



Standing Committee on Public Accounts

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2000**

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Canora-Pelly

Pat Lorje, Vice-Chair
Saskatoon Southeast

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Melfort-Tisdale

Debbie Higgins
Moose Jaw Wakamow

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Carl Kwiatkowski
Carrot River Valley

Lyle Stewart
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Kim Trew
Regina Coronation Park

Milton Wakefield
Lloydminster

Mark Wartman
Regina Qu'Appelle Valley

The committee met a 9 a.m.

The Chair: — Let's get back into the agenda, folks. We're ready to rock and roll this morning.

The exciting chapter on the Standing Committee on Public Accounts, from the *1999 Spring Report*, chapter 17. We will not have officials of course for this one, so we are going to get a presentation I think from Rodd from the auditor's office. And we'll begin with that. It's on page 217, chapter 17.

Mr. Jersak: — The first is to highlight the work and accomplishments of the Public Accounts Committee from the spring 1998 to January 1999. The second is to respond to a prior request of the Public Accounts Committee regarding monitoring the status of its recommendations.

During the time from the spring 1998 to January 1999, the Public Accounts Committee reviewed our *1996 Fall Report*, our *1997 Spring Report*, *Volumes 1 and 2* of our *1997 Fall Report*, our *1998 Spring Report*, and *Volumes 1 and 2* of our *1998 Fall Report*.

This work resulted in PAC's (Public Accounts Committee) third report of the twenty-third legislature. That report included over 280 recommendations including those where the Public Accounts Committee concurred with our recommendations.

Also during these meetings, PAC requested the Legislative Assembly to refer 18 of our recommendations regarding the Crown Investments Corporation of Saskatchewan and its subsidiaries to the Crown Corporations Committee. To date, the Legislative Assembly has not referred these recommendations to the Crown Corporations Committee. As a result, neither committee has reviewed these to date. We look forward to a resolution to this issue.

The Public Accounts Committee requested our office to monitor compliance with its recommendations and to advise it of the status of them. The exhibit included in this chapter, beginning on page 227, lists all of PAC's recommendations that were not fully implemented by the government as at April 1999.

This list includes PAC's recommendations made in its second report of the twenty-third legislature and in earlier reports. Recommendations made in PAC's third report of the twenty-third legislature are not included in this exhibit, because at the time of this chapter, the government did not have sufficient time to respond to that report.

Nearly two years has gone by since this chapter was made public. As a result, the exhibit does not likely reflect the current status of PAC's recommendations because the government has likely now dealt with a number of the recommendations that appear in the exhibit. We intend to include an update of this chapter in our *2001 Spring Report* and to monitor and report the status of PAC's recommendations annually.

Therefore we suggest that rather than going through this chapter in detail, you wait for the spring chapter and go through it then. However we would be happy to answer any questions you have, at this time.

The Chair: — Thank you, Rodd.

As indicated by Rodd, there are no new recommendations in either of the latter reports of 2000. And the status of the existing recommendations from the old report, a large number of recommendations as indicated, over 280 in the previous committee's work, have changed somewhat as far as their status. So I guess it's just questions, clarifications, if you have any of the auditor's office on the work of the previous committee.

Ms. Lorje: — I'm going to be saying the same thing when we get to BOIE (Board of Internal Economy). I don't believe one committee should be reviewing another committee's work.

And while this is a former committee, perhaps what we ought to do is stop this paperwork at this point and then be able to start a clean slate when the spring report comes so that it doesn't have to be brought forward one more time. Unless there are any compelling recommendations that would not be included in your spring 2001 report?

Mr. Jersak: — Our spring report will include an update on all recommendations that are outstanding regardless of which Public Accounts Committee . . . (inaudible) . . . it came from.

Ms. Lorje: — All I'm worried about is whether or not we have to photocopy all of this material again and whether it might . . . Could we not, Mr. Wendel, or Rodd . . . Could we somehow vote this off so that in the spring all we're going to be dealing with is your new report, with the assurance that you will have brought forward any of the pertinent recommendations that you believe the committee still needs to turn its specific attention to?

Mr. Wendel: — All we'd be bringing forward in the spring report are those recommendations that the government hasn't yet acted on. Is that what you were getting to?

Ms. Lorje: — Yes.

Mr. Wendel: — Yes, that's what will be coming in. So we'll be going through our regular work over the next three or four months, figuring out which ones of these recommendations are now complete — the government's acted on them.

There'll also be a number of recommendations that came out of that third report that Rodd had mentioned about the 280 recommendations, to see what status there is on those. And the ones that are still left, we'll bring forward a summary for you in the 2001 spring report. Is that what you were getting to?

Ms. Lorje: — What I'm trying to do is to both get this committee up to date in terms of its work and also to minimize unnecessary paperwork. There's a lot of duplication of this is brought forward because the committee hasn't voted this off or that off.

And I'd like to see us be able to deal with this expeditiously, and also at the same time have some assurance that anything that's a compelling, important public matter is being brought forward to us.

What I'm worried about, quite frankly, is that come the spring meeting — or as may be, a fall meeting — to deal with the 2001 report, we'll get all of this paper brought forward again as well.

The Chair: — Fred, my question is: this committee, or this chapter on the Standing Committee on Public Accounts, is just the summary of old reports and the recommendations that have been made by those PAC committees and their status. It is nothing to do with the agenda of this committee as to what reports we still have to cover, it is strictly the recommendations of old reports that were tabled in the legislature. Is that correct?

Mr. Wendel: — That's right, Mr. Chair. What these are the recommendations of past committees, but government has not implemented something or has only partially implemented some of the recommendations. So these are a carry forward of those items and we track these for the committee to let you know where these are. So that's what's here.

And I guess what Rodd was saying in his opening comments, the information here is about two years old now, so some of these will now be implemented and some of them may still be at the same status.

But what he's suggesting is you wait till the spring report when we update this completely, and that might be a more appropriate time to consider all these outstanding recommendations.

Mr. Gantefoer: — Thank you, Mr. Chair. I think that this section is a direct result of a request by the Public Accounts Committee to ask the Provincial Auditor's office to monitor the status of our recommendations. It's where we — as a committee in the past — have concurred with the auditor's recommendation, and then there is a response expected from government. And as you look through this, in many instances, in most instances, that it either is a partial compliance or they're in the process of complying. But the Provincial Auditor's office could not recognize that everything had been accomplished that the committee had concurred with.

So I think it's important that we keep track of what happens to our recommendations, otherwise what's the point of doing it? You just go through the exercise and it gets lost somewhere in never-never land and I think that that's inappropriate as well.

I also agree that this is getting pretty old and an update is important. And I look forward to that in the spring's report, because I think that when we do that — as we get into a more current mode — it's useful for us to go over this just to see where the government's response is, how far they are, if they've agreed that implementation should happen, how far along is that happening. And it gives us an idea about how progress is being made in government departments about the issues that firstly the auditor raised, we concurred with, and the government basically, in most instances, has agreed with and is now in various stages of implementing.

So I think it's an important section. It's not a thing that we vote off. It just will be a type of thing that — once we're in more current mode — we would sit and take a look at and say okay, there is a recommendation that the government has absolutely refused to agree to, do we still reiterate our position of being in the favour of that kind of an issue or do we take the

government's point as well-taken and drop it, that's true.

I don't think it's appropriate on this chapter because it is two years old and I think it's more appropriate to look at the new ones because a lot of them will go away. But we shouldn't just vote this off. We got to let the process occur.

Ms. Lorje: — It wasn't that I wanted it voted off, Mr. Gantefoer. I think it's a process issue that I'm having trouble with. What I'm worried about is that come the spring, we'll not only get the spring report, we'll also get this one coming back as well and we'll have double paper and so forth. I just . . .

Mr. Gantefoer: — No. But some won't. Like a lot of these things, you'll notice, are partially implemented. By now, indeed, they might be fully implemented and so they'll just go away, so it will be a more current assessment of our outstanding recommendations and have they been implemented or not.

The Chair: — Members, the other point to note is that since the last committee which is identified in this chapter, there has been no new PAC report to the Legislative Assembly. So as far as new recommendations and whether or not government . . . there are none until this committee makes its report to the legislature which I don't see happening, you know, in the short term. It's more in the long term. So I would suspect that your spring report may not have any comment on recommendations that we may put forward to the Legislative Assembly in March or April or whenever that happens, right?

Mr. Wendel: — That's right, Mr. Chair. We wouldn't have anything in the next chapter on the work of this committee now because it would give some time for the government to act. But there would be recommendations that aren't in here yet that came from the last committee's work. There was some 280 recommendations that Rodd had mentioned. So we'll be assessing those to see how many of those have been acted on by the government and then we'll see what the status is at that time, but the work of this committee at this time wouldn't be in here.

Mr. Paton: — Mr. Chairman, the only thing I might want to add to this is that at some point the committee may want to review this list. The auditor has a number of comments where he says that the recommendations have been partially implemented. From the various departments' perspective, they might view that as being fully implemented. In other words they've received your recommendations and they've acted on it.

In the auditor's assessment he believes they may not have gone far enough in terms of what was intended. But from the department's perspective many of them believe that they have done what was requested so a lot of these partially implemented, as I said from the departments' perspective, may be resolved.

The Chair: — A question to you . . . Is it in order for this committee to question the departmental officials about the old recommendations when they are before us at the time that the department is here?

Mr. Paton: — I think that may be useful. It will give you an update as to what their opinion is on it. The other thing is some

of these issues are broader than individual departments. There's issues regarding government-wide policies so it may be myself or some of my staff that might be able to provide updates on some of the issues as well.

The Chair: — Are there any other comments or questions of the introductory material rather than the exhibit because the exhibit contains the full slate of old recommendations?

Mr. Gantefoer: — . . . suggest that we accept the suggestion from the auditor's office . . . that we delay detailed review of these recommendations until the spring report is received and it's updated.

The Chair: — Any comments on that suggestion that we accept the auditor's recommendation and defer? Agreement? Okay.

Mr. Wendel: — Just on the conversation that was going on and the point Terry raised where he was saying the departments might think they've satisfied your recommendation. In the actual chapters, as you go through and you have the witnesses here, we always talk about when we make a recommendation as to whether or not your committee has considered that recommendation in the past and what your recommendation was. So that would be the opportune time to ask them more questions.

And, if you decide that you no longer support the recommendation of a previous committee, you make whatever recommendation you make at that time, or you say you're satisfied with the response and you're satisfied the matter is finished; like you're happy with what's going on. So it gives you that opportunity. And you'll have that opportunity as you have witnesses in here. And then we would of course take them off the list if that's what the committee agrees to.

The Chair: — Okay. Thank you. Let's move on to the Board of Internal Economy. Chapter 13 of the '99 fall report.

Mr. Gantefoer: — If I may, just by a bit of a background. As I look over this, there are four recommendations that the auditor's office makes in regard to the Board of Internal Economy. We're at sort of the orange tab, about three-quarter ways through chapter 13.

And as has been the practice, and I believe appropriately, that it is very difficult and perhaps even inappropriate for one legislative committee to oversee another legislative committee. I also think that it's true that we shouldn't completely ignore our responsibility to be the overall committee to provide oversight of government expenditures.

And so I'd like to suggest that these four recommendations be formally forwarded to the Board of Internal Economy for their discussion, and for them to give to us a report on the recommendations and the discussion that they have on those four recommendations. So that we're not just losing them, we're still accepting responsibility for the overall direction, but we're also not going into a detailed discussion as to the way they should be resolved. And ask that the Board of Internal Economy deal with these four recommendations and forward to us their deliberations.

The Chair: — Okay. You've heard Mr. Gantefoer's recommendation. Question?

Ms. Lorje: — Well it's a bit of a . . . It's a question of protocol it seems to me, and making sure that we dot the i's and cross the t's appropriately.

I don't disagree with writing a letter to the Board of Internal Economy asking them to turn their attention to the specific recommendations. I'm wondering if it's appropriate to then say to them: and send us back a letter giving us a report card on what you've done. That may get their backs up a little.

And perhaps what we need to do is simply note in our report to the Legislative Assembly that the recommendations in chapter 13 will be dealt with by the Board of Internal Economy, and report it to the legislature, not back to us.

Mr. Gantefoer: — Well I accept that rationale as long as it is, because quite often we've referred things that just go into some vacuum that doesn't get reported back, and I don't think we live up to our responsibility appropriately if it isn't reported to the legislature. And that's why I suggested that perhaps whatever their recommendations are — we're not prejudging them or anything of that nature — be returned to us so that we can include it in our report. And we can simply state that this chapter was referred to the Board of Internal Economy for their deliberation, include it in our report is their response to those recommendations.

Ms. Lorje: — And all I'm getting at is the fine issue of protocol and whether the latter part of your suggestion is correct. And I think that we understand that all MLAs (Member of the Legislative Assembly) are honourable men and women, and that they have a certain degree of responsibility to report to the legislature, just as we do. And that we should simply note that they should be reporting to the legislature on the matters under their total purview.

Mr. Yates: — Well I have to concur with the remarks made by Ms. Lorje that all committees of the legislature have equal standing as far as their ability and accountability both to the legislature and to the public. And if it falls within the purview of the Board of Internal Economy, we have to allow them to do as they see, as a committee of this legislature.

It's an all-party committee; you have members on the committee to represent the interests of the loyal opposition, as there are government members on the committee. And I think it is very presumptuous for one committee to put boundaries on their peers who are of equal standing. And I think it's appropriate that it be dealt with, but the latter part that they have to report back or should report back, I think should be their prerogative to decide what they want to do with it. They have rules in which they have to operate the committee and I think they should be able to define what they do with it.

Mr. Gantefoer: — In response I couldn't agree more with the first part in terms of their independence. I didn't suggest we were telling them what to do with these recommendations; I was asking them to deal with it. Because we can't . . . one committee can't also abrogate its responsibility to the legislature.

Our overall responsibility is for the expenditures of government, and I completely agree that we shouldn't be going and dealing with these recommendations and telling the Board of Internal Economy how they should deal with them. I completely concur with that.

But we also have that overlying responsibility that I was trying to address, is that these things do get dealt with appropriately by this independent committee, should be dealt with by that committee without any comment on our part as to how they should deal with them, I completely concur.

But my concern was . . . is that somehow to make sure that once that's dealt with that it gets reported to the legislature. The Board of Internal Economy, I don't believe, tables formal reports in the House — at least I don't recall one, and I stand to be corrected — where we have a responsibility to do that.

And I think if we said we've sent this to the Board of Internal Economy for their deliberation, this is the way they deliberated and what they decided independently of any comment on our part and we include that in our report, it then puts it back on the floor of the legislature for concurrence by the whole Assembly.

It's simply a methodology to make sure that this chapter does get dealt with and reported to the legislature as a whole. Not in any way to indicate that there is a presumption on our part as to how the Board of Internal Economy should deal with the matters that are before itself.

Mr. Wakefield: — Mr. Chairman, thank you. I guess I would look at this as probably a matter of responsibility; certainly not a questioning of anybody's intentions, not a questioning of ability or who should report.

I think our responsibility is to address the recommendations that have been given to us. We don't want to — and I concur — we don't want to deal with these recommendations ourselves. I think turning them over and requesting a response is an appropriate way and not in a confrontational way.

This is a collaborative way to try to address these recommendations. And I think it's an opportunity — I look at it as an opportunity — for the Board of Internal Economy to be able to respond with their own assessment of these recommendations and their own response and an opportunity to kind of clear up these recommendations and get them off the board.

I'm not looking at it certainly confrontationally. I'm not looking at it as an area of turf protection. I think it's a way to solve a problem to the advantage of both.

Mr. Paton: — Mr. Chairman, the issue you are currently discussing is very similar to the one that we had when we were talking about referring items to the Crown Corporations Committee.

And during the last few weeks, we've held a number of discussions with the Provincial Auditor's office and with the Clerk of the Legislative Assembly. I know that the Clerk had some specific concerns as to the ability to refer items from one committee to another and how that should be dealt with.

I think it's probably appropriate if you had Greg here and heard some of his comments. I know, as the things you're talking about relate to the rules and procedures of the Legislative Assembly, he had specific concerns about what committees were empowered to do and how they could be referring items back and forth. And while I can't speak specifically to his concerns, I know he was quite concerned about these issues.

The Chair: — More on Mr. Gantfoer's question about tax responsibility. As far as producing a report at the legislature, CIC, the Crown Corps Committee would have to as well.

Does the Board of Internal Economy produce a report?

Mr. Paton: — To my knowledge they don't. But at the same time, they don't have a report like this that's referred to them to deal with. The reason you're dealing with this is you have the report of the Provincial Auditor and the onus is on this committee to respond to that.

I think that's what Mr. Gantfoer is getting to, the part where he sees that the board . . . or this committee would be responsible for reporting and complete currently because the Board of Internal Economy isn't getting that report referred to them.

If you changed your procedures whereby the auditor's report was split between PAC, between Crown Corporations Committee, and maybe between the Board of Internal Economy, and there was an onus on those groups to review those reports and report back, well then that would be fine. But currently the report does come here and I believe it probably is a responsibility of this committee to ensure that I guess nothing falls between the cracks and things are dealt with.

You've got items from a few years ago that were to be referred to Crown Corps, but because there's no process to do that, it kind of has fallen off the table.

The Chair: — Okay. Thank you.

Ms. Lorje: — Well, I guess the point I wanted to make is that we are going to be receiving a report from the auditor in terms of clearing up the overlap and duplication between Crown Corporations Committee and Public Accounts.

This one it seems to me is similar, and in reference to the specific question of does the Board of Internal Economy report to the legislature, I would refer members to page 291 of the *1999 Fall Report*. It's the last page in the orange tab. And specifically, the recommendation was that Board of Internal Economy should prepare an annual report on its performance and report to the legislature. And BOIE has come back saying, excuse me folks, there's full public access, and it's *Hansard* and so forth, and we consider that as adequate. So I don't think even us saying to them report to the legislature is going to work. I don't know how we square this circle.

We clearly have different levels of understanding of what ought to happen in terms of reports to the legislature by different committees, and I think we're going to have to grapple with that, probably in terms of modernizing the legislature.

And perhaps we need to have a comment also from the Clerk of

the Assembly in terms of what kinds of procedures need to be changed and how we can formally and officially ensure that the work of the people is done in a properly accountable way, but also at the same time avoids unnecessary overlap, duplication, and the potential for power mongering from committee or another.

Perhaps the easiest way just to handle this right now is, as Mr. Gantfoer suggests, refer it to the Board of Internal Economy, ask them to provide us a report back. If they take offence at that, then we'll know. We belled the cat at least and we'll find out how loud the bell rings.

Ms. Jones: — I have a question about both page 290 and 291, say we recommend and the board told us it. Now, who's us? Is us the Provincial Auditor's office? So this report is from you and you've already told them, the Board of Internal Economy, these things and they've given you a response.

So now we want the PAC committee to overrule that and go and recommend it to them again and then they can tell us to get stuffed. It seems to me rather a interesting thing that we're taking another hit when they've already dealt with these things and given us a response.

Anyway, my opinion would be that we should refer it to them and wait for a response. I don't think we can require them to respond. I think they can respond to us, and if they don't or they say our response is the same as previous responses, that will be the end of it. I don't think we can oversee another committee.

Mr. Gantfoer: — Yes, Mr. Chair, I completely agree about the oversight of another committee. But you know, I think that we have to somehow break the loop in this sort of stuff.

If the committee comes back and tells our committee that this is their response and we simply concur them, then we've sort of told the auditor that we're accepting the committee's response and sort of leave it at that unless he's got some real fundamental overriding concerns that this is not being handled appropriately. But we run the risk, the way this is, of this always coming back because the loop hasn't been sort of closed.

And I think that if the board . . . we note the board's response and it goes into our report to the legislature, the legislature in accepting our report and accepts their explanation as well, so it makes the official loop. But right now, if we don't do this in some way, it just sort of sits there. As Mr. Paton said, it falls off the table it gets lost in the exercise.

I would ask rather, than the board report to us, that the board make its comments to us. I don't think that . . . or the board shares with us its comments so that we may include that in our report. That sort of fulfills our obligations to have a report to the legislature.

And it is different than Crown Corporations because Crown Corporations make their own reports to the legislature. So when we refer to Crown Corporations, we know that there is a mechanism for them then to report their deliberations to the legislature. The Board of Internal Economy doesn't at this stage do reports to the legislature, so it's guaranteed to get lost if all we do is refer it. Where this way it brings it back and it closes

the circle which I think is important to fulfil our responsibilities.

So it isn't a turf protection. It isn't a competitive thing. I think it is providing a vehicle to bring closure to some of these things, otherwise it'll just keep going around and around.

The Chair: — Mr. Paton followed by Mr. Yates.

Mr. Paton: — Mr. Chairman, this is one item that I think the — I'm not sure where the committee's going to go forward with it — but I want to throw out one caution and it's the item that Ms. Jones just referred to on page 290.

This is the type of issue that may continue on in the future where the auditor's made a specific recommendation and you've got the Board of Internal Economy, a committee of the legislature, who's responding and saying they don't accept that. They believe what they're doing is appropriate and as a committee of the legislature that's their position on it.

Depending on how your Public Accounts Committee deals with this, this is the type of issue that may end up on that list that grows from year to year; the one that you just referred to on the issues that are on Public Accounts where the auditor believes that an issue hasn't been dealt with or hasn't been fully resolved.

So I'll just caution you. The board thinks that they've done all they have to do already. And if you concur with what the auditor says I would imagine that this issue would show up on that list of Public Accounts issues that have never been dealt with and will go forward forever. So just a word of caution.

Mr. Yates: — Again I go back to my original comments. I have no difficulty at all with referring an issue to another committee of the legislature but in any way asking them to report back, I think it's outside our purview. They're our equals. They don't have to refer back to this committee. It's their issue to deal with. And in fact, they have dealt with it in the way that they feel is appropriate.

And for us to suggest that they should report back to us to clear up, in the minds of this committee, some paperwork I think is inappropriate. They should decide once the issue is theirs how they deal with it. If they chose to do that, that'd be fine. But I don't think we should even ask them to do that because then we're suggesting what they should do. And they've made it very clear in the past that they are not . . . don't believe that that is the appropriate course of action. I don't believe it's our purview to tell them that it is.

Mr. Gantfoer: — One final comment. From my understanding this committee or the Crown Corporation or any committee does not have any life or mandate other than what's given to it by the legislature. Its recommendations are meaningless unless they're ratified by the legislature. That's what gives authority to any of the committees.

By just sending this simply to the Board of Internal Economy and for them to comment doesn't close that circle because there is no mechanism for the legislature to ratify that comment or that decision by the Board of Internal Economy.

And so I'm simply suggesting that the way to make sure that this proper process is then ratified by the legislature — I am in no way presupposing any comment as to what decision they make or in any way suggesting that we would somehow second guess their recommendation — but by asking for it to be returned to us so that we can include their response to the auditor's recommendation in our report, it's a way for it to get on the floor of the legislature and be ratified by the Assembly from which all our authority in any committees fundamentally comes.

And the mechanism as it is right now, it just gets lost on the table. And I think that while Mr. Paton says the auditor certainly has the independence if he feels strong enough that he disagrees with what the Board of Internal Economy recommends or responds and what the legislature ratifies — not this committee; it's simply a mechanism to get it to the floor of the legislature — and what the legislature actually concurs with in terms of what the Board of Internal Economy recommends, he has that authority to bring it back.

But I think it puts a whole lot of closure to the fact that the whole Assembly has accepted the explanation of the Board of Internal Economy because it's come through a report and it makes it more difficult for him to keep bringing this thing up when the entire legislature has agreed with the comments that were tabled through our mechanism. That's it.

As it stands right now, that doesn't happen because there's no mechanism for it to happen and that's simply why I offered the suggestion of it coming back so that it could be included and then given the weight of the Assembly to support.

Mr. Wakefield: — I'll pass.

Ms. Jones: — Oh, I'm sorry. Thank you. I was only smiling because the thing that was supposed to take the shortest amount of time on the agenda is taking the longest.

I'm wondering if perhaps another way to deal with it would not be to accept the opinion of the board and, in so doing, reject the recommendation of the Provincial Auditor. Then that would go in our report and the Assembly, the Legislative Assembly, would then pass that on and then it's gone. If you believe that what the board told us is rational then we don't concur in the recommendation of the Provincial Auditor and that ends the matter.

If there are some that we haven't had a comment on the board from, it might be appropriate then to ask them to comment, get their comment on the Provincial Auditor's recommendation, and then if this committee agrees with that then we do not concur in the auditor's recommendation and the whole matter is gone.

So it seems to me that that's a much simpler way to resolve the issue and get it off the books.

The Chair: — You're in a 50/50 situation because two of the recommendations have not had Board of Internal Economy comment and two have. So . . .

Ms. Jones: — So we could ask them to comment. And we

could deal with the two that we have and get them off the books, and ask the board to comment on the remaining two and deal with them as we will when they come.

Ms. Lorje: — And I think Ms. Jones is exactly right. They commented on two of the four recommendations. They've said with respect to publishing a list of people who receive money from caucus offices, etc., that the implementation of the McDowell report gives the accountability for the expenditures that meet the expectations of the taxpayers.

Clearly BOIE has dealt with that one. With respect to the recommendation that there be an annual report, the board is saying no. They're not going to do that. So we either get into a shouting match with them over that, or we tell the auditor we accept the Board of Internal Economy's judgement with respect to that. The matter is closed. So it seems to me then what we do is turn our attention to the other two recommendations which haven't been dealt with by the BOIE and refer them to them.

Do we or do we not think that our judgement is better and that Board of Internal Economy ought to be preparing an annual report to the legislature, as suggested by the Provincial Auditor? I'm satisfied with the report that we've got from them. I don't want to see it come back for another year. I'd like to close this loop.

Mr. Wartman: — Thank you. I'd like to see it come to closure as well. I'm worried about some of the language in terms of accepting their response or not. I mean I think we receive it, but as soon as we start talking about acceptance, then again we're into judging our peers. So we need to be very careful in terms of the language that we use in response to what they have written there.

So if we're trying . . . what I would ask is if we can find a clear way of bringing this to closure without putting ourselves in the position of judging the Board of Internal Economy . . .

Ms. Jones: — And I think perhaps the word should be receive, receive the . . . that the PAC committee has received the comments of the Board of Internal Economy and that we reject the recommendation of the Provincial Auditor based on their comments.

Mr. Gantefoer: — I have just one final suggestion. I agree completely with the appropriateness of the wording. Would this be acceptable? That the Public Accounts Committee refers the recommendations under this chapter to the Board of Internal Economy for their disposition and that we will receive their report to be included in our *Public Accounts* report without comment.

A Member: — Consider the matter closed.

Mr. Gantefoer: — Yes. Something like that.

Ms. Jones: — But that won't close the loop.

Mr. Gantefoer: — Yes, it will. Because we've committed to put it into our report without comment. They are making the comment, and they appropriately should. See these two recommendations . . .

Ms. Jones: — But how do you dispose of the recommendation then?

Mr. Gantefoer: — But that would end it, because they deal with the recommendation and we include their response in our report without any editorial comment on our part because it would be inappropriate. That's I think very clear.

This response has not been to us; it's been to the auditor. So we don't know if there's more to it or anything else, on the three and four. It's just a quote from the auditor's discussions with the Board of Internal Economy.

So it isn't a response to us, and it shouldn't be. It should be a response to these recommendations that we can put in our report so the legislature can bring closure to it without comment on our part; simply a commitment to do that.

So we're not accepting it, we're not judging it; we're just including it.

Mr. Yates: — If they so wanted to respond for our inclusion is one issue, but implying that they should respond is again putting a parameter on another committee. And that's what it does; it implies that they have to respond to go in our report. If they chose to respond would be more appropriate.

Mr. Gantefoer: — Maybe they'd tell us to go away.

Ms. Lorje: — And there's a way out of this morass. What we need to do is ask the Clerk to review Beauchesne's and legislative procedure throughout the land and report to us as to whether or not it is appropriate for one committee of the legislature to report directly to another committee of the legislature. Then we will finally put paid to this whole question.

We won't be . . . So let's refer these recommendations . . . or let's refer this to Board of Internal Economy as Mr. Gantefoer has suggested, using his wording, and then also refer the general matter of the appropriateness of one legislative committee reporting directly to another legislative committee to the Clerk for recommendations.

We'll at least then know. Maybe it's not recommendations we want from the Clerk; maybe it's just a report.

Mr. Kwiatkowski: — I agree with Ms. Jones. Why could we not just acknowledge the responses from the Board of Internal Economy, include them in our report, and just simply forward the other two recommendations to them for their direction, which we will include in a future report?

The Chair: — Half a split.

Mr. Gantefoer: — I'd like to suggest that we don't deal with this at all, pending the report from the Clerk, because the Clerk may report that it's totally inappropriate that we comment on this in any way. And then I think if we split it up, do it all in parts, is inappropriate. So I'd rather just defer this until we get that report from the Clerk about what are other precedents in our nation.

Ms. Jones: — Move to table to next meeting.

The Chair: — Agreed? Is there agreement on deferring this until we have a report? You might also note that we will be discussing this under the last section of the agenda, which is recommendations from the auditor, and how we clarify CIC (Crown Investments Corporation of Saskatchewan). And I think Board of Internal Economy is coming into this discussion in a big way.

All those in favour of that recommendation of deferment? Okay. Yes, included in that is we'll have a report from the Clerk.

Appropriate time I think now to recess for a break here and . . . overview of privacy. Okay we'll recess to 10:20.

The committee recessed for a period of time.

The Chair: — We'll reconvene, ladies and gentlemen, if we could, and move on to our section on the overview of privacy. I'd ask Fred to introduce one of his officials.

Mr. Wendel: — Yes, Mr. Chair, we have Mark Anderson with us this morning to give you a little talk on privacy. Mark's a manager with our office and was involved writing this chapter. Go ahead, Mark.

Mr. Anderson: — Good morning. I am here to talk about privacy and I guess what'd I'd like to do first is talk for a moment about why our office undertook this chapter.

Part of our role is to look at the risks that government organizations have to manage to deliver programs and services. And increasingly privacy is one of those risks.

Privacy issues can surface in many different ways in our day-to-day lives and in the many activities of government. It's a pervasive issue — what I would call a pervasive issue — which means it's one that you find popping up all over the place. It's also quite topical, as perhaps you've noticed in the increasing number of news reports. Some of these relate to the coming into force of some legislation that I'll be speaking about in just a moment.

We're also concerned as an office about the protection of assets and in that category we would put informational assets. So we're concerned about how privacy and rules about privacy and new legislation about privacy affects the protection of the government's informational assets.

This chapter was really about our office increasing our understanding of the issue so that we could do a better job of looking at how government organizations manage their privacy risks.

One thing I'll mention now is that Saskatchewan does of course have an Information and Privacy Commissioner. We consulted with the Information and Privacy Commissioner when we were doing this chapter.

Now it's useful when we talk about privacy I think to look at two dimensions of privacy. One is personal privacy, and by that I mean the right to be protected against unwarranted intrusions of your person, things like surveillance or fingerprinting or

tissue samples come to mind.

Another dimension of privacy is what some people have referred to as informational privacy, and by that they mean the right to control what information an individual, or rather the right to control what information others can learn about an individual. So rather than personal privacy, informational privacy means controlling the information about you that's out there.

Now these are important rights but I want to mention as well that there are trade-offs or constraints that surround these rights, and that we make these trade-offs all the time. As individuals, we make privacy trade-offs for reasons of convenience or sometimes for gain. Anyone that's used one of these cards that gives you a small discount for shopping at a particular business will be familiar with that sort of privacy trade-off.

Business — the needs of business to carry out . . . to carry on their business. They need information about individuals. That involves trade-offs.

And of course government to deliver programs and services . . . Government needs information and there's trade-offs that go on there as well.

There's a lot going on in privacy and a lot of it is driven by advances in technology. And I guess it's one of those areas where sometimes the technology advances to the point that policy has not been able to keep up, so in some cases businesses, organizations, are doing things because they can, and policy has not necessarily kept up with what technology is capable of.

So what we did is that we took a look at the legislative environment, and it's a rapidly changing legislative environment. There's a lot of changes that are coming right now and it's a little bit up in the air as well in terms of how the various changes in various jurisdictions affect each other.

Now the chapter has more detailed information but what I want to do is sort of approach it in this way. It's useful to keep track of it by thinking of the legislation that's at the federal level and the legislation that's at the provincial level — so you've got that dichotomy — and at the same time thinking about the legislation that affects the public sector, meaning information that's in the hands of government and legislation that affects the private sector, meaning legislation or information that's in the hands of business. So if we can keep that sort of straight, because it does get a little bit tangled and convoluted, and there's potential for conflict as well, which is something I'll mention shortly.

Probably the most important thing happening right now is the coming into force of the federal Personal Information Protection and Electronic Documents Act. And people may have heard of that referred to as Bill C-6. You know, that's coming only partially into force.

This is federal legislation that affects the private sector. So when you think of federal legislation since the 1980s — since the early '80s — there has been federal legislation that has affected information that's in the hands of the public sector. But

now this is going to affect the private sector.

Now what we're talking about is personal information that is collected, used, or disclosed in the course of commercial activity. But I'll make a point that this does include health information. This was a matter of some debate and the Act was subsequently amended to make it apply explicitly to health information.

Now the Personal Information Protection and Electronic Documents Act — this new federal legislation — comes into force Jan. 1, this coming January 1 only partially. It applies at first only to what's called the federally regulated private sector. And by that you would include such things as banks, broadcasting, grain elevators, interprovincial transportation.

After three more years it's going to apply pretty much across the board. And what's particularly interesting, I think, is that it will apply even to information that would normally be subject to provincial jurisdiction, unless the federal cabinet decides that provincial legislation in place gives equivalent protection.

Now in Saskatchewan there is currently no provincial legislation governing the privacy of personal information in the private sector. Of course there's legislation that's been in force for some time that governs information in the public sector, but not in the private sector.

There is legislation that has been passed — not yet proclaimed — that governs health information. That's The Health Information Protection Act. And there is no firm date yet when that is planned to come into force, based on my last discussions with the department. I believe they're looking at spring.

So it's a time when there's some upheaval, some change. And whenever you have change you have risk. And what the chapter was meant to do was to . . . just to identify some areas where we perceived some risks. And I'll mention some of these.

The first one that occurs is whether the government plans to introduce private sector privacy legislation, knowing that if it doesn't the federal legislation purports to apply after that window. How will the new federal legislation impact this Saskatchewan Health Information Protection Act? What is the readiness of Saskatchewan business to comply with the new privacy regimes?

We're talking in the chapter as well a little about the Information and Privacy Commissioner. The commissioner's role is set to increase in scope with the Health Information Protection Act and whether we query whether the privacy commissioner will have sufficient resources to carry out that role.

These are all areas of risks that have to be managed.

We point out in the chapter as well how government organizations need to share information to pursue common goals. Something we encourage is working together. How will the changing roles for privacy affect this?

Sometimes the government has to share information with outside partners or agents. It does this a lot. How is privacy

protected and how is the new legislation going to have an impact on this?

The government is exploring new ways of delivering services electronically. I think you've heard more about this recently. How is this new way of delivering services going to impact the privacy of citizens?

So these are all risks and issues that government and government organizations are going to have to manage and manage well. This project was meant to increase our understanding of privacy in general, and how some of these issues might play out. And it was meant to promote their consideration here in this forum.

I am pleased to have had this chance to give this very brief overview of privacy, and if you have any questions, I'd be delighted to try and answer them.

The Chair: — Thank you very much, Mark. As Mark's indicated, I think we initiated discussion yesterday when we were on the chapter dealing with the information technology security. And I think some questions surfaced yesterday about federal legislation, provincial legislation, and the protection of information . . . electronic information. So I think today is an opportunity for us, as you have seen in the chapter, the executive summary on page 166 and the conclusion at the very end on 180 are there for information purposes for us. There are no recommendations in this chapter. They're more of a . . . this chapter is more of an information chapter.

So comments, questions of Mr. Anderson or of the auditor's office?

Ms. Lorje: — Well I think the only comment of course is, first of all with respect to The Health Information Protection Act, it is the government's intention to have this Act proclaimed in the spring of 2001. I think that's important to note for the record. And we did have a considerable discussion yesterday about the federal office and the implications of Bill C-6.

I think at this point the best course of action for this committee is simply to continue holding a watching brief on the issue and note that it is a matter of public concern.

Mr. Wakefield: — As technology keeps changing, I assume that the issues of privacy and information control is going to continue to be an ongoing concern or a risk management. Is there a plan? Is there coordination needed over an extended period?

I know we're trying to keep up with the changing concept of privacy technology. What is the long-term plan to continue to do this?

Mr. Anderson: — Well that might properly be posed I suppose to government representatives, were any here.

There are quite a few attempts to coordinate health information. So for example, the Canadian Institute of Health Information is an entity that has some projects that are meant to, I believe, result in consistent legislative regimes trying to make it, rather than a checkerboard, a fairly consistent approach across

Canada.

I suppose that that's part of the issue when you have the again purported — perhaps not the best word — but the federal legislation that will result in a nation-wide privacy regime, affecting the private sector as opposed to approaches in each province. Mind you, depending on what provinces decide to do, you may nevertheless have different approaches and different jurisdictions. So there's a risk there.

In terms of lack of coordination, in terms of what any particular government . . . or what this government would be attempting to do in terms of coordination, I can't speak to that.

I would concur that it's a risk and I would concur that privacy is only going to become more important in the years to come.

Mr. Wakefield: — I guess that's what I was thinking of. And I'm not sure if this is even a fair question, but could you comment on the estimated cost of this kind of thing?

Mr. Anderson: — No, not really. It's not reflected in any of the work that we have done so I wouldn't be able to comment.

The Chair: — Thank you. Any other comments?

Mr. Anderson: — Just one thing. I guess I would like to add to that is insofar as technology is the driving force between some incursions into privacy, it also represents the opportunity for better protection of privacy as well, but whenever you use the word technology there's costs involved.

The Chair: — Okay, as noted this was a chapter for information so it will be indicated that we have received the chapter for information purposes. Right? Okay that brings that section to a close.

And as we indicated yesterday, the officials for discussion of the understanding the finances of government from the Finance department won't be here till 1:30.

So I believe it was our agreement yesterday that we would move the last item on your agenda to discussion this morning to see if we can resolve some of those issues that I think were introduced this morning already regarding Board of Internal Economy, the Crown Corporations Committee, the Public Accounts Committee, and how we can work co-operatively on the business that is before us.

Maybe again, I think we would be advised to begin with maybe a report from Mr. Wendel's office as a starting point, and then we can open comments in maybe Mr. Paton's office as well, and then move into discussion.

Mr. Wendel: — At our last meeting you asked me to consider how we might structure our report in such a way as to have it referred to different committees of the Assembly, such as the Crown Corporations Committee. And what we've done is talk to the Clerk's office about how that might work. And our view is that if the rules of the House require another legislative committee to review our reports, we could certainly structure our reports in any which way to accommodate that. So we're able to do that.

So if the rules of the House require the Crown Corporations Committee to review our report as it pertained to the corporations that are subject to The Crown Corporations Act, 1993, then of course we could structure a report in a way that those would be segregated in our report, and then the House could then refer that part of the report to that committee for review.

Now one of the things we would have to change is The Provincial Auditor Act. At the moment any report we table is automatically referred to this committee for review. So the Act would have to be changed in such a way as to allow it to be referred to any committee that was charged with reviewing our report. The details of that . . . I'd have to talk to the Clerk how you would go about doing that.

The second part we think would have to change in our Act would be that we would become an adviser to those committees as we are at this committee. We're here to help this committee. It's set out in our Act that we're here to help this committee. If the Crown Corporations Committee was charged with reviewing parts of our report, we think we should also be at that committee as a special adviser in that sense.

Then there's some other items in the paper that I've presented that those committees should be . . . have the same mandate and operating principles as this committee. That they would work with us to ensure the maximum accountability of the executive government to the Assembly, that they would go through our reports, talk about the recommendations, make a report back to the Assembly for concurrence. And they would also then, as this committee talked in November, that they now have some resources available to help it understand issues in that this audit committee will be a resource to the committee. So you may want to ensure that they also, these committees also have that resource.

So those are my comments on what we could do to accommodate the referral of our reports.

The Chair: — Prior to maybe comments or questions from members, maybe, Mr. Paton, if you would indicate what thoughts you have regarding the auditor's report or the auditor's Act.

Mr. Paton: — Yes, Mr. Chairman. Since we last met we have had an opportunity to attend the Legislative Instruments Committee and take forward some drafting instructions on The Provincial Auditor Act. And for the most part the committee concurred with everything that was in the drafting instructions. And I believe those are consistent with the decisions that the committee made at their previous meetings in November.

As it relates to this one issue, the wording that we presented to Legislative Instruments Committee was very vague and we told them that there are concerns about how to accomplish what we're trying to do here, what the wording should specifically state.

We've had a number of discussions with individuals, both in Justice and the Clerk's office and the auditor, and we're finding it a little bit difficult to find something that's going to please everyone in terms of what the wording might be.

And what we're currently looking at is something that's relatively simple that relates to the Crown corporations or the CIC Crowns and its subsidiaries in taking those parts of the report and referring them directly to the Crown Corporations Committee.

We haven't looked at the types of things that the auditor is mentioning here in terms of changing the mandate of the Crown Corporations Committee in any way, so that's something that, if this committee wants to consider, is something that would certainly need some more work than what we've currently done.

The Chair: — Questions?

Ms. Lorje: — I don't have a question; I have a comment. And that is that I did not expect in asking how we could reduce the overlap and duplication between the Crown Corporations Committee and Public Accounts Committee that what we would have is the auditor coming back saying, in essence, that they disagreed with the Crown Corporations Committee's review of its mandate of 1994 and that they want to fight that battle all over again.

The Crown Corporations Committee has a different mandate and different operating procedures than does PAC. And I read your recommendation, Mr. Wendel, to say that what you want PAC to do is to tell Crown Corporations Committee that they should function the same way that PAC does.

And with all due respect — I've been on both committees — I think that the interests and concerns of the public are perhaps more expeditiously served on Crown Corporations Committee, at least if the last day and a half has been any indication of what goes on on this committee.

And I don't see that this committee . . . that it is appropriate for this committee to tell Crown Corporations that it should have the same operating principles and practices as PAC does. I don't think it's appropriate for this committee to say, outside of the regular budget process, that we want to give you more money to fulfill whatever the mandate is that you might decide that you think the Crown Corporations Committee is going to want.

And I don't believe that it is appropriate for the auditor to be adviser to the Crown Corporations Committee and at the same time to be the auditor of record for CIC. I think that there is a real conflict there.

So I'm afraid I just disagree with what you're saying with respect to what kinds of things you think should happen to reduce overlap and duplication.

I agree that probably a change to the auditor's Act is required and I would hope that the comptroller and yourself can work together, together with the Legislative Instruments, to try to come up with appropriate wording. But to have this committee in essence recommending to Crown Corporations Committee — which has reviewed its mandate, its structure, and its operating procedures — to have this committee tell Crown Corporations Committee that they have to resolve themselves into a beast that's similar to this one, I think is totally inappropriate. And it's not a way to resolve the overlap and duplication between

the two committees.

Mr. Wendel: — I think what I've said in this paper, is it's up to the Assembly to decide if they want to have part of our report referred to the Crown Corporations Committee. That's up to the Assembly to decide. It's also up to the Assembly to decide what rules and procedures those committees have.

Ms. Lorje: — And the Assembly has already decided on the rules and procedures of the Crown Corporations Committee. The Assembly reviewed those in 1994 and adopted new operating procedures for Crown Corporations Committee.

Mr. Wendel: — And I don't think one of them was to review our reports.

The Chair: — That's the point I think. Mr. Paton, you made some comments as to whether or not there is . . . Is there a structural change required for the Public Accounts Committee to refer its reports to Crown Corporations?

Mr. Paton: — Mr. Chairman, what we're contemplating is something that would be a change to the Act which would permit parts of the Provincial Auditor's report to go directly to the Crown Corporations Committee. It would not be a referral from this committee. It would be something that they would have the ability to deal with directly as a result of the legislation.

The one comment I'd like to add is that the operating principles that this committee operates by are ones that were developed by this committee and they've deemed to be appropriate. And I believe you may have reported them to the legislature and said, you know, endorse our operating principles.

The Crown Corporations Committee could do that in their own right. So if they chose to adopt some of the auditor's recommendations that it has here, that's entirely up to them to deal with if they choose to. I don't think it's appropriate for this committee to be telling them. But if they want to change the way they operate in the future, they're free to do that. But I don't think it's in the auditor's Act, and I don't think it would be necessarily part of this committee's authority to recommend those things.

The Chair: — Thank you for those comments.

Mr. Trew: — Thanks, Mr. Chairman. I don't think I've got a whole lot to add to the comments that have been made other than more of a historical perspective and that is to observe that there's long been a turf war between this committee and Crown Corporations Committee. A turf war that I think has served nobody particularly well. Both committees, frankly, have evolved over the past — certainly past 15 years and I'm sure they've evolved over a longer period of time than that — but what the committees actually de facto function like has shifted fairly significantly.

And this is just a recognition that there are some things that should go to Crown Corporations Committee and other things that very properly belong staying in PAC and what's the most efficient use of all of our time and efforts to make sure that everything gets proper scrutiny. So I'm in support of Crown

Corporations Committee taking a much greater role in reviewing those matters that are Crown Corporation matters.

And I simply point out, it doesn't matter whether it's PAC or CCC (Crown Corporations Committee). Ultimately we report back to the legislature in any event so it's not like any review is ever getting buried. This is just a matter of how do we best get the issues dealt with. Thank you.

Mr. Gantfoer: — Thank you, Mr. Chair. I agree that we've got to attempt to make progress in terms of clearing up this overlap and that sort of thing. And I think we can. I agree very much with Mr. Paton's last comments.

I think that it would be inappropriate. We went through this with the Board of Internal Economy. It's equally and if not more appropriate in regard to the Standing Committee on Crown Corporations because they certainly have a responsibility to report directly to the legislature. So any of the concerns I had in that first issue do not exist in regard to Crown Corporations.

In terms of us commenting in any way upon the operating procedures of Crown Corporations, I equally think that that is inappropriate. It may well be that if we agree that certain issues should be, as a matter of course, directed to them, they may indeed in light of that see fit to make recommendations or operating procedural changes and that's up to them entirely to do.

I would like to suggest that there is a fairly simple direction that we should take and that is, is that we would recommend that the proposed changes to The Provincial Auditor Act include that there is a direct reference for all reports related to the Crown Investments Corporation of Saskatchewan and its subsidiary Crown corporations should go to the Standing Committee on Crown Corporations — period.

Ms. Lorje: — Clean, clear, and simple, and just cuts right through.

Mr. Gantfoer: — I think we want to keep it at the CIC Crowns and their subsidiaries, and that makes a clear separation that's very appropriate to the respect of mandates and would clear up, I think, about 99 per cent of the overlap that we've experienced in the past. I don't know if we need that as a motion, or if we agree, but I think it's one of those fundamental things that we should report cleanly.

The Chair: — Mr. Paton, could you clarify the subsidiaries that Mr. Gantfoer refers to, what is the current group?

Mr. Paton: — Mr. Chairman, that . . . the wording that Mr. Gantfoer used is consistent with what we've anticipated and I believe those terms, Crown corporations and subsidiaries of those Crown corporations is actually defined in The Crown Corporations Act so I don't think there would be confusion. And I don't have a list of what Crowns they would be, but I believe it's actually defined, the use of those terms.

The Chair: — When we look at an annual report of CIC, is this the document that contains or might contain all of the reports that are under CIC?

Mr. Paton: — I can't confirm that that would contain all of the subsidiaries. Those would be the Crown corporations themselves, but they could have subsidiaries in addition to that.

Mr. Gantefer: — Mr. Chair, you use that wording to clearly define it as CIC, Crowns, or subsidiaries as opposed to Treasury Board or departmental . . . There might be Crown corporations that are actually an offshoot of our departmental initiatives, and I'm not suggesting that they be moved over just because they happen to also be Crown corporations. They are Treasury Board Crowns which are much more appropriately staying at this side.

So by defining the CIC Crowns and their subsidiaries, I think we make an easily defined, clearly understood separation, and leave it at that.

The Chair: — Okay. I think it is more appropriate to have it as a motion. So we can debate it and have it recorded. So we'll just allow Mr. Gantefer to put those words down on paper. Mr. Wakefield, a comment?

Mr. Wakefield: — While Mr. Gantefer is putting together that motion, I just wanted to make a comment if I could. Being new to the committee, I appreciate a little bit of the history that Mr. Trew brought forward. And I'm not sure, from my understanding of what the roles are, why there is a turf war or why we want to continue the turf war. It would appear to me that the thing that we're doing is making it fairly straightforward and I certainly support that.

In our earlier discussion I made a comment about sharing an opportunity to solve a problem and not getting into this kind of thing. And again I just wanted to reinforce that same thought.

Mr. Trew: — I don't want to leave any impression that we're trying to continue any turf war, in fact, we're trying our level best to eliminate it. More years ago than I'd like to remember, Mr. Wakefield, I was appointed to the Crown Corporations Committee, and at that time members of this committee viewed the Crown Corporations Committee as a weak sister or a second cousin.

It is not a view that I have ever subscribed to, nor do I subscribe to it now that I'm on the PAC committee. Quite frankly both committees do some very good work and some very important work. And quite frankly both committees have some long hours of seemingly mind-numbing business as well that we have to attend to.

But anyway I'm delighted with the motion that Mr. Gantefer is bringing forward and I can assure you we'll be voting for that. Thanks, Mr. Chairman.

Ms. Lorje: — And I think — just to be fair — I think that Mr. Gantefer's motion will go a very, very long way to reducing the overlap and duplication but it's not going to solve it completely. There still will be some overlap because Crown Corporation has as its mandate to review the annual reports and the business plans of Workers' Compensation and Saskatchewan Liquor and Gaming Authority. Those are two that I can think of that are major entities that receive the majority of their revenues from outside of that, from sources other than direct taxpayer money.

So there will still be some duplication, but I think that the two committees can work together over time to make sure that various . . . that there isn't a major overlap and that we're all rowing the ship of state in the same direction which is towards greater public accountability and transparency.

Mr. Gantefer: — Thank you, Mr. Chair. An issue was raised — and I'm trying to prepare this wording — is that there's sort of, perhaps for our consideration, two components of it. And I don't want to make it inordinately difficult. I think we have to make the changes to The Provincial Auditor Act that permits the fact that reports be tabled as we indicated directly to the Standing Committee on Crown Corporations.

However it may also be useful to make mention that this should be at the direction that ultimately the Assembly directs where reports be directed. So that at the end of the day, the Assembly . . . the Act has to be changed to create the permissiveness for the auditor to do that, but ultimately that the Assembly is the one that directs where reports go so that the needs of ratification of the Assembly as well . . . So that we make the proposal that the Act be changed so that it's permitted, or do we just do the direction and when the Assembly approves that it automatically makes that happen?

Mr. Paton: — Mr. Chairman, I think what we're anticipating is something similar to what currently exists for this committee, is when those reports are tabled they're automatically referred to this committee. We would be making the corresponding changes that reports that should be referred to Crown corporations would be automatically referred to that committee so that you don't have to go through the process of referrals. It would be part of the Act so . . .

Mr. Gantefer: — You don't have to make reference to that in this recommendation.

Mr. Paton: — No. What we're looking for is a direction on how you want the split made, and we'll make sure that it goes automatically to the appropriate committees.

The Chair: — Okay. The motion put forward by Mr. Gantefer is the following:

That the Standing Committee on Public Accounts recommend that The Provincial Auditor Act be amended to authorize the referral of the auditor's report on CIC Crowns and their subsidiaries be directed to the Standing Committee on Crown Corporations.

Seeing no discussion, all those in favour? Opposed? Carried.

Ms. Jones: — Mr. Chairman, does that leave us in a position then of having to do something with the recommendations before us? There are recommendations here that we've passed a motion to. I mean we're dealing with understanding the finances of government, right?

The Chair: — No, no.

A Member: — That's this afternoon.

Ms. Jones: — Oh, that's this afternoon. Okay. All right.

The Chair: — Now the only other thing that we might . . . And we had some discussion about the Board of Internal Economy and I think we've — that's another committee — and I think we've left it from this morning's discussion that we're looking at the Clerk's office to assist us in the review of other jurisdictions and to provide us with some guidance. Okay? Mr. Paton?

Mr. Paton: — Mr. Chairman, would you like me to see if I could contact Mr. Boothe and see if there's any way that he could get here earlier than 1:30?

A Member: — We're surprised you haven't done it already.

The Chair: — Do you want both the auditor's office and the Finance department to be contacted to see if we can begin at 1 o'clock — 1? At least a half-hour sooner.

Mr. Yates: — If we're going to have a start earlier, for people that live out of town, the better probably — 12:30, 1 o'clock.

The Chair: — Is that your wish, to have Mr. Wendel and Mr. Paton make their calls and see . . . before we recess, so we know? Okay. Well let's try for 1 or even sooner.

Ms. Lorje: — No, I think we should try for sooner, Mr. Krawetz, if you don't mind.

The Chair: — No, it's whatever . . . It's 11:10 already though.

A Member: — 12:30.

The Chair: — 12:30, Mr. Paton?

Mr. Wakefield: — Mr. Chairman, I've made other commitments later but that doesn't mean that the committee can't begin.

The Chair: — Okay.

The committee recessed for a period of time.

The Chair: — Let's reconvene, ladies and gentlemen. And I want to welcome officials from both the auditor's office and the Department of Finance. And I'd ask Mr. Wendel if you would introduce the people that are with you representing your office.

Mr. Wendel: — Thanks, Mr. Chair. We have three new people here today: Ed Montgomery who's an executive director in our office, responsible for our public accounts audits. He'll be giving you a presentation in a few minutes. We also have Karim Pradhan, a principal with our office, also involved with the public accounts audit. And Corrine Rybchuk, a manager in our office, also involved with the public accounts work.

The Chair: — Thank you. And Mr. Boothe?

Mr. Boothe: — Thank you, Mr. Chair. I'd like to introduce my colleague, Naomi Mellor, who is head of the accountability group in the Department of Finance.

The Chair: — Good. Thank you very much. Welcome to all of you.

Before we get into the presentations, it's my obligation to read the following statement:

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

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

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

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

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

And with that, Fred, the presentation from your office.

Mr. Montgomery: — Good morning. Fred's asked me to present this chapter to you and I'd expect the presentation to last around 20 minutes.

For your convenience, we've handed out handouts showing all the slides that are going to be used in the presentation and you should note they're double-sided. We wanted to save some trees, so they're on both sides of the paper.

After we get through this presentation, we'll be pleased to answer any questions you might have.

Why do we prepare this report? Well, we prepare this report for three reasons. First, we want to assist you to understand the state of the government's finances. We continue to hold the view that a good understanding of the state of the entire government's finances is important to an informed debate on the policies of the day and the future of the province.

Second, we're often asked questions about the state of the government's finances and this report gives us an opportunity to respond to some of those questions.

Third, the public debate about the government's finances often revolves around the General Revenue Fund. However, the picture portrayed by the General Revenue Fund is an incomplete picture of the government's finances. The picture is not complete because about 40 per cent of government activity takes place outside that fund in organizations such as SaskTel, SaskPower, and the Liquor and Gaming Authority.

Also the information that is presented in the General Revenue Fund can be changed by arbitrary decisions about which

revenues or expenses to record in the fund and in which year. An example would be the decision as to the amount of revenue to record from the Liquor and Gaming Authority. This year, that is in the year 2000, the GRF (General Revenue Fund) recorded no revenue from the Liquor and Gaming Authority. Last year the government recorded 330 million from the Liquor and Gaming Authority.

To prepare this report, we use information from three sources. Firstly, we use the government summary financial statements for financial information. These financial statements give a more complete picture of the government's finances and the General Revenue Fund.

Also the results cannot be manipulated by arbitrary decisions as to how much revenues or expenses to record.

You should note that the government has produced summary financial statements since 1992, and in our opinion they're an excellent set of financial statements. We've said that repeatedly. And also in the last year, the Department of Finance has done a lot of work to improve the timeliness of those financial statements. To the extent, I think, they're now produced either the fastest or the second fastest in Canada. The only province that could possibly be faster might be Alberta and there may be a day or two in it. I'm not sure of the exact date.

Second, we use gross domestic product, GDP, statistics from the Saskatchewan Bureau of Statistics.

And third, we use a research report entitled *Indicators of Government Financial Condition* published by the CICA or the Canadian Institute of Chartered Accountants. And that report encourages governments to publish financial and economic information to help people assess the state of the government's finances.

Our report contains three sections. First there's an analysis of the state of the government's finances, which is the main body of the report. Second we have a section called other questions and answers where we provide further analysis in a question and answer format. And that would be appendix one. Third, we provide detailed information from the government's summary financial statements for the 10-year period, 1991 to 2000, so that readers can use the information to examine trends in the government's revenue raising and spending practices. That's set out in appendix two. And also in there, in appendix three, we include a copy of the government's most recent set of summary financial statements so it's handy for the reader.

In assessing the state of the government's finances, we use the measures recommended by the Canadian Institute of Chartered Accountants. The measures, three measures . . . difficult to pronounce fast but they are sustainability, flexibility, and vulnerability.

Sustainability measures the degree to which a government can maintain its existing programs and meet its existing creditor requirements without increasing its debt burden on the economy. Now from the perspective of an individual, this would mean the extent that you can maintain your lifestyle and pay your bills without increasing your debt load.

If a government cannot stabilize its debt burden, then in the long term debt servicing charges, interest costs will consume a greater proportion of budgets making it harder to sustain its existing programs in the future. To assess sustainability, we look at long-term trends in the government's annual surplus or deficit, its accumulated deficit, and the province's GDP. Each of these indicators provides useful insight into the sustainability of the government's revenue raising and spending practices.

Graph 1 shows the trend in the government's annual surplus or deficit. Some of these terms are difficult but the annual surplus or deficit shows the extent to which a government spends less or more than what it raises in revenue in a fiscal year. If the government spends less than it raised in revenue, it has a surplus; if the government spends more than it raises in revenue, it has a deficit.

During the past 10 years the size of the government's annual deficit or surplus has changed significantly. For example, in 1992 the government spent nearly 1.7 billion more than its revenues, yet in 1996 the government spent over 500 million less than its revenues and that represents a swing of 2.2 billion in four years. In recent years, there's been annual surpluses. Over the last six years the government has spent 2.2 billion less than it's raised in revenue.

Graph 2 shows the government's accumulated deficit and the province's GDP. The accumulated deficit is the sum of all annual deficits and surpluses. That is all the annual deficits less any surpluses.

Ms. Lorje: — Dating back to 1905?

Mr. Montgomery: — Dating way back . . . until 1905, yes. The accumulated deficit reached a peak in 1994 of 10.7 billion and since then the deficit has declined. At March 31, 2000, the accumulated deficit was 8.4 billion.

The province's GDP is a measure of the total value of all the goods and services produced in Saskatchewan in one year. Since 1991, the GDP has increased by 38 per cent, and in 2000 the GDP of Saskatchewan was 29.5 billion.

In graph 3 we compare the government's accumulated deficit to the province's GDP. That comparison shows that from 1991 to 1993, in the first three years there, the trend in the government's spending and revenue-raising practices was not sustainable. If that upward trend had continued, the Saskatchewan economy would not have been able to meet the financing needs of a growing accumulated deficit.

During these years the credit rating of the government was lowered and the government had access to fewer sources of borrowing, paid higher interest costs, and received large equalization payments from the federal government.

Since 1991 the province's economy has grown. Also from 1995 the government began to spend less than it raised in revenues. As a result the accumulated deficit, as a percentage of GDP, decreased. This downward trend suggests the Saskatchewan economy is better able to sustain the demands placed on it by government.

Since 1995 the credit rating of the government has improved. The government now has more sources of borrowing. It pays lower interest costs and relies less on equalization payments.

The next measure is flexibility. Flexibility measures the degree to which a government can increase financial resources to respond to rising commitments, either by expanding its revenues or by increasing its accumulated deficit. From the perspective of an individual, this would measure the extent that you can respond to rising commitments by increasing your income or increasing your debt load.

The way a government manages its finances affects its flexibility or its future choices. For example, continuous borrowing leads to a rising debt — the GDP ratio — and higher interest costs, reducing the government's capacity to borrow. Similarly increasing revenues through taxation or user fees reduces the ability to do so in the future. And also deferring capital maintenance only delays the day when capital will have to be restored and likely at a higher cost.

To assess a government's flexibility we focus on the long-term trends relating to a government's debt and its debt costs as a percentage of revenue. We should also focus on changes in capital assets and infrastructure however the government has not as yet compiled all the information regarding its infrastructure.

Graph 4 shows the government's liabilities or debt. Since 1994 the government's total debt has decreased by 1.7 billion. This change has consisted of a few key components. First, bonds and debentures have decreased 3.1 billion — from 14.2 to 11.1. And second, pension liabilities — another debt — have increased. Pension liabilities have increased by 0.6 billion, from 3.2 to 3.8. And other debt has increased by 0.8 billion, from 3.3 to 4.1.

Graph 5 shows the government's debt costs as a percentage of its total revenue. This indicator, sometimes called the interest bite, is an important indicator of the state of the government's finances. This indicator shows the extent to which a government must use revenue to pay interest costs rather than to pay for programs and services. This graph shows a strong improving trend.

In 1993, 21 cents of every dollar of revenue was needed to pay for the costs of debt. Since 1993, the amount of revenue needed to pay for the cost of debt has declined each year. And in 2000, 13 cents of every dollar was needed to pay for the cost of debt. As a result of this improvement the government can now use more of its revenues to pay for programs and services and use less of its revenues to pay for the interest costs of debt.

In 2000, the interest cost of debt was 376 million less than in 1995. This improvement is a result of a combination of debt reduction, increased revenue, and lower interest rates on the government's debt.

The third measure is vulnerability. Vulnerability measures the degree to which a government becomes dependent and less vulnerable to sources of funding outside its control or influence. The more control a government has over its revenue sources the less it can be affected by events beyond its source of control or influence.

An important indicator of the state of the government's finances is the extent to which it raises its own revenue from within the province as compared to revenue transfers it receives from the federal government. We call revenue, raised from within the province, own-source revenue.

Graph 6 shows federal government transfers as a percentage of Saskatchewan government own-source revenue. This long-term trend in graph 6 shows that the government is less dependent on revenue transfers from the federal government. However you should note that in the past two years, the federal government transfers as a percentage of the Saskatchewan government's own-sourced revenue, has grown.

Graph 7 shows the government's own-sourced revenue as a percentage of GDP. Since 1991, the revenue raised by the Saskatchewan government as a percentage of GDP to sources within the province have remained fairly constant. This shows that although the government has improved its finances, it continues to place significant revenue demands on the province's economy.

Some conclusions. Our analysis for the 10-year period to March 31, 2000 shows the state of the government's finances have improved as measured by the three indicators of sustainability, flexibility, and vulnerability. The government's now more able to sustain its existing programs. It has more flexibility to manage its finances, and it's less vulnerable to sources funding outside its control or influence.

In summary, we conclude that the government's finances remain fragile but continue to improve slowly. The improvement in the state of the government's finances is a result of a growing Saskatchewan economy and the government's decision to spend less than it raises in revenues.

Over the past 10 years the economy has grown by about 8.2 billion, and over the past six, the government has spent 2.2 billion less than it raised in revenue. This surplus has reduced the government's accumulated deficit.

However, we think there remains significant risks to the continued improvement of the government's finances. These risks would include lower commodity prices, potential for higher interest rates, and poor weather. Also the government's revenue demands to pay for services and accumulated deficit are large when compared to the Saskatchewan economy.

As I said earlier, for the past eight years the Saskatchewan government's revenue demands on a growing Saskatchewan economy have been fairly steady at around 29 to 30 per cent of Saskatchewan's GDP. A downturn in the economy would require the government to make difficult decisions on revenue raising and spending.

As usual our report contains recommendations. We think the government needs to publish better planning and performance information to help legislators and the public debate the best use of the resources available to the government. Currently the financial planning and performance information published by the government focuses on the General Revenue Fund which is an incomplete picture of the government's finances.

We think overall plans and performance reports would improve decision-making. Public plans and reports contribute to informed debate by enabling more widespread understanding of the government's intentions. Public plans and reports also provide an opportunity for the government to demonstrate what it . . . how it has achieved its objectives; or if it has not, to explain what it has achieved and why. With such information, legislators and the public can then better assess the government's performance and whether it is managing public resources in the best possible manner.

Therefore we continue to recommend that cabinet improve its overall plan by showing clearly the broad direction of the entire government from both a financial and operational perspective, and that they prepare and publish better performance reports for the entire government that show its progress, both financial and operational, toward achieving the goals set out in the overall plan.

With that concludes my opening comments and we'll . . . are available to answer any questions that you might have.

The Chair: — Thank you, Mr. Montgomery. I think before we move into the area of questions. We can maybe have a response from the departmental officials first.

Mr. Boothe: — I'll just make some very brief remarks. First of all, I want to say thank you for the opportunity to meet. This is one of the opportunities that Finance gets to interact directly with the members of the Legislative Assembly and we therefore appreciate this.

I would like to say that since I arrived — which is, I just calculated, 16 months and 1 day ago — in my current job, I have had the opportunity to meet on a regular basis with the Provincial Auditor. And although we don't agree on every issue, I do think that we have common goals and many of those common goals were alluded to or discussed directly by Ed in his presentation.

Certainly we share with the Provincial Auditor's office the desire to have well-managed finances here in Saskatchewan and also accountability to the public of Saskatchewan through the Legislative Assembly. So we certainly share that with Fred.

I guess the only other thing that I would like to say to members of the committee is that in the Department of Finance we have been working to move government-wide performance planning and measurement forward. And I wanted to recognize the support that we've received from Fred and from the people in the Provincial Auditor's office. It's been very helpful to Naomi and to Department of Finance in general. And we appreciate that. So with that, Mr. Chair, I'd just like to also say we're available to respond to any questions you might have.

The Chair: — And that's what we'll have now. Questions or comments from members?

Mr. Gantefer: — Thank you, Mr. Chair. And first of all, welcome to Mr. Boothe and officials. It's always a pleasure to have officials at this committee because I think it's both a learning experience, perhaps, for the departments, but it's very much a learning experience for ourselves as members of the

Assembly to be able to speak directly to officials.

The first thing that I want to note in the presentation of the auditor's report is that I think everyone would agree that the trends are basically all in the right direction. And I certainly recall from my past experience, looking at your recommendations, that in large measure I've seen them before.

And I would like to ask you — because I really want to understand — when do we get to a point where it becomes sufficient? I detected in your report that you were noting a great deal of progress on a broad range of fronts and indicators. I heard from Mr. Boothe that the goals of the department to provide — or his department on behalf of the entire government — to provide better and more complete financial statements is a shared objective.

And I wonder if you would — in terms of this recognition, you continue to bring up these recommendations. And I wonder when we get to a stage where enough is enough, are the departments scoring a passing mark — a C, a B or an A? And where do we get to the point where the auditor is sufficiently satisfied that these reports are complete enough so that you would actually report that there is compliance and that . . .

What I'm wondering — is there a measurable goal? Is there a target that everybody can agree to that needs to be reached or is this just an annual repetition?

Mr. Wendel: — Yes, Mr. Chair. As Paul Boothe was saying, we're certainly encouraging what the Department of Finance is doing. The government announced an accountability project. It's focused on government departments to improve their planning and their performance reporting. And they've begun. We're working closely with them to keep that initiative going. I think it's going to take time.

On the Crown corporations side, they're maybe a little further along. They've got the balance scorecard that you were talking about how they're going to measure their performance. And they're focusing in not only on financial performance but innovation and growths, public policy, and customer satisfaction. So you'll be getting information from them both on planned and actual results as time goes on.

But I think it's going to take time and commitment. The Department of Finance is now working on building capacity out from the departments to be able to do these things. We're encouraging that. And when we're out in the departments we're encouraging, as best we can, to do that but I think that this recommendation is going to be here for a while.

We'd certainly like the committee's support that this is where we should go in the long run. We think this is where you should go, but it's going to take time to get there. It's going to take a big effort by the Department of Finance to lead this, to build the capability out there. And there's still work to do at Crown Investments Corporation but they're a little further along. And possibly when the two groups have these good plans and performance reports, it may be possible at that time to bring them together and have an overall plan in that respect.

Mr. Gantefer: — Thank you, Mr. Wendel. I guess that I have

to be a little bit concerned that there's an understanding by everyone that the bar is set at a certain height, and that as the departments and the Crowns move towards being able to reach that bar, that the auditor's office isn't going to slide the bar up another couple of notches and this goes on in infinity. Because I get a little nervous that we end up getting so lost in the practical and the attainable in terms of some mythical goal; that it ends up a continuing source of frustration and sometimes initiatives and efforts that energies could be directed better else wise.

I certainly think that there needs to be a lot of the issues addressed, and I am pleased to hear that CIC is addressing them in large measure. I was pleased to hear Mr. Boothe indicate that that is a common goal. The question and the concern I have is that somehow a goal now that everybody is agreeing to as to how high the bar is not just from the department and or from the Finance department on behalf of the other departments and CIC, but also from the auditor's office. So that there is some common vision as to where we're going, and it doesn't just keep sliding up and it ends up being a perpetual recommendation.

Mr. Boothe: — Mr. Chair, I guess what I would say is I think it's hard to say that, you know, this is where we should ultimately end up. And the reason I say that is because public reporting is an evolving thing and we can do things now that we couldn't do in the past. And that's not just sort of technology that's changing but also just our understanding of how to manage public finances.

I think that it is safe to say that we're certainly — not yet, at least I think on the executive government side — at the point of diminishing returns. I think our project's well underway but I would say that my own view about when we would start to say, gee, you know, when we look across government this is pretty good, I think we're at least a couple of years away from that.

So I mean I think that I certainly wouldn't want to hazard a forecast at some point that the Provincial Auditor's office will declare total victory. I think that that's not, that's not their way and I wouldn't ask them to. But I think that we are probably, I think, about a couple of years away from saying, you know, we've made a lot of progress. This way of doing business is well established and then we're really talking about refinements. I think it is safe to say we're not in refinements yet. We're still building the building here.

Mr. Gantfoer: — Thank you, Mr. Chair.

The Chair: — Further questions? Mr. Montgomery, could I ask you a question on one of your graphs where you indicated the government's liabilities or debt. You indicated that the section identified as other liabilities had grown. If I look at the chart . . . I guess it's '91. It was 2.8 and now it's 4.1 — so an increase of a little over a billion dollars. On page 13 there the category is described as trade accounts payable, accrued interest and unpaid claims. Could you expand a little on that as to why an additional billion dollars would have accumulated over a 10-year period?

Mr. Montgomery: — An additional . . . In part . . .

The Chair: — From the 2.8 that I see in the graph?

Mr. Montgomery: — Okay. To 4.1?

The Chair: — In 1991 to 4.1? That's over a billion and I see the definition of other liabilities but I don't quite understand it . . . (inaudible interjection) . . . From 2.8 to 4.1 is 1.3 billion, correct?

Mr. Montgomery: — I guess we don't have a detailed breakdown with us on that but we will provide one to the committee. The one thing, one large component of that is unpaid claims, insurance claims, and one thing that they do is they tend to move along the lines with inflation so they will go up with inflation at least.

The Chair: — If I might expand on that. For insurance claims is there — I take it they could be either Workers' Compensation or they could be general insurance — isn't there a requirement for funds to be set aside for potential settlement of a claim? Because you're referring to this as a debt. In other words it's unfunded.

Mr. Montgomery: — We're not saying all of this is unfunded. That's probably where the confusion arises. For example, SGI (Saskatchewan Government Insurance) claims would be in here and they would be fully funded and as are, I think, all the other insurance claims.

So really what this graph represents is the government's liabilities. In broad terms that is what the government owes, and it includes trade payables, normal payables, unpaid claims and debt as well, and pension obligations.

So the only area maybe that was unfunded was the pension obligation.

The Chair: — And we have a chapter on pensions so I don't think we'll get into a discussion on pensions today. Ms. Lorje?

Ms. Lorje: — Well I think you're bringing up a really key and important point and I'm a little disturbed to hear the answer.

Leaving aside the unfunded pension liability question, which I think we can debate and discuss elsewhere. And it's sad that there are unfunded pension liabilities, but at the same time workers have the right to have a pension and I think we're dealing with those matters.

But when you look at the other category that you've got and you show that it's growing compared to 1991, the problem that we have with this is that that graph has then been used by members of the public, and indeed by members of the opposition, to wave around to say that the government's debt is growing. And when you say other liabilities are not unfunded — they are funded. In point of fact, the government's debt isn't growing, is it? It's creating an unfair or a false impression of what is actually happening, and I wonder why you would produce a graph that can be used for political terms that really doesn't bear any relationship to the government's liabilities?

Mr. Wendel: — Mr. Chair, the information is in there because it's one of the important measures that the Institute of Chartered Accountants says you should measure and it goes to what Ed was talking about earlier. The total debt has a bearing on the

flexibility on the government to increase its total debt.

Now a lot of times there's confusion as to total debt and accumulated deficit. You need to measure all of these things, okay. You need to follow the trend line for all things.

So when you look at the total debt, well, the government has obviously \$12 billion or \$11 billion worth of assets against that debt; that's how you end up with \$8 billion worth of accumulated deficit. So you need to look at all factors.

Ms. Lorje: — But you also need to look at not stepping into political minefields too, Mr. Wendel. And I think that your graph on page 13 has been used for crass political purposes, and perhaps you need to make more comments in your commentary to put that graph into context so that your office is seen to be independent and not pandering to some crass political purposes.

Mr. Paton: — Mr. Chairman, I'll make a few comments, maybe not quite along the same vein.

I think one of the things I would encourage the committee to look at is actually the financial statements of the province and to look at the statements in total. And I think Ms. Lorje has just pointed out simply that, when you look at any one line item or grouping of items, you don't get a full picture of the state of the provinces of Saskatchewan. And you know, the accumulated deficit for any particular year shows the total change in assets and liabilities for the whole year, you know.

Simply having more money on deposit in a financial institution could mean that you also have more debt. And if you look at one of those items and say the debt's going up, if you don't look at the opposite side and realize you actually have more cash in the bank, it can be misleading.

And in this particular instance just had it pointed out to me that, you know, cash and temporary investments for the current year, the year we're talking about, go up by approximately \$350 million. So while trade payables went up, so did the cash balance on hand, so did accounts receivable went up by approximately \$300 million.

So any time you single out one line item or a group of items, you get a misleading picture. And I encourage you to look at the total balance sheet when you're trying to understand the finances.

The Chair: — Could you then explain, either Mr. Montgomery or anyone, the chart on page 11 versus the chart on page 13? And you had both of them, I understand, in your presentation, Mr. Montgomery.

When you indicate by way of the bottom line or the bottom bar graph on page 11 that that's the accumulated deficit, from 7.9 in '91 to an 8.4, and then we see the debt from that same period of time is also almost nearly the same amounts. And I understand, I think, what you're saying, Mr. Paton, is we have to look at these two together. Is that correct?

Mr. Montgomery: — I can try to make that a little clearer if I can.

The Chair: — I want an explanation so that I can better understand this.

Mr. Montgomery: — Okay. The page 11, there's two lines there. The top line is the GDP. There doesn't seem to be any confusion on that. The bottom line is the accumulated deficit.

And if you remember I started off in the presentation with the description of what the annual surplus or deficit is. It's whether the government spends more or less than it raises in revenues. And then they . . . if you take all the years from 1905 and back, that would give you the accumulated deficit.

Well if you look at what we call maybe the balance sheet of the province, they have assets and liabilities. They're called financial assets and liabilities. This is the shortfall of the liabilities on the assets. In other words, they're on more liabilities than assets by an amount of 8.4 billion.

Now if we move to the graph on page 13, that shows essentially all the amounts the government owes: liabilities, trade payables, unpaid claims, pension liabilities, and bonds and debentures. And the government does have some assets that aren't here. So if we brought those assets into this graph, too, and somehow deducted the amounts owed, we would come back to the \$8.4 billion.

The Chair: — So that's my question, Mr. Montgomery. Because if I take Ms. Lorje's comments about the reasons for producing these types of charts, I think they're for better understanding, whether they're for political purposes or not, is a debatable amount. But if I see . . . if I saw another graph that would show the assets of the province, then if I just took a look at the year 2,000, I would see the asset of . . . somewhere you would show assets of 10 . . . I guess it would be about \$10.6 billion and that would compare to this chart here of debts, so that we could get an understanding that there's \$8.4 billion of an accumulated deficit.

Mr. Montgomery: — Correct. And really what we're doing when we do these graphs and when we were following these measures, we're following basically that research report by the institute of chartered accountants, which says there's certain things you need to monitor over a long period of time, for the three measures of sustainability, flexibility and vulnerability. So we tend to show those trends over a long period of time, and then you can see, or the readers can see whether those trends are meaning that the government's finances are becoming less sustainable, or more sustainable.

The Chair: — Thank you. Any further comments? Mr. Paton.

Mr. Paton: — I'd just like to reconfirm what I said earlier, is looking at that chart on page 11 does show the total picture of the province. And so if you're trying to centre in on the net change in assets and liabilities, it's the chart on page 11 that shows it. And it shows that the assets, or the net liability, decreased by 400 million during the year under question.

That number also is in agreement with . . . if you turn to page 35, these are the financial statements of the province of Saskatchewan and it shows that \$8.8 billion and \$8.4 billion, the accumulated deficit, at the bottom of the page. That's why,

as I say, I encourage you to use the financial statements of the province and look at the total picture, not just any particular component that you might want to draw some attention to.

The one thing that I would like to state is that the statements that you see in front of you, the summary financial statements, follow all of the recommendations of the Institute of Chartered Accountants. The information that the auditor prepares on page 13 is a different view than those recommendations. So our statements follow a set of accounting principles that are adopted across Canada; they are the standards and we follow them completely in these statements.

So, again looking at this opposite picture of total debt shown on page 13 isn't the way that is generally accepted in Canada. It's a different view and provides some different information, and I'd just caution you that it is . . . it's not an accepted standard.

Mr. Yates: — Well, Mr. Chair, I have some serious concerns on how the *Report of the Provincial Auditor* comes . . . is brought in and some of the charts that are used and then how that is used for political purposes without a full explanation. And I think we need to, in bringing down your reports, very clearly articulate how it should be interpreted in each individual case.

We have cases around the province where people are out there reporting in papers what you're saying about the province in your report. And because it is not clear in the report for them to be able to interpret it, it is not necessarily a reflection of what you're trying to say in your report. I think it's very important that when you're bringing down your report you review it in a manner to which people who don't understand accounting to the level that you do would interpret that.

And I think it's not necessarily . . . perhaps even the measure of doing it, I'm not saying it's being done wrong but the people who are interpreting it may not have any or very little understanding about the actual accounting principles and the practices and what's trying to be reflected in those particular charts. And they see a chart and they put a particular interpretation on it that may or may not be.

So I think it's really important to articulate very clearly in each of those charts what it actually reflects underneath in a very clear and simple language for those who don't understand it.

Mr. Wendel: — Thank you, Mr. Chair. Certainly we'll take any advice the committee wants to give us. And when we draft the next report next spring we'll certainly consider your comments and see what we can do to make it more understandable.

The Chair: — Any further discussions?

Mr. Gantefer: — Thank you, Mr. Chair. Mr. Chair, I think that this is a work in progress, if you like, and I'm very encouraged by Mr. Boothe's comments about the overall, I heard, commitment of his department to work with other departments to improve on this situation.

I also understand the broad direction that the auditor is trying to encourage us. And I didn't really hear disagreements from Mr.

Boothe in terms of that overall objective. Once we get a little closer to that, sort of two or three years or whatever down the line, I think there may come a time where we have to get more specific about saying, these are reasonable objectives to attain and the cost benefit analysis is worthwhile.

So it would be my recommendation that on the two recommendations in the auditor's report that really I think speak to the overall direction, I think that in both those cases that this committee has in the past, I think, should continue to concur with the broad objective. But I think it's important at this stage to note significant progress by the departments, and particularly Department of Finance in initiating their response. And also to note that we look forward to further progress in this regard as outlined by the deputy minister.

Mr. Boothe: — Mr. Chair, maybe I could just expand a little bit on the whole issue of progress, just to give you a little better idea of what we're talking about.

Basically what I think we have been working on, with lots of co-operation from the Provincial Auditor's office, is a system where individual departments undertake a rigorous strategic planning process. And also, as part of that process, develop concrete measures to see whether progress has actually been made. And that is the thing that I think . . . or the project that is well and truly underway but I think needs another couple of years to get to the point of knowing whether or not we've really got something that will improve the understanding of legislators and the public regarding what progress the government is making — not just on the financial side, but actually on the results side. And that's the thing that we're jointly working on.

But the other thing I have to say is there is an important difference of opinion between the Department of Finance and the Provincial Auditor's office. With respect to financial reporting, and this won't be any news to Fred, but basically I am of the view — and I think it's the government's view — that it may not be helpful to go as far as the Provincial Auditor wants to go on combining the description of the activities of executive government, the GRF, with the other things that the government is involved in — CIC and other.

And the reason I say that is because — and of course you have to recognize that my background is as a public finance professor, not as an accountant, so Fred and I come at this from different angles — but sometimes in my view the aggregating of information actually tends to obscure things that you need to know in the details. And I think that it would not be helpful at the budgeting side, you know, because you have the budgeting side, then execution, and then reporting side. It would not be helpful to aggregate executive government with CIC and others.

And the reason I say that is because I think that you, as legislators, would lose some of the detail that you really need to have.

Now I agree with Fred that it is worthwhile to do that on . . . when you get to the reporting end. And in fact that's what we do with the summary financial statements and those are the statements that the auditor has signed without qualification for a number of years now.

But I wouldn't want to . . . wouldn't want you to think that there was agreement at the budgeting end that both executive government and CIC and others should be aggregated. Because in my view, as a professional economist, we would lose information that's valuable to the Legislative Assembly if we went that direction.

Now I know that there's also some other concerns about the confidentiality of CIC or Crown Corporation information for competitive reasons. And I think you've heard that before; I won't go into that. But I think that there is value at the budgeting end so that when you go into the Assembly and you debate estimates, for you to have a separate budget for you to consider covering executive government.

So I guess I just want you to be clear. This is something that Fred and I talk about from time to time. I'm not sure we've changed one another's mind on it. We do have a lot of agreement on the whole performance management system, and that's the project that we're jointly trying to push forward. But in terms of the scope of budgeting, that's something that we still don't really agree on.

Ms. Lorje: — Thank you. And thank you very much, Mr. Boothe. Because very often I think this committee can inadvertently approve recommendations because we don't understand the fine nuances of some of these issues.

I share your concern as well. And I guess I'm coming more from the perspective of the Crowns and their need to have confidential information, their need to be able to be flexible in their budgeting process, and quite frankly their considerable progress in terms of their transparency and accountability. But it is a totally different ball of wax than is government line department operations.

So I was tempted initially to simply agree with the auditor's recommendations and note substantial progress. But then when I started reading it again, I think that we have to separate out the financial perspective and the operational perspective. And it seems to me that there is a consensus growing around this table both from the auditor, from the Department of Finance, and from both political parties represented here, that we are seeing substantial progress from an operational perspective.

I would say as a member of the government right now, that I do not agree that we should be combining our Crown Corporations budgets with our government line department budgets. And if that's what's meant by the recommendation no. 1 on page 18, I will not agree to it. I think that there is very substantial merit in having separate budget processes for our commercial Crowns.

And so I would hope that what the committee could do is note substantial progress in publishing overall operational plans, and also disagree with combining the financial statements for government departments and the commercial Crowns.

The Chair: — Any further comments?

Mr. Gantefoer: — I don't think we're disagreeing and I don't know if we're all trying to read more into this than we want or are appropriately doing. I appreciate Mr. Boothe's comments because I think that there is a lot of wisdom in his comments.

I didn't see that at odds with this overall, you know, direction and these recommendations.

Now it may well be that the auditor certainly has an underlying interpretation that's broader than what I was giving it when it said that, you know, that there's a broad overall plan. I think that is, by and large . . . I guess that's why I was asking the questions earlier. When are we going to attain, you know, the acceptable score on the scorecard?

I think by and large we're getting very close to that in terms of a broad, overall direction and I'm not suggesting in my mind, at least, that there is some comprehensive, one-budget process that goes forward by any stretch of the imagination. I think Mr. Boothe's comments of keeping the two things separate and being able to look at them in detail is important.

But that doesn't take away the idea of a broad direction that I think the government is largely moving towards. So I didn't find it. I guess it's all in the interpretation of what you read into this, I thought, pretty vaguely worded recommendation.

And that's why I'm also concerned that somewhere down the road as this project and detail on reporting gets more complete, that we can sit down and say, okay, are we now in our mind as a committee at a level that is a responsible balance between all these issues; and that that time we sit down and say, okay, Provincial Auditor, we believe as a committee that the broad, overall objectives have now been attained.

I don't think we're there yet because the project is a work in progress, and I think it was appropriate for us that we would concur in these broad recommendations that doesn't tie us down to specifics and note substantial progress as it's unfolding. Because it really is that. I saw the Provincial Auditor largely saying the summary financial statements are excellent and give the broad reporting part.

To have a broad, overall plan, I think, is going on and probably is largely reported now . . .

Ms. Lorje: — But, but Mr. Gantefoer. Very specifically, do you think there should be a single budget?

Mr. Gantefoer: — No.

Ms. Lorje: — Okay. So you want . . .

Mr. Gantefoer: — I don't think this infers that.

Ms. Lorje: — So you want to see continued separation of the Crown sector and the government sector?

Mr. Gantefoer: — Yes. I don't think this implies that. I think we're reading those things into it.

Ms. Lorje: — And I think we should ask the auditor what he thinks it implies.

The Chair: — I was going to ask Mr. Wendel to comment on recommendations as how he sees those recommendations followed by Mr. Paton, followed by Ms. Jones.

Mr. Wendel: — Yes, Mr. Chair. I don't see this as being the budget, as you think of it now like The Appropriation Act and the budget that comes forward. I think I see it as information to understand the overall government so that you can assess that budget when it does come down.

So it would be information to know generally, what the overall . . . how much money the government thinks it's going to be earning in the Crown corporation section in total for the upcoming year so that you can understand the whole picture.

But the actual budget that comes down, that would be whatever you have for the General Revenue Fund. You could still have your appropriation.

Ms. Lorje: — So you would see that it would continue to be separate, and that the Crowns would budget a certain amount that they would be contributing to the GRF, but not that the Crowns table their budgets in the legislature.

Mr. Wendel: — That isn't what we're proposing here, okay; but what we're talking about is an overall financial plan.

And I guess, if you want to take the summary of financial statements that Terry was looking at, they have a line item in the operating statement that shows how much money came in, the actual earnings of the Crown corporations. That's a total that comes in.

Ms. Lorje: — Right.

Mr. Wendel: — So what you could have is the expectations for the coming year overall from the Crown corporations. This is what we expect to earn in the Crown corporation sector.

Here is the rest of the government. Here's where overall financial plan is. And then you would have a General Revenue Fund appropriation, as you have now, where you appropriate money out of the General Revenue Fund per these government services. That's a separate item altogether. It just puts everything in context when you're debating the actual budget and the resource allocation decisions you're making on the General Revenue Fund.

You have an overall picture of the total . . . what the expected total financial condition that the government is going to be in the upcoming year.

Mr. Paton: — Mr. Chairman, I want to caution the committee here on this issue. What Mr. Wendel has just explained to me implies that the budget that you would get presented into the legislature might be different than what you currently are accustomed to seeing.

Currently you get the General Revenue Fund budget and there's different processes that the CIC, Crown budgets are approved. If you were to use the summary financial statements of the province as your model for your budget or your plan and introduce that into the legislature — whether you do it on a one line item or provide detail in regards to those Crowns — I think if you present that budget, there's an expectation that you're going to in some way debate that budget in the House. And I think it's difficult to introduce a plan or a budget, and then tell

various members of your legislature that they're not permitted to ask questions about that budget.

So on one side of me I'm hearing some of the members of the committee saying they want the process unchanged. I believe what I'm hearing from Mr. Wendel is that he is anticipating a changed process.

Ms. Jones: — That explanation makes me even more worried because if you make a projection on a Crown corporation, and through some unforeseen difficulty that doesn't happen, you no longer have a balanced budget which I find may require changes to balanced budget legislation. But my . . . that was just as a result of your comment.

But I want us to be very clear on what the auditor is recommending. And if you . . . as we want to look at the budget in its entire context and the meanings, I refer you to the bottom paragraph on page 17 which specifically criticizes us for only setting out the General Revenue Fund in our financial planning and goes on to say we think it should be a broader context.

So to me that means that doing it the way we're doing it isn't acceptable to the auditor. And I think we would be acting under a false sense of security if we accepted a recommendation that said we change on the notion that we really don't have to change. I think this is a recommendation for change, and based on all the information I've received today, I would be very uncomfortable agreeing to that recommendation.

Ms. Lorje: — Well it's as everybody always says, the devil is in the details. And it seems to me that the committee members are reading different detail than the Provincial Auditor is. And I am not detecting from committee members, and certainly I'm hearing from the government's side, that we do not want to see a change to the financial reporting mechanisms and the way that the budgets are presented at this time.

I think Mr. Gantfoer is right that there has been very considerable progress in terms of recording operational details to the legislature. But I do maintain that it is not the time, nor is it appropriate right now, for us to be rolling in the CIC budgets into the government line department budgets and having that reported to the legislature. We want to continue to see them as two separate . . . The current budgeting process appears to be serving the people of Saskatchewan well.

Mr. Gantfoer: — Thank you, Mr. Chair. I think this is an important issue that we attempt to get straight. I am not quite willing to say that exactly what we're doing now is . . . also meets the standard of where we should be going either. And to just simply disagree with the auditor's recommendation has the risk of implying that. I think that there's some — I don't know if the right word is middle ground — but some common sense approach to this thing that is necessary.

I believe that the points Mr. Boothe made are points well-taken in terms of . . . keeping the General Revenue Fund budget as a separate entity gives us an opportunity to look at these things in a great deal of detail, and I think that is, first of all, an important principle.

I think as well that there is an onus of responsibility on CIC that

I believe without having . . . you know, that this committee's mandate is to detail review that. But from what I understand from the auditor's explanation, even that there's much progress being made in CIC to — in the corporations — to outline their plans or objectives and recognizing issues of confidentiality and all the rest of it. And I hear that there is a great deal of progress there.

I think as well it goes without saying that in looking at either side of the equation — because it is somewhat of a 60/40 impact split — that you can't totally regard one without some consideration of the other. That if a year goes by and the prediction of the General Revenue Funds revenue sources are such that there is a planned expectation of a dividend from CIC, that is listed as a budgetary income planned source.

And without going into the details of how that number is attained, that is shown up when we do our estimates in terms of revenue. That that is a part of the explanation of why there would be a surplus or deficit on the books. So in terms of saying that we ignore that — we don't now; we have to consider it.

And if there are major adjustments, that does affect the potential deficit . . . or an operating deficit or not. And that is one of the options government has to access, to say instead of a planned dividend of X dollars, we might need X plus 10 or something of that nature. That goes on all the time, and it's appropriate that is done.

And so there is no escaping from the reality that there is a general broad look at what's going on on both sides or both arms, if you like, of the government. I would hope that there is concurrence in that.

In terms of taking interpretation that this all gets wrapped into one humongous budget process that is debated in the legislature in detail as we now do with the General Revenue Fund, I don't think is appropriate. And I've stated that. There are the two different venues for doing that.

But I think that the overall concept of encouraging government and the legislators to understand the overall picture of government is a broad objective that is worthy of support. I would like to see the process evolve a little further before I curtail that process.

I hear Mr. Boothe saying that in his department there's substantial progress going on. I also heard from the auditor that on the Crown side there's substantial progress going on. I would like to encourage that that progress continues without sort of cutting it off at the pass. And that's why I was prepared to have that broad concurrence with this, without getting into specific interpretations and noting the substantial progress, and look forward to this project moving forward.

Because I believe it's important that, first of all, it's happening — and it is — and that it's important for us to let it mature a little more before we come down too definitively on one side or the other of this thing. Because I think in broad terms we're in agreement, and I just don't want to somehow short-circuit the process because I think it's so important.

Mr. Boothe: — Mr. Chairman, I guess I would offer the following comments on this because I think that you've heard my views on the aggregation of the Crown sector with the General Revenue Fund and so you know my position on that.

And I guess the place that this . . . that if there is a worry about the recommendation . . . When we're talking about a financial plan, the Department of Finance reads budget. And that's what we do, right; we're in the budgeting business. So that's . . . that's certainly why, you know, we do have a little pause when we read this.

Now, just to be clear though, on the other end of the process, reporting, right, we have and are in agreement with the Provincial Auditor, and we produce summary financial statements every year which does that aggregation and are audited by his office.

So, it's really just . . . we do have some concerns about the aggregation issue and I've talked about that. Although you're absolutely right that there is a link between the CIC side and the executive government side, and that's the dividend, right. And that's what links one to the other.

But I guess what I would do is I would talk about this project in a different dimension. Different from, you know, the scope of the thing to be included in the budget, the entity to be in the budget, which is what we've just been talking about. But rather, a plan — and I think that this is an area where Fred and I agree — that when we're talking about budgeting it's our hope that down the road we can talk, not just about the financial side but also about what he calls the operational side. And that is the results; what we're going to get for this. And I think that that's something that we are hoping that within the next couple of years we'll be able to tell you whether we've been successful in actually moving the planning and reporting process forward, where the government's in a position to decide well, we can report explicitly on these results as well as on the finances.

So my view is that while there is some disagreement between us, continues to be some disagreement on the whole business of the scope of the budget to be presented by the legislature, and my view, as you've heard, is that they be kept distinct although recognizing the link between them. We do appreciate the encouragement and the help that we're getting from the auditor's office on moving this forward on the operational side, the result side.

Ms. Lorje: — Mr. Krawetz, I would like to try some wording to see if it captures the essence of the discussion that we've had and clearly responds to the auditor's report and also the concerns of the Department of Finance.

So I'm going to try reading this out loud and see if we could have committee concurrence with it. And that would be that we would note considerable progress on publishing the overall plans within executive government and the Crowns, and that we look forward to further progress. And secondly, that we disagree with the recommendation to move to government-wide financial planning and government-wide operational planning.

I'm trying to say we don't want to stop the progress of moving forward with the reports and the accountability, but let's clearly

indicate to the auditor that we don't feel that it should be aggregate reports.

And I think unless we're very clear about this, we're going to get continued . . . I mean we saw it in fall '96, fall '97, fall '98, fall '99 reports. It keeps coming back to us. And I don't think there is a taste on either the opposition or the government side, at this point, to combine the Crown budgets and the line department budgets . . . (inaudible interjection) . . . No, I didn't say anything about consolidated reports.

I said, that we would note considerable progress . . .

Mr. Gantfoer: — Yes, the second paragraph.

Ms. Lorje: — Okay, the second part would be that we disagree with the recommendation to move to government-wide financial planning and government-wide operational planning.

Mr. Gantfoer: — I guess my problem is I don't think you can get to a situation without government-wide planning. What I heard Mr. Boothe say, that shouldn't mean budgets and a consolidated budget; that we recognize there should be two independent budgets. But yet you can't do them in isolation of each other because of the linkage and because of the relatively significant impact of both sectors.

So I'm not splitting hairs on the wording, but I don't think that you just, you know, cut the line quite as deep as what your wording suggests.

The Chair: — While they're talking about wording, Mr. Boothe, a question to you. The criticism of government is that 40 per cent of the province's economy is in the hands of Crown corporations, and that the public doesn't seem to know about the plans of that 40 per cent until the annual reports are produced. When you talk about moving towards better disclosure, better financial plans, better operational plans, what do you see occurring in the Crowns, if indeed they're not . . . budgets are not brought together within government?

Mr. Boothe: — First of all, I just want to be clear and maybe Fred can help me here. What we're talking about was 40 per cent of government activity being outside the GRF, not 40 per cent of the economy.

The Chair: — Yes, right.

Mr. Boothe: — I mean that would be a big government.

But I guess the thing is that I would say that it is important for the public to know about Crown corporations. But when we're looking at this, we have to make a distinction between the planning part and the reporting part — planning at the beginning of the year, if you want to think of it that way, and reporting at the end of the year.

Certainly I think that the public needs to have the reports on the performance of the Crown corporation. But basically the Crown corporations are companies and they're increasingly competing with other companies out there in the marketplace. And so revealing their plans in detail may put them at a competitive disadvantage.

So I'm not sure that the public would be well served if the Crown corporations were forced to reveal their plans in advance when their competitors were not. But certainly they should be — not forced — required to report on their results because their shareholders are the public.

I guess that that's what I would say about the Crown side. The other thing I would think about is I think that it is important to have a very clearly defined link between the Crown side and the government side or the executive government side for management purposes. And I'd like to just explain why I think that.

You know, one of the things that characterizes public finances in Saskatchewan is that we have extremely volatile revenues. Just on the government side, we have extremely volatile revenues. We're a commodity-based economy, plus we have federal transfers which in principle are supposed to reduce the volatility, but in practice don't always.

And one of the things I think is the . . . is got to be the goal of good public financial management is to make sure that the volatility on the revenue side is not transmitted into the expenditure side. Because you want to have stable, predictable funding for core public services. You don't want education funding to be going up and down every year when the price of oil is going up and down.

One of the things . . . so, you know, we try to think of strategies to make sure that we can maintain stable expenditures even though we are, after Alberta, the most volatile province on the revenue side. Because Crown corporations operate in the market place and are subject to all the ups and down of any business, I think that it's wise for us to link the two via the dividend, right. Because that prevents the transmission of the volatility in, you know, Crown activities, which comes from operating in the market place to the expenditure side of the budget.

So, I guess what I would say is it's important to report on both, and also to aggregate them in reporting to get the overall financial picture. And that's what we do in the summary financial statements; we agree with the Provincial Auditor there. We don't think it's wise to force Crowns to reveal things that their competitors don't in the planning stage, and plus we also think that it's valuable for members of the Assembly to get a separate look at executive government's budget because that, I think, is what you're . . . one of the things that you're directly responsible to your constituents for.

Ms. Lorje: — I did try to suggest some wording and, quite clearly, I haven't yet captured all the nuances of the discussion that we've had. So what I would suggest is that we take a five-minute break so that Mr. Gantfoer and I can consult on the wording. And after five minutes we can come back and perhaps we can propose a resolution to this issue that will be mutually satisfactory to all parties.

The Chair: — Any disagreement with that? Recess for five minutes.

The committee recessed for a period of time.

The Chair: — Let's reconvene. And have you had the opportunity to reach some consensus?

Ms. Lorje: — Mr. Krawetz, I want to say first of all that I think we've made a lot of progress today and yesterday developing more of a consensus-oriented approach in this committee rather than an adversarial approach. And we're dealing with some very important issues, and finding points of agreement on both the opposition and the government side.

And I would like to thank the opposition for their spirit of collegiality and co-operation. And I do appreciate the fact that we are, all of us together, working in the best of interests of all people of Saskatchewan.

During the break, Mr. Gantfoer and I had some considerable discussion and attempted to provide a distillation of what we feel is the overall thrust that the committee wishes to recognize with respect to these two recommendations that we're dealing with. And so I would like to propose at this time a motion that I believe should have unanimous committee endorsement. And I will read it into the record, and it would read as follows:

First that:

The committee notes considerable progress in the matter of government reporting, and further recognizes there is ongoing work in CIC and executive government on strategic planning and performance measurement.

Secondly:

The committee also recognizes there is an appropriate separation between CIC budgeting and Executive Council budgeting, and further recognizes that these budgets are linked through the CIC dividend. The committee believes this is an appropriate budgeting process.

And I would so move.

The Chair: — You've heard the motion. Is there any need for me to reread it? Any discussion of I think the two significant sections to the motion? Any comments? Questions? The motion is before you. All those in favour? Opposed? Carried.

As previously agreed that at 11:30 when we were . . . and I do want to indicate to officials from both the auditor's office and the Department of Finance, your co-operation in coming at such a short notice and helping us work through this for the last two hours. And as we agreed, we said that 1:30 would be adjournment time and we're nearly there, so I want to thank you for attending.

The other parts is we had some discussion about setting our next meetings and that would be in the new year, 2001, in January. And that we will look at the week of the 8th of January. There will be two days in that period of time that we will tentatively suggest that the dates will be the 10th and the 11th and that will be with discussion with Ms. Lorje, yourself, and myself as we get into that first week of January to ensure that we can confirm that for both the auditor's purposes to make sure that we have officials available.

And the other question will be of course, is the material and I think that needs to be discussed between us.

Ms. Lorje: — Mr. Krawetz, I checked with my office and I have a conflict on the morning of the 10th, so perhaps we could meet in the afternoon of the 10th?

The Chair: — And the full day of the 11th?

Ms. Lorje: — And the full day of the 11th.

The Chair: — Similar to today, which will allow members to drive in. I think that would probably acceptable to most anyone.

Okay, so tentatively we'll suggest that our next meetings are on the 10th and 11th, beginning in the afternoon of the 10th and the full day of the 11th.

Before entertaining a motion for adjournment, I want to wish each and everyone of you a very Merry Christmas and all the best during the holiday season. Come back refreshed and ready to proceed with the work of Public Accounts.

The committee adjourned at 1:24 p.m.