time took his entire vacation entitlement at the beginning of the year. What role does the corporation's accountants or the people who write the cheques have in that? I know that if I was to submit for my full travel allowance let's say at the beginning of the year as an MLA, there would be a lot of people asking questions. What role do the employees within SaskEnergy in this case, but the other Crown corporations have in ensuring that their duties are being carried out in a manner that serves the best interest of the corporation?

Mr. Swystun: — Mr. Chairman, the member is quite right that the accounting unit and I guess more specifically the vice-president of finance would have had a role to play or would normally be expected to have a role to play in ensuring that payments are made in compliance with policies.

I think in the case of SaskEnergy it's certainly fair to say that there was a number of weaknesses in the control environment. CIC has been actively monitoring the work that SaskEnergy has been taking to improve the control environment such that the processes would be in place going forward to avoid a recurrence of the sorts of incidents that the member is referring to.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would move on recommendation no. 2 that we concur and note progress.

The Chair: — I'm sorry, could you repeat that.

Mr. Yates: — I would move on recommendation no. 2, chapter 19, that we concur and note progress.

The Chair: — Note progress, okay. It's been moved by Mr. Yates that regarding no. 2 to concur with the auditor's recommendations and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Now to a certain extent we've discussed 3 and 4 concurrently. I probably should have pointed that out, but if that's not the case . . . So, Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would move on recommendation no. 3, that we concur and note progress.

The Chair: — Concur and note progress on no. 3. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Mr. Yates.

Mr. Yates: — Once again, Mr. Chair, on recommendation no. 4, I would move that we concur and note progress.

The Chair: — It's been moved by Mr. Yates on no. 4 to concur and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. On no. 5, that's SaskEnergy.

Mr. Yates: — Thank you, Mr. Speaker. I would move . . . Or, Mr. Chair, pardon me. I would move that we concur and note progress.

The Chair: — Moved by Mr. Yates to concur and note progress.

A Member: — I'm still looking for no. 5.

Mr. Yates: — Has to do with sponsorship.

The Chair: — SaskEnergy would document, authorize who . . . [inaudible] . . . Well I'll wait to let you read that.

A Member: — 321?

The Chair: — Page 329.

Mr. Yates: — It has to do with having the proper authority level approving the sponsorship or promotion activity.

Mr. D'Autremont: — Well I guess on that one . . .

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — What process changes based on this recommendation has SaskEnergy put in place that tightens up the authorities for sponsorships and promotions? Do you have certain executives at certain levels that approve, can approve certain amounts and it goes up the line, or what's the process?

Mr. Waller: — The SaskEnergy Board in 2005 implemented a written . . . or approved a written authorities grid which is part of the updated community investment policy and guidelines. And that grid is used by management to determine approval levels on sponsorships.

Mr. D'Autremont: — Does SaskEnergy have a policy as to what kind of events or sponsorships they'll participate in and what kinds they will not?

Mr. Waller: — Each of the Crown corporations has a policy on sponsorship that's approved by the board of directors and that outlines the types of events and in most cases I think prioritizes them. It also prohibits them from sponsoring certain other kinds of events.

Mr. D'Autremont: — Yes. I noticed in here that political, religious, or special lobby — whatever that is — would not be supported. I wonder if CIC could provide the committee with a list of those kind of events, sponsorships that the Crown corporations would sponsor and which kinds they would not.

Mr. Waller: — Mr. Chair, is that sort of a list by different categories, or do you want specific events that have been sponsored and those that have been turned down?

Mr. D'Autremont: — I think by category would be fine because you've already listed the individual ones in the payee accounts.

Mr. Waller: — Right.

Mr. D'Autremont: — So I think it's . . . I'm more interested in just a policy level type of thing.

The Chair: — Is that the wishes of the committee, that we request that information? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Okay. The motion by Mr. Yates that with no. 5 that we concur and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. No. 6. Mr. Yates.

Mr. Yates: — I move that we concur and note progress.

The Chair: — Moved that the committee concur and note progress. Is that agreed?

An Hon. Member: — That's on no. 6?

The Chair: — No. 6. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Okay no. 7. And I don't mean to be rushing through but they were grouped accordingly up to no. 7. Mr. Yates.

Mr. Yates: — Thank you very much. Mr. Chair, I would move we concur and note progress.

The Chair: — Okay. On no. 7, moved that the committee concur and note progress. Is that . . . Mr. . . .

Mr. D'Autremont: — I wonder if on this particular case that if CIC and SaskEnergy provide the committee with those guidelines.

The Chair: — With which?

Mr. D'Autremont: — With the guidelines.

The Chair: — Is that . . .

Hon. Ms. Atkinson: — What I can tell the committee is that a

formal policy is being drafted. At present it has not yet been approved by their board of directors. But I'm sure as soon as it receives approval, it can be shared with the committee.

Mr. D'Autremont: — If you would have them forward to us upon approval.

The Chair: — Is that the wishes of the committee? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — On no. 7, to concur and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Okay. On no. 8 — review its policies for sponsorship events and other charitable activities. Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. Once again I'd move we concur and note progress.

The Chair: — Moved that the committee concurs and notes progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. That concludes the consideration of chapter 19, and we move to chapter 12. Did the Provincial Auditor's office have some comments that they wanted to make?

Mr. Wendel: — Yes, we do, Mr. Chair. I'll have Andrew Martens give you a presentation on chapter 12.

Mr. Martens: — Thank you, Mr. Chair. Chapter 12 of our 2005 report volume 1 contains the results of a study of performance reporting by Crown corporations. It begins on page 168.

In this study we compared the quality of the annual reports prepared by four Saskatchewan Crown corporations to those prepared by large Crown corporations in other Canadian jurisdictions. Our purpose was to encourage more meaningful reporting by Crown corporations. We hope this will lead to improved governance, better management and decision-making processes, and increased public confidence.

In 1997 CIC began to use the balanced scorecard performance measurement system. CIC uses the balanced score card to evaluate each Crown's financial performance as well as the achievement of targets in the areas of innovation and growth, customer satisfaction, and public policy. We support CIC's decision to adopt the balance scorecard as the framework for CIC Crown corporations to measure and report on their actual performance compared to their plans.

Because CIC Crown corporations have used this framework for several years, we considered it an appropriate time to assess how well they report on their performance compared to Crowns in other jurisdictions. To do this study we assessed the content

of the December 2003 annual reports of four large CIC Crowns: SaskPower, SaskTel, SGI, and SaskEnergy. We used the nine reporting principles developed by an organization called the CCAF. It is a national research and education organization that focuses on governance and management issues in public sector organizations.

All legislative auditors in Canada have agreed to use these reporting principles when assessing government annual reports in their jurisdictions. Also for each Canadian jurisdiction we examined the latest available annual report of one large Crown corporation that has significant revenues and/or assets and is an important part of its respective public sector economy. Those Crown corporations are listed on page 170.

In addition we reviewed the 2003 annual report of Potash Corporation of Saskatchewan or PotashCorp. Our purpose was to compare public sector reporting with recognized best practices in the private sector. In December 2004 the Canadian Institute of Chartered Accountants recognized PotashCorp for its excellence in corporate reporting.

We found Canadian jurisdictions are at various stages in developing more robust reporting systems. For example the governments of BC [British Columbia], Alberta, and Canada have incorporated specific performance reporting requirements into governing legislation. Those jurisdictions already have several years of experience with enhanced performance reporting. Others have less formal performance reporting frameworks, and some jurisdictions continue to focus on reporting about current year's activities.

Exhibit 2 on page 184 compares some of the performance reporting practices of a sample of large Crown corporations in Canada. We found the 2003 annual reports of Saskatchewan's four large CIC Crowns compare well against Crowns in most other Canadian jurisdictions, though the reports of Crowns in a few other jurisdictions are more advanced in some areas. Similar to most other jurisdictions, the four CIC Crowns provided better information on the first five principles than on the last four.

The first five principles focus on what information should be reported. For some of these principles, the four CIC Crowns have applied many of the significant elements. For other principles in this group they have not yet addressed many of the elements, but there is evidence that they are making progress.

The last four principles focus on how information should be reported. The four CIC Crowns face the most challenge in applying these principles. In most cases the 2003 reports do not yet apply the elements of these principles. However in this area Saskatchewan's reports are consistent with the reports of Crowns in most other jurisdictions.

To conclude we note that the CCAF reporting principles are comprehensive and far-reaching. They require more than public sector agencies are currently providing. They represent a different level of performance reporting. It will take much effort by Crown corporations to prepare reports that meet the standard they set. The effort is worthwhile, though, as better reporting will contribute to better performance and accountability. We are pleased that the CCAF principles were well received by CIC

during our study.

In this report we are encouraging Saskatchewan CIC Crown corporations to continue to improve their performance reports using the CCAF reporting principles as guidance. They can also benefit by reviewing and incorporating the best reporting practices of award-winning corporations such as PotashCorp.

That concludes my comments on this section, Mr. Chair.

The Chair: — Thank you. Mr. Yates.

Mr. Yates: — Well I would move on recommendation no. 1 that we concur and note progress.

The Chair: — Mr. D'Autremont, and I would wish to advise members that there is only one.

Mr. D'Autremont: — I'm trying to sneak that one by. I think this is a very interesting chapter as it talks about how the Crown corporations and CIC report their activities to the public and how the public becomes aware of them, how the Provincial Auditor, how the Crown Corporations Committee and ultimately the legislature hold the Crowns accountable and ensure that they're functioning in the best interests of the people of Saskatchewan.

I'm pleased to note that from the auditor's report that the first five principles outlined by the CCAF are that the Crowns are doing reasonably well at moving ahead with those. But I'm concerned about the last four that obviously — and the auditor is as well since he's reported it that way — that the Crowns are having some difficulties in moving ahead with those. So I'm wondering if the minister or her officials could comment on the difficulty the Crowns are having in moving ahead, what they see as those difficulties, what they see as the pros and cons of using the CCAF guidelines for reporting.

Mr. Swystun: — Mr. Chairman, I think it's CIC's view that the Crowns are not experiencing difficulties in making advances on the reporting with respect to the final four principles. I would I guess refer back to Mr. Martens' comments that these standards, and in particular principles 6 to 9, represent a move towards taking performance reporting to a higher standard, and that the level of accountability in reporting on performance by Saskatchewan Crowns is actually at or perhaps in some cases better than the level of reporting by Crown corporations in other jurisdictions.

So CIC's view is that these principles are certainly useful as inputs to continue to move our Crown corporations in the direction of improved accountability and performance reporting. And certainly it's CIC's view that they provide a useful basis for working on further improvements in performance reporting going forward.

So I think what the committee can expect in the coming years is improvements in terms of making advances with respect to meeting the standards set by those principles. So we're certainly, I guess agree with the auditor's statements that these are sound principles for purposes of performance reporting and the challenge is just simply to — along with Crown corporations in other jurisdictions — the challenge for

Saskatchewan Crowns is to improve the level of reporting to comply with these standards, and we intend to do so.

Mr. D'Autremont: — Okay, thank you. I have a question for the auditor and his staff. On page 172 of the report it says:

The four CIC Crowns face the most challenge in applying these principles. In most cases, the 2003 reports do not yet apply the elements of these principles.

So I look back at principle no. 8: "Present credible information, fairly interpreted", and point 3 on that is: "information is consistent, fair, relevant, reliable, and understandable." Mr. Wendel, does that mean that in the 2003 reports that they were not consistent, fair, relevant, reliable, and understandable. As in your statement here, the 2003 reports do not yet apply the elements of these principles.

Mr. Martens: — I think what's involved here is that it takes a requirement to go above and beyond just providing information that the company itself might know to be credible or understandable. It requires them to demonstrate in the performance report how they came up with the judgments they did and to show where information is coming from to then almost prove that the information is credible. If you're drawing on industry averages for example, annual reports should refer to the organization that produces that, Stats Canada or another organization. These kinds of things led to the information being more credible. That's the kind of thing we're looking for in number, principle 8 in particular.

Mr. D'Autremont: — So if SaskPower says our generating costs are X amount and that's very good, very good compared to whom? And so they need to describe who the whom is that they're comparing their costs to. That's basically what . . .

Mr. Martens: — That is correct. Obviously one of the key elements of performance reporting is to show the trend information within the organization over a number of years. It's also important to compare that to similar organizations or industry averages that would also be useful information.

Mr. D'Autremont: — A couple of paragraphs down on page 172, you're indicating that the Crown corporations and the sentence says, "They can also benefit by reviewing and incorporating the best . . . practices of award-winning corporations such as the PotashCorp." What is the PotashCorp doing that's different from what the Crown corporations are doing and should be doing?

Mr. Martens: — The Potash Corporation was given particular accolades for setting out in a very clear sense the objectives and goals it has by business line within different markets. It described their position within those industries and markets. Usually, you know, companies indicated that that is maybe confidential or it would be, you know, like not in their best interest to reveal, but they stepped out and were very candid about their market shares, what they were . . . goals and plans were to increase market share and that kinds of thing. They talked about production levels around the world of potash and the other key business alliance it was involved in. So it was a very detailed and comprehensive report in terms of not only its business but how it fit in to the global economy.

Mr. D'Autremont: — So by saying that the CIC Crowns need to be reviewing and incorporating these practices, then the CIC and the Crowns are not providing the same levels of information, setting goals and results that a corporation like the PotashCorp is doing.

Mr. Martens: — The corporations have been doing that through the balanced scorecard process for a number of years. That's coming into their annual reports, but probably not as integrated in such a way as PotashCorp, as one example, has done. I think there's more emphasis in PotashCorp in identifying the activities under each goal and objective, for example.

In the annual reports of the Saskatchewan Crowns we looked at, there is more of a disjoin between the activities and the individual performance measures that were set out.

The Chair: — Members, it's falling a little behind on our time frame. I don't want to cut off debate, but we have the really good, I mean the outstanding recommendations to follow up.

Are we ready for the question or is there any final questions on this recommendation. One last question, Dan. Mr. D'Autremont.

Mr. D'Autremont: — Not necessarily one last, you don't see all my yellow stickies here. On recommendation . . . or not recommendation, but the CCFA reporting principles no. 6 shows spending on key strategies and explains how changes in spending affect results.

I wonder if the auditor could comment on what they see with that particular statement, and if CIC could comment as well on where they're at in providing those kind of, that kind of information, their key strategies and how the spending on those strategies are going to affect the results of the corporation.

Mr. Martens: — This is one of those principles that's very difficult to implement because companies don't generally have accounting systems or other information systems to produce that information. One that was a bit of an exception was SaskTel because it reports along business lines, and therefore it was able to do better integration of non-financial and financial information. They were able to, for example, in the mobility or cell phone business line, they were able to report how much they spent on new towers and as a result what increase in coverage that led to, and as well they tied it into what the revenues and expenses were for that segment. So that seemed to be a natural way for them to describe their performance.

Others that don't collect information by business line in terms of activities may have difficulty doing that. The first step would be to try and accumulate costs in accordance with key strategies and business lines. The level above that would be to try and determine the value added for the Saskatchewan citizens as a result of those key strategies. And it's the ultimate linking of the costs of implementing strategy and the benefits of implementing that strategy to the Saskatchewan residents as the ultimate goal of this principle.

Mr. D'Autremont: — Does CIC have a comment?

Mr. Waller: — Well as Mr. Swystun has already indicated, I mean we have the Provincial Auditor's report. It notes that the 2003 annual reports were in some respects better than annual reports that other Crown corporations produce. I would observe that, I mean, this review by the Provincial Auditor was done after the fact. The recommendations that he points to were not circulated or widely known when the 2003 reports were prepared as I understand it. So I mean Mr. Swystun has indicated on a go-forward basis we are looking at the report and the recommendations. Some of them present a particular challenge for CIC as a holding company because our annual report is really in a number of respects a roll up from the results of the individual Crown corporations that operate within the group of CIC companies.

So I mean when it comes to some of the items in that list, we have an even greater challenge than some other Crown corporations. But all we can indicate at this time is that we have the recommendations, we will be cognizant of them as we go forward — the corporation — and I think all Crown corporations, our objective is to produce more and better information for the shareholders and citizens of the province.

Mr. D'Autremont: — I like the commentary that the auditor has written in here about the need for more information, and I believe it talks about providing two years of the past for comparison purposes and future projections so that you understand what the goals are and what the corporation is trying to achieve. And therefore the next year, you can judge whether or not the corporation met its goals and how its performance is related. And I think that would be a positive step forward, to have that implemented within the Crown structure. So thank you.

The Chair: — Is the committee ready for the question? The motion is to concur with the auditor's recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. I note, members, that we're close to our regular scheduled time to recess, so I suggest that we take our recess now and then come back in about 15 minutes. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — See you about 10 to 3.

[The committee recessed for a period of time.]

The Chair: — Thank you, members. We'll reconvene. The next item before the committee is consideration of chapter 15, the outstanding auditor's recommendations. I recognize Mr. Wendel.

Mr. Wendel: — Thank you again, Mr. Chair. Andrew Martens will give you the very brief presentation on this chapter.

Mr. Martens: — Thank you, Mr. Chair. This chapter contains a listing of eight outstanding recommendations that have not yet been implemented by the government or a particular Crown corporation. These are normally recommendations from a

Provincial Auditor report that the committee has agreed with or they are the committee's own recommendations to a Crown corporation.

To assist the committee in its work, our practice is to carry forward each unimplemented recommendation until the matter is resolved. We would be pleased to provide the committee with any additional information it needs as it considers these recommendations.

The Chair: — Okay. The first one is noted, I believe, 11.1 and it's from spring 2001. And it can be found on page 211 of the *Report of the Provincial Auditor*, 2005 report volume 1. Mr. D'Autremont.

Mr. D'Autremont: — Thank you. This recommendation is very, very similar to the recommendation from the spring of 2004, and so it seems to be an ongoing concern by the auditor and the committee as well.

The first one talks about obtaining order in council approval for the purchase and sale of real property through its subsidiary, and the second one talks about limits over which CIC and its subsidiaries must get order in council approval to buy and sell real property. So they're quite similar and this seems to be an ongoing problem/recommendation from the auditor that it's not been implemented. I'm wondering if the minister and her officials could indicate why this has not yet been implemented.

Mr. Swystun: — Mr. Chairman, the response to these items is that CIC is in agreement with the recommendation of the auditor that order in council authorization should be obtained for the purchase or sale of real property. The method of responding to the recommendation is somewhat different than has been recommended by the auditor.

As we understand it, the auditor believes these . . . this should be reflected in legislation. The approach that's been taken is that CIC has requested Crown Management Board approval of a policy and that Crown Management Board has indeed approved policies which specify that the orders in council the auditor is referring to shall be obtained for the purchase or sale of real property. So CIC believes it has acted on the auditor's recommendation or has certainly responded to it albeit not in exactly the fashion recommended by the auditor.

We would note that legislative amendments are somewhat less straightforward and time consuming to implement, and so the belief was that adopting a policy would be a more expedient way of addressing the auditor's concerns.

Mr. D'Autremont: — When was this policy changed or put in place for Crown Management Board.

Mr. Swystun: — October 2004.

Mr. Yates: — Thank you. My question is for the minister and it's a very straightforward question. Today is an order in council required to sell or purchase real property?

Hon. Ms. Atkinson: — Yes.

Mr. Yates: — Thank you.

The Chair: — Well I'll just exercise my comment. So my understanding is that we are complying or there is compliance with the recommendation, except that it's done through policy rather than through legislation. So I guess it's a committee decision whether or not this is compliance or whether it's really important that it be done legislatively or through policy. Mr. D'Autremont.

Mr. D'Autremont: — It's good to hear that there has been some movement on this area. My question though relates to exemptions. Are there any exemptions to this? And I see the minister and her officials are saying no, there are no exemptions.

Who, therefore, is empowered to make changes to this? The government made the changes for CIC that Crown Management Board would submit for approvals, get order in councils for this. Therefore they could make the change to say that this is an exemption or this is no longer required, whereas legislatively it becomes more difficult to revert back. Would that not be the case?

Hon. Ms. Atkinson: — I think your observation is correct. If you have essentially a policy in legislation, then you're legislatively required to do what you say you're going to do in legislation. In terms of policy, you follow the policy. But policy can be changed without going before the legislature.

We substantially have put in place in a substantive way the recommendation of the Provincial Auditor. Orders in council are required for all Crown corporations and CIC to purchase or sell real property through a wholly controlled subsidiary. That is in place in policy. It's not there in legislation.

Mr. D'Autremont: — Well I think perhaps what the Crown corporation and government have done is they have proceeded down the path but they aren't quite in total compliance yet with the recommendations of the auditor. So perhaps progress would be the term rather than compliance.

Mr. Yates: — Thank you, Mr. Speaker, Mr. Speaker . . . Mr. Chair, pardon me. On recommendation 11.1, I would move we concur and note significant progress.

Hon. Ms. Atkinson: — Mr. Chair, what I can do is table the policy with the committee for the committee's record and for the committee . . . for individual members of the committee's records.

The Chair: — Thank you. So it has been moved by Mr. Yates that the committee concur and note significant progress. Is that agreed?

Mr. D'Autremont: — Would significant be part of the motion?

The Chair: — As it's currently worded, yes. Yes. Is that agreed?

Mr. D'Autremont: — No. I want an amendment . . . [inaudible interjection] . . . Progress — no adjectives to it.

The Chair: — Well we have a motion on the floor. I'll test the committee. Is the committee ready for the question as the

motion? Mr. D'Autremont.

Mr. D'Autremont: — I would move an amendment to strike the word, significant.

The Chair: — Moved by Mr. D'Autremont to remove the word, significant. Any discussion? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Okay. Then the main motion as amended — to concur and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. The next one I guess . . .

Mr. Yates: — . . . significant progress.

The Chair: — The sound system's not too good. I thought I heard Mr. Yates say move to concur and note progress. Would you restate your motion?

Mr. Yates: — I move we concur and note progress.

The Chair: — Mr. Yates has moved that we concur and note progress. Is that agreed? Is that agreed?

An Hon. Member: — It's the same thing.

The Chair: — Sorry?

Ms. Harpauer: — How do we know there's been progress?

Mr. Yates: — That's the exact same issue as the previous motion.

Ms. Harpauer: — This is to do with shares, not property, not real estate.

The Chair: — Did you want to ask a question or . . .

Mr. Yates: — Shares are . . .

Ms. Harpauer: — Sure, I'll ask.

The Chair: — Ms. Harpauer.

Ms. Harpauer: — Has the same policy been implemented when it comes to the sale of shares?

Mr. Waller: — Mr. Chair, I can advise the board that in July 2005 the CIC board approved a standard threshold of \$1 million for the acquisition and disposition of real property and directed Crown corporations to amend relevant legislation to allow for setting of the transaction limit by order in council. The only exception to the policy is the Saskatchewan Opportunities Corporation that operates the two research parks and the forestry centre in Prince Albert. And that was due to the nature of its property management activities. The timing for implementation of legislative changes will likely be dependent on when the individual Acts are opened up. But that's required in the case of SGI, SaskPower, and SaskTel.

The Chair: — Any further questions or is the committee ready for the question? It's been moved by Mr. Yates to concur and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Next outstanding recommendation, 11.4.

Mr. Yates: — Thank you very much, Mr. Chair. I would move concurrence and note progress.

The Chair: — Moved by Mr. Yates that the committee concurs and notes progress. Any discussion?

An Hon. Member: — That's 11.4?

An Hon. Member: — We did 11 point . . . or 7.1.

The Chair: — Pardon me. We just did that one. Okay. So it's really agreed to. Okay. The next one is 1.2 on page 212.

Mr. Montgomery: — I can update you a little bit. I understand SaskPower's still working on that one. It's not quite implemented. The one after though, SaskPower has fully implemented it . . .

Mr. Yates: — I would move we concur and note progress on 1.2.

The Chair: — Moved by Mr. Yates that we concur and note progress. Any discussion? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried.

Mr. Yates: — On recommendation 1.3, I move we concur and note compliance as per the Provincial Auditor's comments.

The Chair: — Moved by Mr. Yates that the committee concur and note compliance. Any discussion? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. Next one. Okay, provincial government consider the recommendation on page 35 of Dillon Consulting. That one. Mr. Yates.

Mr. Yates: — I thank you very much, Mr. Chair. I would move that we accept the report.

The Chair: — It's been moved by Mr. Yates that the committee accept the report. Mr. D'Autremont.

Mr. D'Autremont: — I'm just wondering what the holdup is here with SaskPower and why they haven't done any work yet in this area.

Mr. Waller: — Mr. Chair, in respect to that recommendation, SaskPower has effectively implemented the recommendation. Rate applications for 2004 and the rate application currently before . . . being considered by the rate review panel exclude

SaskPower International issues so that in terms of how the recommendation's being dealt with, it is in fact being implemented.

Mr. D'Autremont: — You're in the process but you're not there yet.

Mr. Waller: — It's effectively done. They've implemented what the report recommendation was, and they did it in respect to the '04 application and the current one.

The Chair: — Ms. Harpauer.

Ms. Harpauer: — I guess my question is then, why has there been no response? The comment by the auditor is the committee has not yet received a response from the government concerning the implementation. What's the holdup?

Mr. Waller: — We can certainly clarify that and rectify it by filing a report with the panel, and we should be in a position to do so before we meet next week.

Ms. Harpauer: — Okay. I'll look forward to that report then.

The Chair: — Moved by Mr. Yates that the committee accept the report. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. The next one is: "SaskPower undertake a careful and thoughtful analysis . . ."

Mr. Yates: — Once again I would move that we accept the report as just laid out by the president of CIC that we no longer include those in rate applications.

The Chair: — Okay. It's moved by Mr. Yates that the committee accept the report. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Next item is: "The Provincial Government update the fair wages clause . . ." Any discussion? Mr. Yates.

Mr. Yates: — Just a quick question of the minister or her officials. I understand that subsequent to this recommendation there was a review . . . or just prior to this recommendation a review of how we do our tendering and as such this issue is no longer a concern.

Mr. Waller: — I think that's fair. The tender documents that are now applied to Crown corporation tendering include provisions in respect to a fair wage policy. This order in council dates back to 1944 and since it was implemented, we've enacted things like The Labour Standards Act and a number of other pieces of legislation that deal with the substantive portions of it. So I think, insofar as I'm aware, it's not a problem any more.

Mr. Yates: — Thank you very much, Mr. Chair. I would move that we accept the report of the . . .

The Chair: — Moved by Mr. Yates we accept the report. Mr. D'Autremont.

Mr. D'Autremont: — I just wonder if the auditor has a comment on CIC's interpretation that it's no longer an issue.

Mr. Martens: — My understanding would be that the order in council hasn't been repealed, and the members' concern from last time . . . This is actually the committee's recommendation, not one of ours. And the committee members had a concern that the existing provisions within that order in council had not ever been repealed and were still in force.

The Chair: — Are you . . .

Mr. Martens: — And needed to be updated.

The Chair: — Are you wanting to change the recommendation?

Mr. D'Autremont: — Well I'm not sure if anything has yet really changed. Mr. Waller says that we have new legislation on the books such as labour standards Act. But if the order in council is still in place, then . . . from 1944, then obviously if we say that this is all fine and dandy, then we're being sloppy in allowing this to remain in place. So perhaps it's time for the government to rescind that order in council since we do have the other standards in place to come into compliance.

Mr. Yates: — Well the role of our committee at the time I sat on the committee, when this was discussed and brought forward, is to make recommendations to deal with the issues that were of our concern, which was the Crown tendering agreements.

We don't have the ability to deal with some order in council that was put in place years ago, whether or not it has any effect or impact today or not. My understanding is today it has no impact. We have rules now, but that's not our ability to make that decision. That's a decision made by . . . So within what is our responsibility of this committee, I am satisfied, and in fact I understand I'm the one who made the motion that in fact that the appropriate safeguards are in place.

Mr. D'Autremont: — The recommendation though of the committee was to update this order in council.

Mr. Yates: — It's not relevant any more because of other things that replaced it that are . . .

Mr. D'Autremont: — Yes. But then we need to update the order in council.

Mr. Yates: — The order in council is . . .

Mr. D'Autremont: — According to the recommendation that was approved by the committee.

Mr. Yates: — The order in council becomes irrelevant because other things have replaced it is what the bottom line is.

The Chair: — Members, I just have a question. I want to test the committee. Is what you're saying that we no longer need

this recommendation, and we can rescind the recommendation, or is . . .

Mr. Yates: — Yes.

The Chair: — This is the opinion of the committee to do this, no one else. Do we still want to leave this as a recommendation? Is it going to continue to be outstanding or do we want to just rescind it? Mr. D'Autremont.

Mr. D'Autremont: — A question for the auditor: have we dealt with this recommendation? The order in council still sits there, does it not, still saying whatever that order in council says, dealing with fair wage loss.

Mr. Martens: — If I recall what the concern was initially is that, that current tenders going out still referenced this order in council. So it talked about Crown corporation tenders still referenced that a person submitting a tender or a bid on a tender was indicating he'd comply with this order in council from 1944.

So I'm not sure if the present tenders have been changed to remove reference to that order in council or not.

Mr. D'Autremont: — I know, but does the Crown tender still refer to this order in council?

Hon. Ms. Atkinson: — My understanding is that at SaskPower, and I believe this is the only company that uses this particular reference, it still refers to this order in council.

Mr. D'Autremont: — So the issue that was raised in 2002 then hasn't been resolved?

Hon. Ms. Atkinson: — Well I can assure the committee is that we will review this recommendation from the committee and we will have something substantive to report to you the next time we meet dealing with Provincial Auditor recommendations.

Mr. D'Autremont: — Okay. Let's take that then as progress rather than that it's dealt with.

The Chair: — I think we have a motion on the floor from Mr. Yates to accept the report. Is that motion still the one . . .

Mr. Yates: — Yes. We'll just accept the proposals and they're going to continue to work on it, that's what we're saying.

The Chair: — Okay.

Mr. D'Autremont: — The question then relating to process: if we accept the report then this recommendation disappears off of the reports, does it not?

Mr. Martens: — Pardon me?

Mr. D'Autremont: — If we accept the report, then it becomes . . . it's no longer reported as still being outstanding. Whereas if we report it as progress, then it still comes back on the report for discussion again next year or whenever this would come up again.

Mr. Martens: — Well it's the committee's recommendation so they can deal with in any way they choose. If you just want to note . . . have them get back to you and note progress, that would be one avenue or . . .

The Chair: — I think the question is, is by passing the motion to accept the report, will this be in next year's report by the Provincial Auditor as outstanding recommendations from the committee or will it fall off and be considered as in compliance?

Mr. Martens: — If I understood what Mr. Yates was referring to when he talked about accepting the verbal report previously was just to accept the report in terms of the progress being made and so it would still continue.

The Chair: — Okay. Are we ready for the question? Okay, motion to accept the report. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. And I believe the final one is 7.1 which is very similar to 11.1 and 11.4. Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair, we would concur and note progress.

The Chair: — Mr. Yates has moved that the committee concur and report progress. Any discussion? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. Oh by the way, we have Ms. Harpauer's filling in for Mr. Kerpan.

Okay. That concludes chapter 15 of the Provincial Auditor's reports. And I believe we're up to date as a committee. Well thank you very much, Mr. Wendel, and to your staff and that we look forward to working with you in the upcoming year. Thank you. I understand you're leaving now. Okay. Thank you very much.

The next item before the committee is our lunch break. Members, we're probably about 40 minutes short of our adjournment time and the next item is consideration of CIC annual report and related documents. And I understand that there is a power point presentation that you'd wanted to make. What is the length of that?

Mr. Swystun: — Mr. Chairman, it think it should probably take 15 or 20 minutes.

The Chair: — Is the committee wanting to hear that report and then adjourn and then pick up next week? Is that acceptable? Okay. Take it away.

Hon. Ms. Atkinson: — And we'll file the report with you. We'll file it with you.

The Chair: — File?

Hon. Ms. Atkinson: — The presentation.

The Chair: — Oh sure. That would be fine. Thank you.

Mr. Swystun: — Here we go. Mr. Chairman, this presentation gives the committee an overview of the financial results contained in CIC's 2004 annual report. It's fairly summarized in nature and we would be pleased to answer any questions that members would have after the presentation is completed.

Just by way of introduction CIC, as you know, is the holding company for the commercial Crown corporations in Saskatchewan. The Crowns are accountable to the Crown Management Board which is a committee of cabinet.

The CIC annual report has two sets of financial statements which is somewhat different than you would typically see in an annual report. First, there is a consolidated set of financial statements. These use generally accepted accounting principles that would apply to companies operating in the industries that our Crowns operate in. And essentially what this set of financial statements does is to treat the Crown sector as a single company.

A separate set of financial statements that's also contained in the annual report is what we refer to as the non-consolidated financial statements. And these are special purpose financial statements that are prepared at the direction of the legislature and they're intended to provide additional information concerning the cash inflows and outflows at the holding company level as distinct from the operations of subsidiary Crown corporations. The results of CIC as well as all subsidiary Crowns have been tabled in the legislature.

Slide no. 3 just simply outlines the 11 subsidiary Crown corporations in the CIC sector that report to CIC and to the Crown Management Board.

Slide no. 4 gives you a snapshot of the earnings of subsidiary Crown corporations and how they roll up into the financial results on the CIC consolidated financial statements. I'll just walk you through the various columns on this slide.

The first column, 2004 budget, that lays out what the planned earnings of our Crown corporations where at the start of the year and that was disclosed in the provincial budget speech at the start of the year. The second column compares actual earnings to budget and then there's also information for the five subsidiaries that paid dividends to CIC, what the dollar amount of those dividends were as well as dividends expressed as a percentage of earnings of those Crown corporations.

A couple of points to note. First of all if you look at the first two columns and look at the bottom line results, the net earnings, what you'll note is that actual earnings for 2004 were quite close to budget at \$312 million versus a budget of \$306.5 million. However if you look at results of individual Crown corporations, you'll notice that in individual cases there were fairly significant variances between budget and actual earnings.

Just to touch on some of the major points of difference. SaskPower actual earnings of \$66 million versus budgeted earnings of \$112, that's primarily due to higher than expected costs of producing and generating electricity as well as reflecting a decline in export revenues relative to plan.

In the case of SaskTel, actual earnings of \$94.5 million were considerably higher than budget. However the actual earnings were actually at a level that would be ordinarily expected of SaskTel. The budget that was prepared for SaskTel for 2004 contained some fairly significant expense items related to restructuring costs as SaskTel continues to transform to meet competitive and technological changes. There's also some planned cost related to insuring that the SaskTel pension plan is fully funded and those costs didn't transpire throughout the course of the year.

The case of SaskEnergy and SGI both, those are record high earnings for each of those Crown corporations. In SaskEnergy's case it's important to understand that earnings reflect, or that level of earnings reflect three major components.

First of all there's core earnings with respect to the transmission and distribution of natural gas in the province. Second, SaskEnergy passes through the cost of natural gas without markup to its customers over time. Now in the case of 2003-2004, in 2003 SaskEnergy did not fully pass through those costs to its customers. There was a rate increase implemented partway through 2003, the effect of which was to recover previous under recovery of costs and some of that carried through into 2004, so a second component of earnings for 2004 for SaskEnergy was this recovery of previous undercharging, if you like, on the cost of natural gas.

And a third major component to its earnings reflected the shutdown of some major storage fields and the recovery of gas that was used to maintain the structural integrity of those fields. And that gas was carried at a very low cost on SaskEnergy's financial statements and resulted in an accounting profit.

SGI had a strong year both because of strong investment markets as well as due to favourable underwriting performance with relatively few storms in Saskatchewan leading to relatively lower than average claims at SGI.

To provide you with a bit of an historical perspective and an analysis of consolidated earnings, what we've done is to provide you with a five-year history of earnings and in analyzing that history we break the earnings down into two major components — something we're calling core earnings on this chart which is the dark blue component of the bars and the other component we've labelled other. These reflect earnings that are not part of the ongoing operations of Crown corporations.

A couple of things to note. First of all, earnings fluctuate from year to year. Secondly, in understanding the level of earnings from one year to the next it's important to differentiate between the earnings coming from ongoing operations as distinct from factors that are not related to core operations.

In 2004 the consolidated earnings of 312 million consisted of earnings from ongoing operations or core earnings of 382 million. That was the strongest year ever for Crown corporations in terms of operational earnings. Those were offset by these other factors which aggregated to total \$70 million and they consisted of \$52 million in public policy costs related to utility bundle rebates, non-recurring items of \$8 million — those were primarily gains on the sale of investments at Crown

corporations — and a third component was an expense, future income tax expense, related to CIC's investment in NewGrade of \$26 million.

Slide no. 6 gives you an overview of the utility bundle rebate program both in terms of numbers of rebates processed as well as the cost of the program. The vast majority of these rebates were processed on customers' SaskTel bills. In some instances individuals that qualified for rebates did not have SaskTel land lines and as a result there was an alternative rebate process that was routed through SaskPower and SaskEnergy in a relatively small number of instances as you can see. The total cost to the program was \$52 million consisting of 51.6 million in rebates paid directly as well as about point four million in administration costs.

Reviewing the debt situation in the Crown sector — two bar charts here. The one on the left indicates consolidated debt over the past five years in dollar terms. The one on the right expresses it as the debt ratio, and the debt ratio is calculated as total debt divided by total debt plus equity.

Couple of things to note. First of all you can see going back five years in terms of the dollar amount of debt, debt has risen in the Crown sector over the last five years to the tune of about \$200 million, going from 3.1 billion in 2000 up to about 3.4 billion in 2004. However if you take a look at the chart on the right-hand side, you can see that the debt ratio is exactly the same today as it was five years ago at 51 per cent. The reason for this of course is that the asset base of the Crown corporations has grown over the last five years, so despite the fact that debt has risen in absolute dollar terms, as an overall proportion of the assets of the Crowns it's the same today as it was five years ago.

Turning now to the results at the holding company level, the financial statements that I referred to earlier as the non-consolidated financial results, this table on slide no. 8 indicates how the non-consolidated earnings of CIC are calculated and essentially takes dividends in from subsidiary Crown corporations as well as CIC's dividend from its direct holding in NewGrade Energy, and subtracted from that are direct costs paid by CIC. These include for 2004, \$9 million in operating costs, the \$52 million for the utility bundle program I just mentioned, cost related to settling the SPUDCO lawsuit, as well as operating grants to SaskWater and STC [Saskatchewan Transportation Company], and in the case of STC, capital grants as well. Taking all of these together produces non-consolidated earnings for CIC of \$275 million in 2004.

Slide no. 9 gives you an indication of how the dividend from CIC to the General Revenue Fund was arrived at in 2004. And it's a somewhat complicated story, but I'll try to walk you through it.

The dividend target that was set for 2004 was \$250 million, and that consisted of two components — first of all a regular dividend of 200 million plus an instalment of 50 million remaining on the dividend from CIC to the GRF that was deferred by cabinet in 2000. So that started out at 250 million. Cabinet made the decision to pay for the cost of the utility bundle rebate program by offsetting it against CIC's anticipated cost of the program against the dividend, and the cost of the

SPUDCO lawsuit were dealt with in a like fashion. That meant that the total regular dividend to the General Revenue Fund was \$188 million, which is 62 million less than the original target of 250 million.

In addition to that, the Crown sector paid a \$5 million special dividend to the General Revenue Fund in support of centennial celebrations. And late in the year there was an additional \$75 million paid also as a special dividend to the General Revenue Fund in support of the province's CAIS [Canadian agricultural income stabilization] funding. The Crown sector had the capacity to make the \$75 million special dividend payment primarily as a result of unexpectedly strong performance of CIC's investment in the NewGrade heavy oil upgrader, and secondly Investment Saskatchewan received a large repayment on its investment in HARO, Crown Life late in the year. And those two factors meant that there was resources available in the Crown sector in support of CAIS funding. Total dividend paid after all of this was \$268 million.

Slide no. 10 gives you a bit of an historical perspective on earnings at CIC on a non-consolidated basis as well as dividends paid to the General Revenue Fund. A couple of things I would just point out. First of all, from year to year the dividend target tends to be set by cabinet, and it's a fixed amount. And so you will note in some years the dividend is somewhat higher than earnings. In other years, it is somewhat lower than earnings. However when you add it all up and you inspect the totals at the bottom of the page, the dividends paid to the General Revenue Fund by CIC have been somewhat less than earnings, so we think that this is evidence that the level of dividends that have been paid to the General Revenue Fund are certainly supportable and prudent.

In addition to dividends paid, there have been a number of other payments to the General Revenue Fund as displayed in the second column from the right. These are primarily equity payments and for the most part relate to either sale of major investments or receipt of major investments in the case of Investment Saskatchewan's Crown Life investment in 2004 that I just referred to.

So you can see over the past 10 years, the Crown sector has returned slightly over \$2 billion to the General Revenue Fund in support of public policy spending there.

Briefly just turning to give you a bit of an overview of how the dividend policy works in the Crown sector because we are certainly aware that this is a topic of some interest to members, there is a capital allocation framework in the Crown sector that is used as the basis for judging what level of dividends are sustainable from subsidiary Crowns to CIC. And the framework takes into account the notion that Crown corporations produce cash flows, and there's three competing uses for those cash flows.

First of all funds can be used for reinvestment back into the Crown corporation either to sustain the existing structure that would be there to keep it maintained so that it's in a good state of repair, or in some cases Crown corporations such as SaskTel invest fairly significantly in growth initiatives or diversification initiatives to deal with strategic or competitive issues that they're faced with.

A second potential use of funds is to reduce debt. If the debt in the Crown corporation is judged to be higher than a level that is considered prudent for the company in relation to the industry that it operates within, then by definition anything that's left over after allocating funds to those first two uses should be available to be paid as a dividend to CIC. In fact that is indeed the way the dividend policy works.

Slide no. 12 gives you a five-year history of actual dividends paid by five subsidiary Crowns that pay dividends to CIC, and it indicates the dividend payout rate in relation to the target level of debt that the Crown corporation has.

Now I'll apologize; this chart is somewhat busy, but we've tried to colour code the chart into zones here to help to illustrate the point. Any of the areas that are shaded in green represent a Crown corporation that is at its target capital structure and therefore can pay a somewhat higher dividend to CIC without impairing the financial health of that Crown corporation.

The situations that are shaded in yellow represent situations where the Crown has a level of debt that is somewhat higher than considered optimal. And in those instances the level of dividend payout is somewhat lower, and the notion there is clearly to allow for greater reinvestment of funds back into the company to reduce debt down toward its target level over time.

A couple of points I'll note here. First of all the debt ratio targets that we have can change over time, and they're dependent on industry circumstances. And indeed that has happened over the past five years for both SaskPower as well as SaskTel. In the case of SaskPower, the debt target has risen somewhat. And that's because there's been an acknowledgement that SaskPower is likely to be faced with somewhat less competitive pressures than was believed might be the case going back five or six or seven years when there was more of a belief across North America that there was likely to be quite a bit of competition or quite a bit more competition in electricity markets than has proven to be the case.

In the case of SaskTel there's been an amendment to the target, once again reflecting movements within that industry.

SGI CANADA — that's the competitive property and casualty side of SGI, not the Auto Fund — that has a somewhat different measure that's used, and it's a measure that's standard in the insurance industry. It's something called the net risk ratio, and it's just a number. And the number, the way the number is calculated, the lower the number, the stronger the financial health of SGI CANADA.

So what we wanted to do in this table is to illustrate how the dividends are determined, how they are calculated in relation to the financial health of the Crown corporation and just to illustrate how the application of the capital allocation framework and the dividend policy in the Crown sector was applied in 2004, and indeed has been applied consistently over the past five years.

Finally on the bottom of this chart is Investment Saskatchewan. It appears for 2004 for the first time because Investment Saskatchewan was spun off from CIC late in 2003, and 2004 was the first year in which it was subject to a dividend policy.

So in summary, the Crown sector had an extremely strong year in 2004, and these strong earnings led to capacity to pay higher dividends to the General Revenue Fund, even with the public policy expenditures that were undertaken. And secondly, the debt in the Crown sector continues to be maintained at a prudent level.

That concludes the presentation, and we would be pleased to answer any questions that members may have.

The Chair: — Thank you, members. Actually considering the close . . . Thank you, members. Actually considering it's close to our time of adjournment and we can pick this up next week, I would encourage members to bring their presentations next week. And I would entertain a motion to adjourn.

Moved by Mr. Yates. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. And thank you very much, Minister, and to Provincial Auditor's office. And see you next week.

[The committee adjourned at 15:45.]