



Standing Committee on Public Accounts

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2001**

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Lyle Stewart
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Milton Wakefield
Lloydminster

Hon. Mark Wartman
Regina Qu'Appelle Valley

The committee met at 09:00.

The Chair: — Good morning, everyone. I'd like to call our Public Accounts Committee meeting to order and indicate that of the government members, we have Mr. Yates in for Ms. Higgins this morning and we have Ms. Hamilton in for Mr. Wartman. And on the opposition side we have Ms. Bakken in for Mr. Stewart.

I'd also call on Mr. Wendel to introduce people from the auditor's office, first of all.

Mr. Wendel: — Well thank you, Mr. Chair. We have several people here. We also have someone here from Deloitte & Touche. We have John Aitken from Deloitte & Touche; we work with John to do our work at the Workers' Compensation Board. Rodd Jersak, who attends all our meetings and coordinates our activities here. Brian Atkinson over there. And Bashar Ahmad who leads our work at Workers' Compensation Board, who will be making a presentation to you.

The Chair: — And from the comptroller's office?

Mr. Paton: — Good morning, Mr. Chair. I've got Chris Bayda with me from the financial management branch.

The Chair: — I'd also like to recognize a former Member of Parliament in representing Saskatchewan, Mr. John Solomon, as a guest here this morning. Welcome.

The agenda was circulated to you dealing with the items that we think we have to deal with today, recognizing a couple of committees that we will be asking to make presentations to us. And since that agenda has been circulated, there is a request from an opposition member to add an item dealing with the Information Services Corporation to this agenda.

Discussion about amending the agenda or adopting the current agenda? Agreement?

Mr. Yates: — I would move that we allow the amendment to the agenda.

The Chair: — Okay. There is a motion by Mr. Yates that the agenda be amended to include a discussion of ISC or Information Services Corporation of Saskatchewan. Any discussion? All in favour? Opposed? Carried.

That'll be the first item that we'll deal with before we move into the discussion on workers' compensation. And to that, and I think all members have received by way of a copy that was cc'd (carbon copy) to Mr. Harper as Vice-Chair, and to myself, they've received the two-page letter from Mr. Wall, who sits on the Crown Corps Committee from the opposition side.

And with your permission, members, I'd ask Mr. Wall to take his place at a microphone before us and to help us in discussion of his letter. Mr. Wall, please. The letter is before you and I don't think there's any need for me to reread it. Every one of you, I'm sure, has read the letter. And I'd ask Mr. Wall to make comments on that letter as to reasons for your request, Mr. Wall.

Mr. Wall: — Thank you, Mr. Chairman. And thank you to the members of the committee for the opportunity to add this to the agenda and have this discussion of the letter that I wrote to the Chair and, through him, to all of you on November 29 of this year.

And certainly the issue that the letter is detailing is one that'll be familiar to members. It has been an issue of interest to not only the media but the people of the province, especially those that are stakeholders in the land titles system of the province and in the need for an automated system. The letter makes a very specific request of the committee, Mr. Chairman, and that is detailed on the second page and it's pursuant to section 16, sub (1) of The Provincial Auditor Act.

And the questions are there for all to read them and I don't think I need to read them again except that I would, with your indulgence, Mr. Chair, maybe make a case for why it would be the Provincial Auditor that might serve us best in terms of getting to the bottom of these issues in a timely fashion. As I've indicated, the request that we've made certainly is in line with The Provincial Auditor Act, and the section 16, sub (1) that I talked about earlier is also detailed in the letter for people to read.

I think with the ... certainly the Provincial Auditor is accountable to the Members of the Saskatchewan Legislative Assembly, and then of course through them to the people of the province. And this particular issue concerning the creation of a new Crown corporation some years ago, whose budget has literally gone through the roof in terms of the amount of money that was originally targeted to develop this new land system, is one which I believe the Members of the Saskatchewan Legislative Assembly should have a special interest in.

And some of the questions that we've asked, I should say all three of them, need to be answered, I believe, in a timely manner because of the recent revelations from November's mid-term financial report that in the last nine months the debt of this new Crown corporation — that by the way is still not delivering what it said it would deliver and a number of deadlines have been rolled back, including the Regina rollout which now we hear may be ready to go ahead next week but certainly is off from its original rollout date — but in the last nine months the debt of ISC, of this new Crown corporation that is yet to deliver the product as it was mandated to and as it committed to, has increased by 80 per cent. And that's even more stark when you consider that we're talking about \$22 million.

Also of interest, what came out when we originally sent this letter and notified the media of our intent to do this, Mr. Chairman, you may recall that in conversations with officials at ISC, the media were able to disclose to the people of the province that the reason given by ISC officials for not detailing the \$22 million worth of debt early in the budget document last March, in the statement of debt for the Crowns, the reason they gave was that they were going to search for this \$22 million elsewhere, and indicated that that certainly was a conventional practice of all the Crown corporations, that Crowns were free to do that.

I understand anecdotally that other officials at CIC (Crown Investments Corporation of Saskatchewan) have indicated that, no, that that's not the normal practice, that Crowns don't do it to that extent in terms of the percentage of the Crown's debt. It isn't a routine situation. And so we also would be led to believe to understand, although we can't confirm it because ISC won't confirm it, that somebody had to turn them down for that \$22 million in either debt or maybe even equity; we're not sure.

And so they had to find another source for the \$22 million and came back to the General Revenue Fund of the government, thereby increasing the debt of the corporation — the 80 per cent I mentioned — in only nine months, remembering still that there is not a product, that our land system is not automated, that the Moose Jaw area apparently, while it is attempting to work out its bugs, still has many bugs. And we hear about them every day in our offices.

So with those brief remarks, Mr. Chairman, I would just encourage members of your committee to allow specifically the Provincial Auditor to do this work, to do a special investigation, so that the results of that can be reported back to your committee. And I wouldn't presuppose to determine timelines for your committee but I would make a suggestion even, that that report be made available to you and therefore to all of us as members within 90 days.

And thank you for the opportunity.

The Chair: — Questions or a discussion of Mr. Wall's comments? Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would just like to share with your committee a number of issues I think that need to be taken into consideration as we make this decision. I think most appropriately it should be noted that the Provincial Auditor will be releasing a report next week in audit of ISC's management processes, which may or may not answer some of these questions. We don't have that report in our hands at this time.

We share Mr. Wall's desire to have these questions answered. There is no doubt about that. We think that, having looked at this in some detail, that there is probably a more efficient way to get this done in the most timely manner, to get these questions answered.

As Mr. Wall would know, the Crown Corporations Committee meeting is meeting Monday and Tuesday and ISC will be on the agenda on Tuesday. As well, we have set aside two full days, January 8 and 9, where ISC will be before the committee and that all members would have the opportunity to ask any questions of those officials when they're before the committee. As well at that point we will have the auditor's report. We will know what the auditor's report now says.

So when we looked at . . . got Brad's letter and then looked at it and asked some questions ourselves, the most efficient way to have this done and reported in the most timely manner, we believe would be to refer these three questions to the normal year-end audit process, amend the audit plan at ISC, and have these questions answered in this year's annual report.

And that is done by Deloitte & Touche, supervised by the

Provincial Auditor. Then in a very short time frame we can have the full answers to these three questions. And I am prepared to on Tuesday make a motion amending the audit plan of ISC . . . recommending an amendment of the audit plan of ISC in order to have these questions answered in a timely manner and go through the normal Crown Corporations process.

Mr. Wall: — Thank you, Mr. Chairman. I think the intent of what the member for Dewdney is saying is something that would be interesting and that might indeed get the answers that we're looking for.

There's a couple of concerns. One, just generally the timelines and the time constraints around auditors and around the annual reports for these Crown corporations. If it's part of the normal annual report filing by ISC as audited by its auditors, it may not be . . . and more specifically the questions that we will be allowed to ask as members of the Crown Corporations Committee could be out of order if they don't fit in the timeline, if they don't fit in that particular year.

And as long as there is a commitment, a solid commitment from all members that we won't limit the questions that we have of this corporation and we won't limit the scope of their own auditors — if that's what the committee decides, it's the corporation's auditors to do the report — but as long as we won't limit in any way those auditors in terms of the time or the questions that we're allowed to ask as members.

Because obviously the problems in this Crown corporation stem back to its founding. I know there's been many questions asked of me about how the tendering process had selected, or the RFP (request for proposal) process had selected the firms and short listed the firms that were to deliver the software in the first place, and to deliver the system effectively.

So I would be very concerned, Mr. Chairman, with the suggestion from the member for Dewdney if it indeed limits our ability to look at the questions, these three questions in terms of any time constraints or any given year.

The Chair: — Mr. Yates, any comments on your thought as to — you indicated that you would be asking for an amendment — as to what that amendment might contain?

Mr. Yates: — Well we would move a motion on Tuesday, and hopefully supported by the member from Swift Current, amending the audit plan of ISC to include these three questions. And at that point we would expect, at the annual report tabled in the Assembly, that these three questions would be answered as part of the normal audit process.

And on Tuesday we would expect, when we have ISC officials before us, the members of the opposition to have a number of questions that they would like to have answered on this issue. As well, as I've indicated, we have set aside already January 8 and 9 by mutual agreement of both sides to have ISC before the committee and we would expect at that time a continuation of discussion about the report coming out from the auditor that they've already done about ISC and these further questions.

We do not . . . We expect very clearly that we'd have to have

this discussion about these questions, and an explanation done verbally as well as the audit was done.

The Chair: — One of the other questions I think that Mr. Wall has asked for is restriction of discussion on the given year. The report that the auditor will come out with will be based on the previous year's activities.

Is that scope limited to just that year, as Mr. Wall has questioned? I think he's asking about whether or not we're going to . . . the committee — your committee as Crown Corps — will be allowed to talk about previous years' information.

Mr. Yates: — We will have a full discussion about both the report the auditor is coming out and of course the questions that are asked, which may take into scope previous to the annual report. I'm not sure. That will come out in the information.

If he's asking, are we going to shut the conversation down or . . . the answer's no. I don't know whether his questions go back into previous years prior to 2000 or he's talking 2001 information. But the answer is we're going to have a discussion on this issue on those three questions.

The Chair: — Thank you, Mr. Yates. Before we go on for further discussion, I'd like to ask Mr. Wendel to make a comment, who is the auditor who has made the report. And I guess we're supposing that there might be a chapter on ISC, so let's maybe ask Mr. Wendel to indicate whether or not that indeed will be coming before us and when it will come before us.

Mr. Wendel: — Thanks, Mr. Chair. Yes, in the Spring 2001 Report we had a chapter on the Information Services Corporation, and in that report we set out our criteria for auditing the project management practices of Information Services Corporation as it relates to the implementation in Moose Jaw.

We've finished that audit now, and that audit and the results of that audit will be in our Fall 2001 Report that's coming out on December 13.

The Chair: — Any comments about Mr. Wendel's comments or some of the . . .

Mr. Yates: — I just want to make it very clear. After the auditor's report is tabled, which we will not have for next week's meeting but January 8 and 9 we definitely will, we are prepared to have a full, wide discussion including your three questions and issues. There won't be any trying to block any particular questions or any discussion, because ISC comes from a departmental source into a Crown corporation and there may be issues that come during that transition that aren't in the 2000 year that you'd want to discuss. And I don't see that as being any problem at all.

The Chair: — Mr. Wall, do you have further comment?

Mr. Wall: — Well just to clarify because if what I'm hearing from Mr. Yates is what I'm hearing, then we can have the kind of discussion that we're . . . we had requested and we can get some to the . . . we can get the answers to these questions.

If we have an assurance that questions dating back to the inception of the corporation through until today will not be ruled out of order by the government member that chairs the Crown Corporations Committee when indeed . . . and, and that the auditor, the corporation's auditor and its annual report won't be restricted also from making comment on anything it may want to comment on stemming back to the inception of the corporation.

Mr. Yates: — We have no intention not to allow those full discussions and sharing of the information and understanding what's occurred over the years. I think that's part of the process that needs to be done.

The Chair: — Any further discussion or any comments from any other members?

Mr. Wakefield: — Thank you, Mr. Chair. And I'm encouraged to hear some of the dialogue that's been going on. I think this issue with Information Services Corporation is very important. There's a lot of money here. There's a lot of increased debt from the original intention.

I don't want to cover Mr. Wall's summation but I really think that the request from Public Accounts is quite important. And, Mr. Chair, I would be prepared to put forward a motion regarding the direction to the auditor from this committee if it's in order.

The Chair: — Do you have a motion that suggests what you might be leading to?

Mr. Wakefield: — I would be prepared to move, Mr. Chair:

That pursuant to section 16(1) of The Provincial Auditor Act, the Standing Committee on Public Accounts requests the Provincial Auditor to perform a full investigation of the spending of the Information Services Corporation with a view to answering the following questions . . .

And the three questions are the same as in the letter:

Why has ISC's debt increased to 55 million?

What is the total projected cost for the land titles automation project and how does this cost compare with the original budget?

And, three, is ISC meeting its stated objectives in terms of cost, implementation timelines, and marketing of the land titles system . . .

Etc. I'm prepared to move that.

The Chair: — The gist of Mr. Wakefield's motion is as per the letter with requests the Provincial Auditor to perform the audit. And I think we've heard some comments from Mr. Yates this morning that might suggest something different. Are there any discussion or continued questions of this motion that's now before you?

Mr. Yates: — Well I think we have a shared desire to get the answers to the questions. The most expeditious way to do this is

to add it to the normal audit, year-end audit process and get this before the members of the Crown Corporations Committee in the spring.

And so for those reasons, I would have to speak against the motion, not against the intent of the motion, but against the process that gets us there. Because if we have that motion before us, it limits then our ability to have the free discussion I'd like to have next Tuesday and on January 8 and 9, and get to the bottom of, you know, the issue and have these free discussions — get the information out and have these discussions. Because then we'd have the provincial . . . we'd be waiting for the Provincial Auditor's report which may take months.

I think the other process meets Brad's desire to get the information out and deal with it. And I think we both have that desire. And I would prefer that we did it . . . refer this to the Crown Corporations Committee.

You have my undertaking, we'll make that motion on Tuesday. ISC officials will be there, report will come out I believe Thursday next week. And we have two full days set aside, January 8 and 9, where we can have a full discussion about ISC and questions answered, and laying out the history, where ISC has been, where it's going, where it is today. And I think that accomplishes the desired goal.

Mr. Wakefield: — Thank you, Mr. Chair. And I agree that we want to accomplish that desired goal. What I'm trying to do is to make sure that this information comes back to Public Accounts through the Provincial Auditor. And I think that that has to come back here as quickly and expeditiously as possible. And that's why I moved that motion with the Provincial Auditor involved.

Mr. Yates: — I would just like to remind members, the Provincial Auditor has a report with a section on ISC coming out next week. He's already undertaken an audit of the project practices of ISC. And we don't know what is contained in that audit. It may well answer some of these questions — we don't know that. I can't presume to understand what's in something I haven't seen yet. And then we'll have that freshly in our minds and be able to ask the questions. I clearly think that the other process will be more expeditious, we'll get to the answers more quickly, and we'll get the information before the Crown Corporations Committee more quickly.

Mr. Wakefield: — That's certainly the objective. When I heard Mr. Wendel discuss his . . . the audit that he's done, he was talking about management practice. I think we have to get further into it, and that's why I felt this motion was important at this time.

The Chair: — Mr. Wall. Comments?

Mr. Wall: — Just a comment. Of course you can't vote on the motion that's currently before the committee, but if I may, as the author of the letter and the member who perhaps started the ball rolling and now we see a situation where the government is thinking at least in principle or intent in the same way that they . . . that we are when we drafted the letter.

But I just wanted to point out for the committee as the person that's making this request that my clear preference would be for the auditor and I think our . . . it would serve us better as members if the Provincial Auditor does this because, you know, there is no question that the audit will be all-encompassing and I'm sure will be proper — the audit that's done by the corporation's auditors. There's not . . . I have no doubt of that.

However, I think that the situation with ISC is so unique — the amount of money that has been overspent, the amount of money that has been over-borrowed based on projection is so significant, the fact that the product remains undelivered to this day is so unique in terms that what . . . if you look across government that it warrants a separate and independent look by the officer of the Legislative Assembly best equipped to do that.

And that's why I would just urge members to support Mr. Wakefield's motion, because I think it captures the spirit of what we're hoping for in the letter that we drafted that raised this issue.

Mr. Yates: — Thank you. I have two questions of the auditor. It's my understanding in corporations like ISC that the Provincial Auditor is . . . participates in the . . . and reviews the audit process.

And secondly, we keep getting referral that ISC is significantly over budget. And I guess we haven't actually come to that interpretation yet, because we don't know all the facts, and that's an interpretation of what's occurred. We need to — one of the reasons I think we need to get the report next week is to have a clear understanding of what was perhaps in the original budgets, and what's been added on to the project, and all those things that aren't clear that need the full discussion at the earliest possible date. So could you clarify for us whether . . . if it's over budget, and as well what role the Provincial Auditor would play in the regular year-end audit.

Mr. Wendel: — Our responsibilities are the same for all Crown corporations that have appointed auditors. We are involved in the audit, are responsible to this . . . to the Legislative Assembly for ensuring that, you know, that the financial statements are reliable, have proper systems and practices to safeguard and control resources they have under their control, and are complying with the law. And that's our objectives when we go in and we work with the appointed auditor to achieve those objectives.

Mr. Yates: — Right. So would it accomplish the same goals doing it by amending the year-end audit plan as putting a special audit process in place?

Mr. Wendel: — That audit that we do, the general work that we do, has some objectives that are laid out. These objectives may be slightly different, okay, in that we would have to go and be very clear on what it was that you wanted to know about these things. And we would then have to work with management to make sure . . . and the board to make sure we understand completely what the objectives are with these questions. Like these are not . . . these are broad general questions. I need to be very clear on what you're expecting from us so that I can answer those questions.

And so if you want this done I would have to go through this, work with the appointed auditor, work with the board, okay, and bring back the objectives and say, is this what you need? Will this solve your concerns? And I'd be certainly prepared to work through the regular audit process, the special investigation. I just want to be sure that what we deliver is what you're expecting. That's what I would want to be satisfied of.

The Chair: — Just for the record, before I go to Mr. Yates, the appointed auditor for ISC is Deloitte & Touche. I don't believe that we've mentioned that name yet so that it is on the record but that is the firm that does that work for us.

Mr. Wall . . . or Mr. Yates first, by the way. Sorry. Mr. Yates and then Mr. Wall.

Mr. Yates: — I just want to clarify. It can be done through the normal year-end audit process if we amend the audit plan to include these three questions. And would there have to be some fleshing out in the Crown Corporations Committee meeting as to what this specifically means but it could be done for this year.

Mr. Wendel: — . . . more clearly identify the objectives — what is it you expect? And certainly we'd be prepared to work with Deloitte & Touche and do whatever procedures we think we have to do besides, because in the end . . . (inaudible interjection) . . . I have to step to the plate at the end.

Mr. Wall: — I think the kind of back-and-forth process that the auditor just outlined in terms of the initial part of this process, if Mr. Wakefield's motion is approved, is exactly what we're after.

Your committee is well equipped to work with the Provincial Auditor, as his office in turn works with the appointed auditors, to make sure that we are getting the answers to the right questions.

You know, the more we sort of put it off to different parties, the more we allow Crown Corps some informal latitude . . . Crown Corps Committee members some informal latitude to ask questions beyond the year currently under consideration, you know, the more removed we get from direct involvement as members, the less likely we are I think to get the questions that we . . . or the answers that we want answered by the intent of this letter.

So I don't know why, when even the auditor has laid out a process that's clearly workable and straightforward, if all of the members of this committee agree with the intent of the letter and agree with perhaps a deadline of 90 days to accomplish Mr. Yates' concern about getting it done in an expeditious fashion, why wouldn't we just be able to proceed from this point with the process the auditor has just outlined and get this work underway if we're all interested in finding those answers?

The Chair: — Any further discussion on the motion before you?

Mr. Yates: — Well one of the key concerns is being able to have those full discussions prior to the auditor's report. And the ISC now being a Crown corporation fits within the purview of

the Crown Corporations Committee.

And we would like to have those full discussions January 8 and 9 and give you and other members of the opposition the opportunity, as well as the government members, to fully understand the issues. And if we refer this from the Public Accounts Committee to the Provincial Auditor instead of from the Crown Corporations Committee, then it becomes an issue whether we should or could have those full discussions that we should have on January 8 and 9.

Now if we refer this issue to the Crown Corporations Committee and we make a motion next week to do this, through the year-end audit process — which includes the Provincial Auditor — it allows us to have those full discussions about this issue prior to the report coming down.

The Chair: — I'd ask Mr. Paton for a comment, please.

Mr. Paton: — Mr. Chairman, if I could just remind the committee of the recent amendments to The Provincial Auditor Act, that might help in this deliberation.

In the spring when you looked at The Provincial Auditor Act you recommended an amendment to the Act where whenever the auditor reports on the issue as it relates to Crown corporations, that those reports are automatically referred to the Crown Corporations Committee. So even if this committee were to, I guess, request that the work be done, it is going to end up in the realm of the Crown Corps Committee. So you might want to consider whether or not it's appropriate to involve them at an earlier stage rather than a later stage since they do have the, I guess, the legislative mandate to review the report that you're referring to.

The Chair: — Mr. Paton, could you also clarify though that, as a Public Accounts Committee, if there is public funds involved that it still would be our responsibility as a Public Accounts Committee as well if that was deemed necessary by this committee.

Mr. Paton: — I think the intent of the legislation was to provide for a division between those responsibilities where, you know, departments and other agencies normally report to this committee. And that's the work that you've been doing during the last few months.

And most issues, as they relate to Crown corporations you've deferred debate on it, and before the legislation was in place you intentionally deferred the debate so that Crown Corps could deal with it and you would avoid the duplication. You made the amendment to the act to allow the Crown Corps to properly deal with all Crown Corps issues.

The Chair: — Thank you.

Mr. Wall: — Just one comment on that point. We're dealing here, and I think it was Mr. Yates that pointed this out quite rightly, we're not dealing here with a Crown corporation that has ever been thus. You know, we're dealing with an agency that was clearly part of a line department of the government when it was first established, and when the plan for an automated LAND (Land Titles Automated Network Development Project)

system was first developed by the government. So here is this very unique Crown corporation that had its origins as a department.

And I would suggest to the committee that it is . . . that's also why it's a perfect candidate for a special investigation by the auditor, in addition to the fact that the circumstances surrounding this particular Crown — in terms of the debt overages that we see and the fact the product hasn't been delivered on in anywhere near a timely fashion — those two things, I think, speak well to this committee directing a special investigation by the auditor.

This is a Crown that began as a line department. And as I said, we don't want the investigation or the questions that members may have on either side to be restricted to any one given year — or even to have the opportunity for those, if some sort of informal commitment is forgotten.

Why not have a full and broad look . . . special investigation of this particular corporation from the days when it was a . . . began as a line department to now, when it is a Crown? That's what we're after. That's, I think, how we're going to get the answers to these three questions.

The Chair: — Any further questions, comments? Mr. Yates, you have a motion for us?

Mr. Yates: — I would just like to reiterate that we share the concern and want to have these questions answered, and we want to do it in the most expeditious manner we can. But we also share a concern that this is truly an issue of the Crown Corporations Committee and that there is division of responsibility between provincial departments of government and Crown corporations. And we would like very much to see this dealt with in the appropriate process through the Crown Corporations Committee. And we would seek the support of the members opposite to keep those divisions of power, and clearly, we set two committees up for very important reasons over the years and we retain that ability to keep those issues where they are most appropriate.

And we would like to have those full discussions and we'd be able to start as early as January 8 and 9. Next Tuesday have some preliminary discussions, obviously, and some questions answered but until we can get into a great deal of depth, I think we have to have the auditor's report. We have basically two and a half days — half a day next week set aside and two days in January where those questions can be fully asked and answered.

And so I would hope that we would get support of members opposite moving this to the Crown Corporations Committee.

The Chair: — There's an item that maybe needs to be clarified at the Crown Corporations Committee because normally I think, Mr. Wall, you've identified the annual reports that have been discussed at Crowns and there the annual report for a very, you know, finite period of time, the annual report is based on a fiscal year.

Now Mr. Paton has pointed out that we've adopted a different policy regarding chapters that come from the auditor's report that are now being referred to Crown Corps. And I've just

questioned Mr. Wendel as to whether or not, you know, this allows discussion of the chapter in a broader scope, whether it just deals with the year or whether it deals with the questions that you've identified. And his comment he's not sure what the parameters are of the Crown Corps because this is, again, is something new. Crown Corps used to deal with annual reports. Now Public Accounts Committee is saying, besides the annual reports, you're going to deal with the chapters that are relevant to CIC Crowns.

At the moment we don't know what those parameters are and your question is whether or not you'll be allowed to ask the questions of previous information. That needs to be clarified, I think, by Crown Corps. And that's something, maybe, that as a committee . . . as committee members you need to do that first-hand next week to ensure that now your parameters are very similar to Public Accounts because of the chapters that we're referring to you on our behalf, actually, is . . . am I right, Mr. Paton, is that how you would explain it? Mr. Paton is nodding his head in agreement, even though we can't hear that . . . yes, and that's a good thing.

So I'm not sure that, you know, you're both . . . I think you're both headed in the same direction, other than that now we have some discussion as to whether or not there should be a very specific project, very specific plan that we are requesting of the auditor. I think that's the difference between the discussion I've heard from the government members and what I've heard from opposition members.

Further comments before we move to the resolution?

Mr. Wall: — Just one final one, Mr. Chairman, thank you. And I guess, you know I'm going to try . . . I'm going to do this again and it may be repetitive, but Mr. Yates who serves on the Crown Corporations Committee may want to take this opportunity then, notwithstanding what happens on the question because I've already stated what I hope the committee does with the motion of Mr. Wakefield.

But you know, we're not here . . . Mr. Yates is certainly a member in good standing on the Crown Corporations Committee but he's not the chairperson of that committee. We certainly don't have any formal commitment today.

And I'll just ask him again, because of course it will be recorded in verbatim transcript, I'll ask him again to assure, to assure this committee, and through it the Crown Corps Committee, that there will be absolutely no restrictions in terms of timeline and/or subject matter for the discussion and for the vetting of these three questions at any particular Crown Corporations meeting, be it the one coming up next week or those in January that deal with Information Services Corporation.

Mr. Yates: — Yes, Mr. Wall. As you may be aware, I am the Vice-Chair of the Crown Corporations Committee and this discussion has occurred with the Chair of the Crown Corporations Committee. It is our intent to next Tuesday, as I made an undertaking to make this motion, to have ISC officials there to refer these three questions to the regular year-end audit process, to amend their audit to include these three questions.

I believe those discussions have already occurred among some officials because we talked to ISC about whether . . . what's the most expeditious process to get these questions answered, right?

We are fully prepared to have that discussion, and I don't know what other assurance you would like or want. On next Tuesday we will have a discussion with the ISC officials there being able to answer your question. January 8 and 9, we'll again . . . we'll have the auditor's report, we'll reopen these issues, you'll have full latitude to ask those questions.

The Chair: — Thank you, Mr. Yates. Further discussion?

Prepare for the question. Motion is before you. And I'll read . . . I won't reread the three questions. You see those are printed on another page before you, but the motion is moved by Mr. Wakefield:

That pursuant to section 16(1) of The Provincial Auditor Act, the Standing Committee on Public Accounts requests the Provincial Auditor to perform a full investigation of the spending of the Information Services Corporation, with a view to answering the following questions.

All those in favour? Opposed? Defeated.

Is anyone prepared to make a second motion? Mr. Yates?

Mr. Yates: — Yes, Mr. Chair. I would move:

That we refer Mr. Wall's letter to the Crown Corporations Committee for consideration on Tuesday.

The Chair: — Moved by Mr. Yates that the letter addressed to the Public Accounts Committee from Mr. Wall be referred to Crown Corporations Committee.

I don't have that written before me but that's the gist of it. Any discussion of that resolution?

Ready for the question? All those in favour? Opposed? Carried.

Thank you, members, for your discussion and taking part, and thank you, Mr. Wall, as well, for helping in that discussion this morning.

We'll just take a couple of minutes here to have officials from Workers' Compensation Board join us and we'll move right into the first item on the original agenda.

Public Hearing: Workers' Compensation Board

The Chair: — Okay, if I could call you back to order. We're going to be dealing with chapter 7 of the 2001 Spring Report, which is dealing with the Workers' Compensation Board. And again, I'd like to welcome Mr. Solomon, as chairman of the Workers' Compensation Board, and ask you to introduce the official that's with you this morning.

Mr. Solomon: — Thank you very much, Mr. Chair. With me, to my right and your left — that's correct — is Peter Federko, the chief executive officer of the Workers' Compensation Board.

The Chair: — Right. Welcome, Peter. And I'd ask the . . . Mr. Wendel and your staff to begin with the normal procedure and give us a presentation.

Mr. Ahmad: — Thank you, Mr. Chair. Good morning, Chair, and members of the committee. I will provide a brief overview of chapter 7 on Workers' Compensation Board in our Spring 2001 Report. This chapter is on pages 131 to 136.

On page 134 we provide our audit conclusions and findings by WCB (Workers' Compensation Board) and WCB superannuation plan for the year ended December 31, 2000. To complete our audit we worked with Deloitte & Touche using the framework recommended by the *Report of the Task Force on Roles, Responsibilities, and Duties of Auditors*.

In our opinion, the financial statement of WCB and WCB superannuation plan are reliable. The WCB and WCB Superannuation Plan Board had adequate rules and procedure to safeguard and control their assets, except that WCB needs an adequate disaster recovery plan. I will talk about this a bit later.

And the WCB and WCB Superannuation Board complied with authorities governing their activities, except for the pension payments to retired members who returned to work for the government. In Deloitte & Touche opinion, the WCB Superannuation Board complied with authorities governing the plan's activity.

We explained this matter in chapter 8 of our 2001 Spring Report. Your committee discussed chapter 8 on November 27 and concurred with our recommendation.

In this chapter we discuss two matters: the first one related to the WCB disaster recovery plan; the second relates to the WCB's need to provide public disclosure of payments.

For disaster recovery plan, the WCB is dependent on the computer system. To ensure it continues to provide services, the WCB needs a written and tested contingency plan. Such a plan ensures the recovery of system and data in case the electronic system fails, or if key service providers or supplier system fail.

The WCB has prepared some policies relating to the computer security and disaster recovery; however the WCB needs to document all of its procedure for disaster recovery and test those procedures to ensure they work.

Public disclosure of payment. Your committee has specified the required detail for disclosing payees information for government agencies.

In our 1998 Spring Report we reported the WCB needs to comply with your committee's recommendations. In October 1998 your committee considered this matter and recommended that the WCB and our office work to consider alternative public disclosures and report back to your committee.

We met with WCB's management to discuss alternative public disclosure for WCB's payee information. The WCB management told us it does not consider pay information to be an effective accountability tool. Management told us a better alternative is for our office to provide assurance to the

Assembly on WCB's specific rules and procedures for buying goods and services and setting salary rate for staff and management.

While we agree MLAs (Member of the Legislative Assembly) would find such information useful, this information alone will not be sufficient to meet MLAs' objective for wanting pay information.

We continue to recommend the WCB should provide pay information, other than injured workers, following your committee's current minimum disclosure amounts. Alternatively, the WCB should discuss with your committee different disclosures to meet MLAs' objective.

In chapter 14 of our 2000 Fall Report, Volume 3, we discussed this matter more fully and provide a suggested process for MLAs' use for deciding what information government agencies should disclose and to whom. The suggested process is on page 308 of our 2000 Fall Report, Volume 3.

If you can turn to page 308, under the Executive Council chapter in your binder, and follow along how the process . . . how this process will work for the committee to make a decision. If you don't have that page, Rodd Jersak can probably provide you with it.

Under this suggested process the first step is to consider whether the information can be made available under existing law. We know the law does not allow disclosure of payment to the injured worker. So that leaves disclosure of payee other than injured workers.

The next step is to obtain and consider the reason that the WCB has for not wanting to disclose payees . . . payees' information, other than the injured worker. The WCB can provide your committee this reason for not disclosing payees other than the injured workers. The committee should then weigh those reasons against the committee's reasons for wanting payee information disclosed.

The committee's reasons relate to ensuring: (1) the MLAs' ability to monitor who gives money to political parties and who gets money from government agencies; (2) the MLAs' need to build public confidence; and (3) the MLAs' need to ensure governments spend money more objectively.

If the committee decides its reasons are more important than WCB's reasons, then the committee should recommend the WCB disclose a list of payees, other than injured workers, following current disclosure standard.

If however, the committee decides that WCB's reasons will not adversely affect the MLAs' reasons for wanting the information, then the committee should specifically exempt WCB from publicly reporting any pay information.

And that concludes my overview. Thank you.

The Chair: — Great. Thank you very much, Mr. Ahmad. I'd ask Mr. Solomon to make comments on behalf of WCB.

Mr. Solomon: — Mr. Chairman, may I ask how much time we

have?

The Chair: — The discussion will be based on the members here as far as how much time they want to spend on the topic. We haven't restricted; we need to deal with it, and if it means additional time we'll take the time.

Mr. Solomon: — Is it in order for me to make some comments about the board prior to responding to those particular two issues?

The Chair: — Sure, you can open with your general comments about WCB. The normal practise is that the opening comments from both the auditor's office and the representative from the government agency or department are that. They're opening comments, and then you may want to get specifically into making comments about the actual presentation.

Mr. Solomon: — That's great. Thank you very much, Mr. Chair. And good morning committee members and visitors.

I'm very pleased to be here this morning on behalf of the Workers' Compensation Board for a number of reasons, but in particular because it provides me with an opportunity to describe what I believe is what's going on at the board, and to tell you a very good story. We have one of the best boards in the country. And I would like to outline some of the reasons why.

When I first arrived at the board in August, I was actually impressed by the fact the board was to deliver some of the services and programs that we were delivering. And I say that because we've been juggling, or at least the board has been juggling a number of projects, internal studies, external studies over the last 18 months which were all initiated to improve services and programs for injured workers and employers.

For example, the Dorsey report was commissioned and tabled in May of this year which provided 11 administrative recommendations to improve the board's performance. Those recommendations are just about complete in terms of implementation. We'll have finalized the administrative recommendations by the end of the second quarter of next year.

There were two legislative recommendations as well which the government is pursuing on their own.

We've had an internal study looking at team-based case management. Again, a project which we'll be announcing officially actually tomorrow. The impact on the board, impact on workers and employers, but the general result of that is that we're going to have increased and better customer service for both injured workers and employers.

We've been having a business process simplification study internally undertaken and this is to improve the business processes within our board. And again with the initial and only objective to improve services to our customers.

We've commissioned an overall reorganization and that is underway and we will be making some announcements over the next number of weeks and months to again improve our service.

We're also the only board in Canada until recently — Nova Scotia has joined this particular category — of having a committee of review legislated looking at all of our internal and external operations on a four-year cycle.

So these studies and reviews have been time-consuming but in my view they've been very worthwhile. And it's been very, I think, accountable and transparent in terms of the process and we're looking forward to landing some of these projects and implementing the recommendations and continue to do so over the next number of months.

The WCB is responsible for about \$600 million in benefit liabilities to injured workers. And in year 2000 we had 38,000 claims that were reported. We accepted 33,000 of those claims. We had 15,000 time-loss claims of the 33, which means there was an actual payout on those particular claims at that time. We disallowed 5 per cent of all the claims reported, which is an average across the country.

We have had unfortunately 35 fatalities in the year 2000. We believe as a board that's 35 too many. When you compare us to 1976 the number was more than double that, it was 77. The trend line has been that we're decreasing the number of fatalities and I think that's an important trend line. As Chair of the board I won't be happy until we get to zero. And that means working with all the employers in this province to make sure that that happens.

We have over 31,000 employer accounts at the board. We have a payroll that we assess at \$9.1 billion. And our compensation Act covers about two-thirds of our employers.

I'm very proud of the board and I'm going to be hopefully even more proud in the future. We have very, very distinct positive relationships. We have a wonderful story to tell. I want to highlight nine points if I can very quickly.

We're fully funded; that means all of our current and future obligations for compensation claims, the money is in the bank. We have money to pay for those particular claims. Only about half the boards in the country are fully funded.

Secondly, we are the best in the country of all of the boards in time to first payment. What this means is that when you file a claim as an injured worker, we pay out your cheque, the first cheque is mailed out within 14 days of actually registering the claim. And we're at 55 per cent of all our claims in that category. The ones that take longer need more development in terms of getting information and so on.

We have more service choices available to employers with faster service overall than most boards in the country. In this current calendar year we have the third lowest premium rate in the country of all provinces. Next year, even though we've had to increase premiums on average 2.4 per cent, we will have the second lowest in the entire country.

And when you consider Alberta, their rates will be higher than us when you factor in their subsidies — theirs will be at \$1.81 per \$100 of payroll; ours will be \$1.75. When you compare that to 1976 for example, the payroll assessment rate was \$2.21 per hundred. So the trend line in this province has been very stable.

I think employers look to us as a very important part of them doing business.

And I remind members, you probably know this, but the Workers' Compensation Board is an organization which was created out of a covenant between the employers of this province and the workers in this province to provide compensation protection for workers injured at work, and to protect employers from losing their business as a result of lawsuits and as a result of their workers getting injured at their workplace.

Also we've had 28 public rate-setting meetings with our employers in the October November period to look at the rates and get their input in terms of what they feel is appropriate for the insurance premiums they pay. We have one of the best compensation benefit programs in the entire country out of all jurisdictions.

We have the shortest or, if not the shortest, the second shortest appeal time in the country. What I mean by that is when you file for an appeal on a particular claim, we will, from the time of receipt of the application to appeal to decision time takes us between four and five months. Look at British Columbia — it's two years waiting time. Ontario, Quebec is 18 months and more. Other jurisdictions fall between us and the longer appeal time.

As well, our success rate on appeals is one of the best in the country; about 37 per cent of individuals who appeal will find that appeal decided in their favour. As well, we have the Committee of Review, which I mentioned earlier, which provides us with another accountability tool, where the government appoints a committee made up equally of employer and employee representatives, and they get to study, for as long as they have a term to do that, all of the organization internally and externally of the board.

So these are, I think, very important points to make in terms of our board, and I wanted to share that with you.

I'll get perhaps now to the two points that the . . . or three points that the auditor has raised. With regard to the pension . . . actually, the Workers' Compensation Board pension fund is chaired by somebody else. It's a separate board from my involvement. I'm not involved with the particular board. It's chaired by, actually, one of our board members, Mr. Norm Brown. And I think that . . . I'm not sure if you have any issues with that regarding the details, but we can get information for you on that particular issue.

Regarding the payee lists, we believe that and the board is very strong in this belief that our payee lists should not be provided in a public way. We have one of the most accountable processes of any organization that's in this province. We are neither fish nor fowl. We're not a Crown corporation. We're not a government department or agency. Our entire revenue source comes from employers.

We have accountability processes that I've mentioned. We come before Public Accounts. We appear before a Crown Corporations Committee. We appear in Estimates. We have our annual report which is a conclusion of our annual activities

based on internal auditors, our external auditor Deloitte Touche, and our Provincial Auditor. I'm not sure any organization has those three kinds of look-sees in terms of the financial obligations.

We also have a mid-year review process where we have a public meeting in Regina, a public meeting in Saskatoon where we advertise. Anybody who wants to attend will come out and we provide any kind of financial information with regard to our operation.

We also have, as I indicated already, 28 rate-setting meetings with employers. We have the committee of review, and our staff is, on a regular basis, meeting with employers pretty much 300 days a year. So we feel we're very accountable on that.

And I might add that I received a letter on November 29 of this year from the Provincial Auditor, and the Provincial Auditor states in this letter, quote:

We will continue our discussion with the WCB to find alternative public disclosure.

So we're looking forward to continuing that relationship with the Provincial Auditor.

Regarding the disaster relief or disaster recovery program, I do want to compliment the auditor on this particular issue because the auditor, having raised this with our staff, have accelerated our program to establish a disaster recovery plan. And as a matter of fact, we will circulate right now a copy of our plan.

And I might want to also add at the urging of our Chief Executive Officer, Peter Federko, the Association of Workers' Compensation Boards of Canada met recently in Toronto to discuss the disaster recovery plans and business interruption plans of all the boards to get a status as to where everybody was. It's a national organization where we try and share information. We try and use these particular measures that I've referred to, the rates and so on, where we compare to see how everyone is doing in terms of their own jurisdictions. We'll circulate that with you.

Just as a perhaps a comparison, we fall about in the middle, in terms of — maybe the top half of the middle — in terms of preparedness for disaster recovery. As chairman of the board, I'm very concerned that we have a good plan in place. I'm very concerned that the plan is established as soon as possible. And what you have there is an overview of what we planned to do and what we are doing at the current time.

But just as a comparison, the provinces that are about, or a little weaker than us in terms of where we're at are Nova Scotia, Newfoundland, Northwest Territories, PEI (Prince Edward Island), Yukon, and Ontario. Manitoba is about where we're at; Alberta, BC (British Columbia), New Brunswick, and Quebec are a little bit ahead of us in terms of the disaster recovery plans.

We, as I indicated earlier are very, very efficient in terms of being at the top two or three of all boards in the country and our objective is to, in the disaster recovery area, to be in the top two or three as well. So that's our plan.

I'd be happy to turn it over to Peter Federko to perhaps add some information or to answer any question on the disaster recovery details because it is administrative, really not part of my responsibility directly. But indirectly as Chair, obviously I have responsibility for it.

The Chair: — Thank you very much.

Mr. Federko: — Thank you, Mr. Chair, and thank you, John, as well. I'll just add perhaps just a couple of comments.

The issue of disaster recovery has been raised several times by the Provincial Auditor. There seems to be a little bit of confusion, both internally and externally, as to whether there was a plan in existence or not, and perhaps just for the members clarification, it appears that the confusion comes from the fact that we actually run three computer systems within our organization, or up until October 31 of this year there were three different — to use technological terms — platforms on which our data was processed.

There was an external, what is referred to as a mainframe system where the majority of our image . . . where all of our image documents and the majority of our data are stored. And there is also what is referred to as mid-range computer systems that were housed internally, and of course are internal networks, again where there was information being stored and processed.

With respect to our mainframe systems, there hasn't been a disaster recovery plan put in place not fully tested to the extent that would satisfy our auditors.

Nonetheless there have been processes in place for some time to ensure that should our computer systems, which store the really critical information that would allow us to continue on with our business, go down, there were alternative plans put in place that were tested in conjunction with the Y2K issue that we were quite comfortable with, would allow us adequate recovery times.

With respect to our mid-range and our network processes, there were not any disaster recovery plans put in place, and the report that you have before you lays out a project plan that, I believe, will adequately address and we will be in a position to be testing these disaster recovery plans by quarter two of 2002 that will address all of the platforms on which our data resides and our processes are actually processed.

Effective October 31 of this year all of our processes, all of our data, have been migrated from a mainframe system to a mid-range. So there are only now two platforms that we need to concern ourselves about, and that is the mid-range platform and our internal network processes. The plan that we have passed out to you, I believe, will adequately address those issues.

Certainly an issue that has been important not only to us but to all businesses, all workers' compensation boards in the country, is the matter of business continuance as well.

Disaster recovery particularly refers to the ability to continue to process your information on computer systems. Business continuation plans — I think the events of September 11 really alerted all of the businesses in the world the importance of

having a contingency plan not only to be able to process, continue to process your computer information, but simply the ability to carry on business.

And the report that we have circulated to you also lays out a project charter. We will be embarking probably not till quarter three of 2002, but we will be embarking on the development of a business continuation plan that will allow us not only to ensure that our computer systems are . . . that we have backup plans for our computer systems in the event of a disaster; but should a tornado hit our building or something else prevent us from running our business from our current location, that there are alternative plans that will allow us to carry on our business.

Mr. Solomon has referred to our team-based case management. That whole initiative is resulting in us placing additional staff in our Saskatoon office to simply put us closer to where our clients actually are.

The very fact that we will have greater capability to process our information from our branch office in Saskatoon in itself is a bit of a business continuation plan in itself. It's perhaps highly unlikely that both a disaster would impinge upon our ability to operate from the Regina office equally with the Saskatoon office as well.

So we do have a bit of a contingency already in place that, should a disaster prevent us from carrying on our business, our branch office in Saskatoon, at least in the short term, would be able to provide emergency services to our injured workers and our employers.

As I said, I believe the report that we have passed out to you adequately addresses both the issue of business continuation as well as disaster recovery, and I would be happy to answer any questions that any of the members have. Thank you.

The Chair: — Thank you, Mr. Federko. And thank you to Mr. Ahmad and Mr. Solomon and Mr. Federko for your opening comments.

And I note because of the amendments to our agenda this morning that we're now at about 20 after 10 and I believe that there will be comments and questions of both the auditor's office and the WCB Board. I would suggest that we take a break right now and recess for about 20 minutes, if we could shorten that up a little bit. Please be back in 20 minutes and then we'll continue with discussions. And, gentlemen, please feel free to help yourselves to coffee as well and we'll be back in 20 minutes time, please.

The committee recessed for a period of time.

The Chair: — Okay. We'll reconvene and, as I indicated before our break, we'll open it up now to questions on . . . general discussion with the comments from either the board or the auditor's office.

Seeing no comments or questions then, let's go . . . Yes, Ms. Jones, thank you.

Ms. Jones: — I just . . . it appears to me on the disaster report that we're talking about IT (information technology) disaster.

But on the other hand it looks like it could be expanded beyond a computer crash. And I wonder if you could just kind of expand a little bit about what type of disaster you're hoping to protect against.

Mr. Federko: — Thank you. Really any and all disasters relative to the disaster recovery plan which relates primarily to our computer systems. It's simply ensuring that for whatever reason — an extended power failure or any other reasons — if our computer systems should go down, that there are processes in place such that we have adequate backups of data stored on a different site; if the interruption in service is a result of some disaster affecting our whole building, that we're able to restore our data by retrieving that data from a site that's protected; from having, again, contracts with our vendors to ensure that they have backup facilities that we could use in the event that our computer systems go down.

With respect to the business continuation, it's . . . if, you know, by an act of God or some other reason our whole building was incapacitated, how would we continue, for example, to issue payments if there are no people left to actually do that business? So in that particular case it's looking for alternate sites, making arrangements, perhaps with neighbouring jurisdictions, or as I mentioned our Saskatoon office, to be able to have the people available and the systems available to continue to do the work that we do.

Ms. Jones: — So it is, indeed, more than just a computer crash.

Mr. Federko: — Yes, it is.

Ms. Jones: — You're looking for physical difficulties with your operation as well.

Mr. Federko: — Yes, it is.

Ms. Jones: — Okay, that helps that out. And is it appropriate to ask a question about the next recommendation or . . .

The Chair: — We're on general questions.

Ms. Jones: — General?

The Chair: — Yes, sure, go right ahead.

Ms. Jones: — I would be interested in knowing more about the recommendation of publishing a list of payees, and exactly what the auditor's office is looking for and who or what might be included in the request. What public purpose are you looking for in terms of publishing a list of payees, other than injured workers?

Mr. Wendel: — The public purpose, Mr. Chair, is set out in the schedule that Mr. Ahmad was going through under Executive Council chapter. And there it lists three public purposes that this committee seems to have for wanting payee information from all government organizations.

They get information on nearly all agencies now. There are a few that you do not receive, and this committee's instructions to my office were to bring those forward to you on an individual basis and you would then go through . . . look at those and make

your decision as to whether you wanted that information from that organization or didn't.

So if you go to the Executive Council, page 308, chapter . . . on page 308, there's some reasons given there and the reasons . . . (inaudible interjection) . . . Sure. And on the right hand side of that page, near the bottom, there's a fairly big box, and we're saying these would seem to be the reasons that you get payee information from government organizations.

And those are the reasons that are there, and you would then have to decide whether the reasons that the organization puts forward outweigh the reasons that are here for your reasons, and make your decision as to whether you want this information from them or not. That's your decision.

Ms. Jones: — But if I might, the Workers' Compensation Board doesn't, in my understanding, fall into the category of public money, in that it's not taxpayer dollars that pay for the Workers' Compensation Board. It's contributions from employers and employees. So again, I would wonder what public purpose there is in a disclosure list.

Mr. Wendel: — There are other organizations that provide this disclosure to you that do not get money from the General Revenue Fund. Is that the criteria you're using? There are other organizations that are paid for by user fees and that information is provided.

A Member: — If I might . . . (inaudible) . . . to ask Mr. Solomon to comment.

Ms. Jones: — Yes, indeed.

Mr. Solomon: — Point of clarification, if I might. The Workers' Compensation Board receives its entire funding from premiums established through an actuarially sound model that's been established by actuaries. It's a five-year model that is renewed and reviewed every five years. It is without political or administrative influence, although we do receive recommendations during our 28 stakeholder public meetings from various employers, if they have particular information they want to share with us to perhaps adjust their rates in a modest way and we do that on occasion.

But regarding, if I might, Mr. Chair, and members, the three questions. Number one, the ability to monitor who gives money to political parties. We have an internal audit, we have an external auditor from Deloitte Touche, and we have a Provincial Auditor. And they would conclude, if they've looked at the numbers, that there are no political contributions made to any political parties.

And regarding getting money from government agencies, we don't get a dime from any government agencies other than through assessing their employment payroll. And government agencies are employers under the Act, as are manufacturing plants or restaurants.

And thirdly, the need to ensure government spends public money objectively. We believe we do, we do spend the money that we have in a very fair way and according to accounting principles and within our procurement policies, which the

auditors have reviewed and deemed to be satisfactory. And actually we don't deal with public money.

So two of these questions really . . . And I should say the need to build public confidence, question number two I might add that everywhere I've travelled since I started this job, I've had no references or suggestions or comments from employers that they don't have confidence in the ability of the administration of the Workers' Compensation Board to administer their money fairly.

So I look at the same chart and I've reached the conclusion no, so it's a matter of interpretation I suspect. But therefore I would conclude, as the chairman of the board, and our board concludes and our administration concludes and our external auditor concludes that we would be exempt just as the Auto Fund is exempt from establishing and publishing payee lists.

Mr. Kwiatkowski: — Firstly for the Provincial Auditor, what are some of the examples of the other agencies? You indicated there are other agencies in a similar position to the Workers' Compensation Board who do in fact provide full disclosure. What are some examples of those kinds of agencies?

Mr. Wendel: — I would say the Milk Control Board would be one that comes to mind, where this committee has exempted them from putting forward the people that receive the milk producers' payments, but they wanted to know what their administration payments were. That would be an example. I'd have to go back into the list. I don't have it with me. All we've got on the list here is the ones that do not make it public at the moment.

Mr. Kwiatkowski: — Thank you. And, Mr. Chair, my next question is for the Chair of the Compensation Board. There is on page 33 of your annual report an item here: cash paid to Department of Labour, an amount slightly in excess of \$9 million. Could you indicate what that transfer of cash to the Department of Labour is for?

Mr. Solomon: — Yes. Thank you very much for the question. The Workers' Compensation Board Workers' Compensation Act stipulates that we provide funding for the Workers' Advocate's office and the occupational health and safety office of the Department of Labour. And what we do is we also provide some funding to the tune of \$617,000 for prevention services.

The relationship is this: the Department of Labour gives us a figure in terms of a budget which they require from our board, and we in essence cut the cheque. The Department of Labour is responsible for those three particular areas although they're funded by the Workers' Compensation Board.

It might be advisable and I offer this advice — it's free, it's worth every penny — but you should raise these sorts of questions with the Department of Labour during estimates and find out how they spend that money. We do not have an accountability relationship with that money other than the Act which orders us to pay what we're asked to pay by the Department of Labour.

Mr. Kwiatkowski: — Okay. I see the amount that goes directly

to the occupational health and safety division of the Department of Labour is approximately 5.5 million. Does that reflect their entire operating budget?

Mr. Solomon: — I can't answer that with precision, I'm sorry. I'm assuming it does but I don't know for sure. As I say, we don't have an official relationship with . . . looking at all the details, we get the invoice; we pay the invoice.

Mr. Kwiatkowski: — Perhaps you can tell me then whether the practice of a workers' compensation board funding the activities of an occupational health and safety division within a department of labour is common practice across the country? Do all compensation boards provide funding for occupational health and safety programs in other jurisdictions?

Mr. Solomon: — All boards do. Some boards have the occupational health and safety function within their department . . . within their board structure. And I'd say about half the boards, Peter, would have that relationship. And there are various models of workers' advocates around the country.

For example, in British Columbia, they have not only a workers' advocate's program but they have an employer advocate's program as we well and they . . . but the board pays for those. I'm not sure what the relationship is — whether it's directly or through their departments of labour. Would you know, Peter?

Mr. Federko: — No, I don't know the relationship.

Mr. Solomon: — So half the boards are like ours. We have the relationship with our provincial government's Department of Labour where we do pay for the occupational health and safety and the workers' advocate's costs.

Mr. Kwiatkowski: — So as I understand it then, at this point the Department of Labour submits an invoice to the compensation board that covers the costs of various programs, including the occupational health and safety division of the department, but at this point you don't know whether that reflects the total operating costs of the division and . . . How does that reflect in terms of the premiums that are charged to the employers?

Mr. Solomon: — Well the revenue that we receive comes from the employers and that's part of our budgeted . . . budgeting process. We have the same, I suspect, information as you do with regard to accountability from the Department of Labour because we get the information from their annual report. We do have discussions with their executive directors of these programs and we have . . . we are assured that the money that they receive is being spent for those programs. And we feel that that's the case.

Mr. Kwiatkowski: — Just with respect to your comment about the compensation board in British Columbia and the fact that they have an employer advocate or advocacy function in place. Is there any thought being given to setting up such a function within the Workers' Compensation Board here in Saskatchewan?

Mr. Solomon: — There's nothing currently under

consideration. I've been meeting with a number of stakeholders, both employer umbrella organizations, the chamber of commerce, the Canadian Federation of Independent Business, as well as individual businesses and employee organizations as well.

And in all of my meetings I've not had any requests for that. It's not been an item that we've even discussed and we feel that, you know, if it was to be raised with us we would consider doing that but within our budgets that we have and with the rates that they're paying.

I might add that we do also provide funding for safety associations. There are nine safety associations in Saskatchewan and they do have some accountability. They have a board of directors made up of employers and employees in their particular category and they report to them. And we have a relationship with them through our prevention office that deals with them on a regular basis throughout the year to make sure that the safety programs that they are providing for workers and employees in their industries are maintained and looked after.

And we pay actually about \$2.6 million to the industry safety associations, but there is an accountability process there that is not perfect but we're continuing to perfect it.

The Chair: — Before I go to Ms. Bakken I'd ask Mr. Paton for a comment, please.

Mr. Paton: — Mr. Chair, there was a question about the expenditure levels in the Department of Labour, and while I don't have the full details, in the most recent fiscal year the Department of Labour had expenditures of approximately \$12.7 million and they had transfers or revenue received from other government entities of about 7.3 million. Now I think most of that may be WCB.

So that's about 60 per cent of their operations was funded from someone like WCB so they must have . . . I guess the rest of their expenditures would be covered through the General Revenue Fund, the other 40 per cent.

Mr. Kwiatkowski: — . . . is coming from the Workers' Compensation Board. What is the total operating cost of the occupational health and safety division of the Department of Labour?

Mr. Paton: — Well I don't want to get into too much detail because I'm not completely familiar with the Department of Labour, but the public accounts disclose an amount of about four and a half million dollars for occupational health and safety for the year March 31, 2001.

The Chair: — Good. Thank you, Mr. Paton. Ms. Bakken?

Ms. Bakken: — First of all a couple of questions. Who appoints the board for Workers' Compensation?

Mr. Solomon: — The Workers' Compensation Act stipulates that the board can consist of up to five members. It's traditionally been three, and that would include one appointment recommended by the labour or employee associations to the government who then launches the order in

council. The employers get to appoint one member to the board of the three, and that's through the chamber of commerce, I believe, and CFIB (Canadian Federation of Independent Business) in consultation, although that may not be the case recently.

And the third appointment is appointed by the government. I'm the appointment of the government. And I might add that out of the 62 Workers' Compensation Boards in the US (United States) and Canada, I am the first Chairman of the board of the 62 boards to ever have been recruited through a public process. Every other one of the boards, including Saskatchewan's prior to my appointment, the appointment was made purely as a political appointment without public process or without consultation.

And so I think that's a very important point to make today, because we are leading again in the entire country and certainly in North America by having a Chairperson appointed to this position. Although it's the government's sole appointment, it's done through a public process.

Ms. Bakken: — So just for the record then: of the three on the board, two are appointed by government and the Chairman is appointed by government as well. So there is certainly heavy government involvement in the Workers' Compensation. I guess . . .

Mr. Solomon: — Well, if I may correct you, though, there's one appointed by . . . that's a government representative and that's the Chair. And the other two . . .

Ms. Bakken: — Excuse me. The labour?

Mr. Solomon: — The labour is appointed as a result of a recommendation from the Saskatchewan Federation of Labour.

Ms. Bakken: — But appointed by government, correct?

Mr. Solomon: — Only because it's an official process of order in council. The labour, SFL (Saskatchewan Federation of Labour) has no official relationship with the Government of Saskatchewan, so they have to recommend to the government to do this.

Ms. Bakken: — But appointment by government ultimately.

Mr. Solomon: — Order in council, yes.

Ms. Bakken: — Which is government, thank you.

I guess the issue is that employers do pay the entire bill. And they pay in order to ensure that injured workers are properly compensated. And we all know that in Saskatchewan that the cost of doing business is very high. And most businesspeople do not mind paying bills if they know how the money that they are paying and submitting is actually being spent, and that they see value for those dollars.

As soon as there is a secrecy involved or a failure to disclose, suspicion rises. And as a businessperson in this province, I can assure you that there is . . . there are huge questions about Workers' Compensation.

And I believe that this committee should follow the recommendation of the auditor, because employers pay the bill and they are entitled to know how their dollars are spent. Transparency is crucial in order to maintain confidence in the system, and I have no idea why you would not want to disclose this.

And it's the same as any other. If you look at the employers as the stakeholders, they have the right to know how the dollars that they are paying to finance this are actually being spent and to who they are being paid.

I'd invite any comment from the auditor or from Mr. Solomon.

Mr. Solomon: — Well just . . . you're the first business person that's raised this with me and I've only talked to perhaps 3 or 400 in the last four months

But if there is an individual in business who wishes to ask any questions, we've had 28 stakeholder meetings regarding setting our rates, in October and November. We had our mid-year review in the month of August. And these issues weren't raised at any time because they do have access to all of the information that the auditors — internal, external — and the Provincial Auditor have. As well, when we have these meetings, we provide them pretty much with any information that they want — total transparency.

As I said earlier, there is no organization that's under the auspices of an Act of the legislature of Saskatchewan that has the accountability processes that we do. And maybe I wasn't clear earlier, but we appear before Public Accounts; we appear before Crown Corporations; we appear before the legislature in Estimates. We have those meetings that I referred to a few moments ago and we have three levels of auditors. I just don't understand where the problem is.

There's no indication from the Provincial Auditor or our external auditor or from the information I have received internally that we provide any kind of political contributions to parties, which I suspect the member may be interested in. Our policy in the WCB is we support no political organization or party in this province. That's the way it is. I've not heard any requests to change that policy at this point and if we did, we would not entertain it seriously.

Hon. Ms. Junor: — That's actually a good point for me to come in on because my question was about, as far as I've understood and what I've heard, is that there are audits being done of Workers' Comp by Deloitte & Touche, I understand. So these audited statements are available for anybody to see and you've just explained that. So thank you.

My other question was, when you say publish a list of persons, what type of persons are we looking at and if you did publish, who would this encompass who would you . . . and what kind of names would you be publishing?

Mr. Federko: — The Provincial Auditor has suggested that we follow the guidelines established by this committee in terms of minimum disclosure and he has also made the point that understands that the list of injured workers who are paid would be exempt from publication. What they are primarily getting at

is the need to publish a list of administrative expenses — and I'm sorry, I can't find the quick reference here — but I believe for amounts in excess of 20,000 and \$5,000 based again on the minimum of disclosure requirements of this committee.

So it essentially would be all payments to all individuals including salaries of our employees, all vendor payments — payments to caregivers, I guess is a bit of a question that has not been resolved — that would exceed the minimum disclosure requirements of this committee.

Hon. Ms. Junor: — By caregivers you would mean masseurs, physios, chiros, doctors, those sorts of things?

Mr. Federko: — Doctors, physical therapists, chiropractors, anyone providing care. The last time we appeared at this committee there was some discussion about that matter but it hasn't been made clear as to whether those payments would also be exempt from the list that has been requested.

The Chair: — I have one question, Mr. Solomon, then. The largest complaint that I get about WCB at my office in Canora-Pelly deals with people who are through the appeal process or have to go through the appeal process.

And while, you know, you mentioned a number this morning that is positive in nature in that you said 37 per cent of appellants are . . . you know, receive a decision that is favourable to them, that on one hand is a good thing. On the other hand from the complaints that I get, that's a bad thing. Because what you're telling me is that over one-third of the people who have to go through the appeal process are . . . It's recognized that there was an error made, that something has gone wrong.

And that's the complaint that I hear from most people is that it seems to be that the decision made about a Workers' Compensation Board case is, we understand there might be something wrong here but go through the appeal process anyways. Like it . . . there's that mechanism there.

So I'm wondering if you could tell us whether or not there seems to be a general trend as to indicate why over a third of your cases that go through appeal recognize that something was wrong and is that something an interpretation of your guidelines; is that an incorrect interpretation; is it a problem with the medical reports? Why are we needing to have so many people go through an appeal process and then a third of them in fact find out that there was something wrong to begin with?

Mr. Solomon: — That's a very good question. I might add that the appeal process is for employers and employees. I don't have the percentage mix, but since I joined the board I actually participated in about half a dozen appeals. And two of the six were from employers. But that's just my own experience. I don't think the ratio is that high.

First of all, we have an intake officer called a client service representative that takes the initial inquiry from an injured worker. They decide on the basis of the policy at hand whether the . . . in the circumstances provided to the client service representative, whether or not there is a claim.

From there, if there's a problem in terms of disallowing the claim, there is a very wide open process in terms of appeal. You can appeal to the supervisor of the CSR (client service representative), you can appeal to the internal appeals committee, or you can appeal to the board directly, or you can appeal to . . . through a medical review panel. There's other options.

What happens is that at the first and second and third levels of appeal, the decisions are based strictly on policy. And the staff are basically guided or handcuffed by that policy — which, by the way, our policies and procedures are now being published on our Web site and they're accessible to everybody.

When it comes to the board, in our particular case, the two board members that are appointed, 90 per cent of their time is spent adjudicating appeals. The Chair fills in when requested or from time to time depending on the circumstance. And the appeal process of the board is one of an inquiry model, which means you don't have to come there with a lawyer and debate the i's and t's of the policy. You can come in there and explain what the circumstance is; you can add additional information that may not be on the file which may impact on the result of the appeal.

So it's a very flexible process. We want injured workers to feel at ease. We want employers to feel at ease when they're at the table. And they can bring an advocate of any description with them if they wish.

So that's sort of the process. And the reason of the numbers . . . all boards have this opportunity for . . . provided to their injured workers and their employers. And it has to be flexible because circumstances change. And the decisions that I assisted in rendering, there was new information or additional medical information which wasn't available at the time of the particular claim.

So that's part of the reason for the change. Anything else you want to add, Peter, to that?

Mr. Federko: — If I might, Chair, perhaps just put the numbers in perspective. Not to diminish the stress that going through a protracted appeal process would place on the injured worker or the employer having to go through that process, but I think it might be worthwhile for the committee to understand, really the relative numbers we're talking about.

As Mr. Solomon indicated in his opening remarks, we receive about 38,000 claims per year. At the first level of appeal that Mr. Solomon described, we receive about 800 appeals per year. Of those 800 appeals, approximately 25 per cent of those are satisfied by that initial appeal committee. Which means about 600 of them, of that 800, go on without their issue being resolved. Of that 600, about 200 make their way to the final level of appeal, which is the board.

And based on statistics that Mr. Solomon has shared with the committee, if we accept approximately 40 per cent of those claims, that means about 80 of the 200 that come to the board are being satisfied.

And so while it would appear that there are a lot of people

going through the appeal process, really when you think about it, 80 people who have had their decisions reversed on the basis of the 800 that were initially appealed at the first level is really only about 10 per cent. And if you take it into relation of the total number of appeals that we receive on an annual basis, it's 80 of 38,000 per year.

So again, not to diminish the importance of having an expedited, a quick process at the appeal level, but just to provide some context in terms of really the significance of the numbers that we are talking about.

The Chair: — Thank you.

Mr. Gantefer: — Thank you, Mr. Chairman. Mr. Solomon, you mentioned that there are a number of avenues for businesses, who ultimately are the individuals who pay the premiums to Workers' Compensation, in order to have financial disclosure and information presented that they can request at meetings and at other forums. If I as a businessman came to one of those forums, could I get a payee list as outlined by the . . . as expected by the Provincial Auditor to the Public Accounts standards?

Mr. Federko: — The list would not be provided. And I guess we would evaluate their request based on the need of that stakeholder. But we have had specific requests about specific parts of our annual report that we have provided further detail and disclosure on to both employers and injured workers so that they have the detail.

And if I might just add, it's not that we are not wanting to be transparent and full disclosure. It's really a matter of extent. And perhaps the analogy would be our annual report contains our summary financial statements, which disclose by expense category all of the expenditures and all of the revenues by revenue category that we collect or pay out on behalf of employers and workers. Further disclosure . . . I mean full disclosure would mean that we would publish in our annual report the details of every expense category that goes into the compilation of the numbers that are disclosed in our annual report, which is not accepted practice within the accounting profession nor part of the Canadian Institute of Chartered Accountants standards for disclosure.

So it's simply a matter if an employer had a specific request on a specific expense category that is disclosed in our annual report, chances are we would not have that information available at our annual or mid-year meetings, but we would certainly make that information available once we understood the purpose for the information.

Mr. Gantefer: — But the standards that this committee has established over the years as the minimum disclosure requirements for departments or agencies that are created through government legislation are not being met as a request of this committee, nor would they be met if I as an individual employer requested that same information. Is that not correct?

Mr. Solomon: — The Public Accounts Committee has not requested a payee list. The Public Accounts Committee has requested that we continue our consultations with the Provincial Auditor, according to the motion at the last meeting.

Mr. Gantefer: — Well I think that the intent of the Public Accounts Committee, and I've been around it for a while, has not been that there is an indefinite discussion between yourself and the Provincial Auditor that ends up every year that the same resolution or the same recommendation comes back to the committee. And there was no intent to ever envisage that this go on indefinitely as a discussion item.

I think that the committee has to decide one of two things: either we want and feel it's appropriate for that disclosure level as envisaged under the standards that this committee has set for other institutions and agencies; or alternatively, we have to create an exemption. Otherwise this just goes on forever.

To have a discussion is obviously going to end up at no resolve because the Provincial Auditor continues to recommend that WCB should publish a list of persons other than people that are injured who receive money, and you continue to say that you don't think that you should.

So I mean, quite honestly, I am not very interested in this going on forever, and it seems that at the present course that's exactly what's going to happen.

This committee has to make a decision. Either we request that information or we create an exemption. And I think that I wanted to certainly make sure that the committee understood that this information that is requested by virtue of the standards set by this committee is not available to the employers or an employee or an employer on an individual basis either. So I think that's the question for this committee is to decide where we're going to go with this or we can go on with it forever.

The Chair: — Mr. Paton, a comment to this, please.

Mr. Paton: — I'd just like to, I guess, in part support the comments that were just made. I think . . . My interpretation of the situation is that the auditor is attempting to apply standards that this committee has established in the past, and he's interpreted them in a certain fashion and made them apply to certain entities.

But part of the process is for this committee to determine whether or not they think those standards are appropriate in all circumstances. And we've had other situations come before the committee where you've specifically provided exemptions, and the auditor, I believe, applies that standard as it goes forward. And I think Mr. Wendel spoke to the Milk Control Board where certain items you want to disclose and others you don't, and that's the standard that's being applied here.

This one that we're dealing with now, I think, the Workers' Compensation Board is, I think, correctly categorized as one that's been deferred by the committee in the past, and the committee said, well they would like the auditor and the board to sort it out. And I think that probably isn't an appropriate mechanism in that the auditor is simply taking the direction as he sees it from this committee. And the Workers' Compensation Board is saying, well they think they have an exemption case or they have a different set of circumstances.

So I agree with Mr. Gantefer that I think this committee is the group that should decide, and I'm not hearing that WCB won't

try to comply with whatever that is. I think it's up to your committee to provide clearer direction in this case.

The Chair: — Mr. Yates?

Mr. Yates: — Thank you, Mr. Chair. My question's to Mr. Solomon. When you have appeals go forward, could you tell me, are the majority of appeals based on new information provided at the different stages of appeal? Perhaps a medical document not provided in the initial documentation, or perhaps a specialist's report as the appeals go up through the levels. How much would be based on new medical information or new information coming forward within those levels of appeal?

Mr. Solomon: — That's a very good question. I don't know if I have the precise answer. But a significant number of . . . First of all, our process is very democratic. It's similar to many other jurisdictions. Just because you've had an appeal and you've . . . the decision has not been favourable, you can return to the appeal process with additional information.

So on the initial appeal, the information hopefully is more expanded than the original process. But certainly if you've had an appeal and it's been adjudicated contrary to your wishes, the only time you can come back for another appeal is to have additional information, which could be medical, it could be circumstantial, and it may even be anecdotal with a witness . . . (inaudible interjection) . . . I'm sorry, Mr. Federko may want to respond to that as well.

The Chair: — Yes, Mr. Federko. I'm sorry.

Mr. Federko: — Not specifically that question. But I'd also like to pick up on what Mr. Paton has had to say as well and recognize that Mr. Paton has proposed a framework that may be useful to this committee in evaluating what organizations may have exemption, or may be considered by this committee to be exempt from the payee list issue or not; and also to the chart that the Provincial Auditor has referred us to, their flowchart, in terms of assisting the committee in making a decision. And just want to say, from the administration's perspective, that the proposal submitted by the Provincial Comptroller, we see that framework as being something that, if it be the committee's desire, that we are prepared to work with the Provincial Auditor on. We think it's a suitable framework for assisting in determining where an exemption is appropriate or not.

The Chair: — Okay. Mr. Paton, and then Mr. Yates again.

Mr. Paton: — Mr. Chairman, I was going to hold this till later on this afternoon where this recommendation is dealt with specifically under Executive Council. But we did table a report with this committee in June 2000, and we've brought copies of that report, you know, to be presented to the committee again today if you'd like to utilize it in some fashion.

But I think, you know, through going through the process that we had provided with the committee and considering it with the auditor's recommendations, those two documents would assist you in determining whether or not you would want to provide exemptions for someone such as WCB.

The Chair: — Ms. Bakken first, please, and then Mr. Yates.

Ms. Bakken: — Well I guess, as I sit here and listen to the comments being made by the people around the table, I think we need to be reminded that, as legislators, we are representing the taxpayers whether they be employers or employees.

And it's my understanding that neither the employers or the employees have any access to this information unless we pass this recommendation of the Provincial Auditor that the spending in its entirety by Workers' Compensation is disclosed. And so I would encourage members of this committee to think seriously about our responsibility and that we would enable the people of Saskatchewan to have access to this information.

Mr. Solomon: — Just if I might respond. Under Freedom of Information Access, any information can be obtained from the board, even I would suspect, payments to injured workers. That may be excluded?

Mr. Federko: — But I believe they are considered personal information under The Freedom of Information Act and they would not be subject to disclosure. But again, specific requests for specific information on any of the specific items that are already disclosed through our annual report, further details certainly would be provided and is available.

Mr. Yates: — Thank you, Mr. Chair. I had a question that I was going to ask the Provincial Auditor and the comptroller's office, and basically it was: have there been any discussions in between the two parties as to some alternate method that would meet both parties' needs in this? Have you had any discussion around some alternative position that would meet both parties' needs on this issue?

Mr. Wendel: — Mr. Chair, we met with . . . Are you talking about our conversations with the Worker's Compensation Board?

Mr. Yates: — Right.

Mr. Wendel: — Yes, we've met with them and it's disclosed in here what they've suggested would be an alternate reporting requirement, and it's in our report. And our response to that is we didn't think that would satisfy your objectives but we brought it back to you to make that decision. I mean that's for you to decide.

Mr. Yates: — So we aren't making necessarily a decision on totally . . . There are alternatives to our original position that you have discussed.

Mr. Wendel: — They have brought forward their alternative and that's listed here. And we've suggested that that won't fulfill your objectives so you'll have to make that . . . that decision.

Mr. Yates: — Thank you.

The Chair: — Seeing no further discussion in this chapter we have two recommendations, one on page 135 and one on page 136. So if I could turn your attention to those two recommendations.

On page 135 we have a recommendation that says that:

We continue to recommend the WCB should prepare an adequate disaster recovery plan and test that plan to ensure it works.

And I think we have some evidence of that starting to happen and continued discussion. Is anyone prepared to move a resolution?

Ms. Jones: — I would move:

That PAC concurs with the recommendation and note progress.

The Chair: — And note progress. Okay, concurrence and noting progress on recommendation number one. Any further discussion? All those in favour? Carried.

Recommendation number two on page 136 — not going to list it or read it — basically the creation of a list or an alternative procedure.

Mr. Gantefoer: — Yes, thank you, Mr. Chairman.

Mr. Chairman, I think that the recommendation as it is presented perpetuates the discussion, and I personally think that the time has come. I certainly have heard these arguments over the years and they're on public record, and we've sort of have been going and going around and around and around with this, and I think it's time that we made a decision.

So I would be prepared to move, since there is a deviation from the auditor's recommendation:

That the Public Accounts Committee recommends that WCB should publish a list of persons other than injured workers who receive money from it, and the amounts that the persons receive, following Public Accounts Committee's current minimum disclosure amounts.

The Chair: — Okay, discussion of that? What that's doing, if you look at your recommendation on page 2, it's basically repeating the first statement and dropping off the second, the last statement that makes up that part.

Mr. Yates, discussion?

Mr. Yates: — Thank you, Mr. Chair. I think that we should hold off and table this discussion until which time we hear the report from the comptroller's office this afternoon as we talk about this issue on a broader scale and look at some perhaps alternate methods to deal with this issue or assess this issue.

And we don't have that information in front of us that's going to be talked about this afternoon. And I think it would be very helpful for us to have that report prior to making a decision.

So at this time I move we table this.

The Chair: — Okay, superseding motion that tables this matter to this afternoon. Did I hear you correctly?

Mr. Yates: — Until after we have all the information.

The Chair: — Okay, to be reintroduced after the information is presented by Mr. Paton when we get through the discussion on Executive Council.

Discussion? All those in favour? Opposed? Carried. We'll bring that back this afternoon.

Be aware that when we make that decision this afternoon, that officials from WCB won't be here for discussion on Executive Council because that will be a different department.

I want to thank Mr. Solomon and Mr. Federko for being present this morning and helping us through this chapter. Thank you.

Mr. Solomon: — Thank you very much, Mr. Chair. And thank you to members for your questions. We appreciate that.

Review of the Provincial Auditor's Business Plan and Estimates

The Chair: — The next item on the agenda, ladies and gentlemen, is the review of the Provincial Auditor's business plan and estimates, and this will be the first opportunity that Public Accounts Committee has been entrusted with this responsibility.

And I understand and I recognize that we will recess for noon lunch at 11:45 since a couple of members on the government side require just a little bit longer noon hour. So this will . . . (inaudible interjection) . . . No, well we won't go there. Don't go there. But before we do that, Mr. Paton, a comment?

Mr. Paton: — Two things, Mr. Chairman. First of all, I will leave a copy of the report that we tabled last June so that you have an opportunity to review it before this afternoon.

The second thing is, I was going to excuse myself for this part of the discussion if I could get some indication as to when you might reconvene on the other part of the agenda.

The Chair: — We will be reconvening no matter when we finish for the break at 1:30 . . . (inaudible interjection) . . . No, we won't be through with that, with the auditor's business plan. That will not be done in 10 minutes so I'm suspecting that we're probably three-quarters of an hour to an hour behind what the timetable is suggesting.

Mr. Paton: — Thank you.

The Chair: — Okay, I think we're set to go. Mr. Wendel now assumes the position of presenting his business and financial plan to us. And before you do that, Fred, I'd ask you to introduce I think two new people that have joined you as well.

Mr. Wendel: — Thank you, Mr. Chair. I have Angèle Borys here. She's the principal in our support services area and looks after our human resource activities. And back there is Heather who at the moment is turned the other way but she's the assistant to the manager of administration and is instrumental in getting all the information that's in your . . . produced.

The Chair: — Welcome.

Mr. Wendel: — I've got about a 10-minute presentation and so I'll be just . . .

The Chair: — That clock's a little fast and by my watch it's 25 to, so we have 10 minutes. We will give you 10 minutes.

Mr. Wendel: — All right. Well thank you. Thank you for the opportunity of presenting this business and financial plan for 2003. We tabled the plan on November 28. We prepare and table a comprehensive business plan to build support for our work from all members. This allows all members the opportunity to advise you if they have any concerns with what we're planning to do before you review our budget.

We also table an annual report on operations each year that shows actually what we did compared to what we planned to do the previous year. And we tabled that report in June 2001 for the year March 31, 2001. We have extra copies of that along if you want a copy.

Each year we try to improve our business and financial plan and our annual report on operations as we expect others to do. The plan and the annual report are two key elements of a sound public accountability relationship. Many of the items included in our public reports on government agencies relate to improving their public accountability, so you will see a consistent theme between what we're saying here and what we're pursuing out to all our agencies.

In our reports we say a sound public accountability relationship requires an agreed upon financial and operational plan and a reliable report on performance and a reasonable review of that performance.

This business and financial plan sets out our operating plan, which is our results we plan to achieve, our objectives and our goals, and our strategies to achieve those objectives. The plan also sets out our financial plan to achieve the results.

The plan has four parts. The first part explains what we do and why, as well as our financial proposal for this year, next year, and the previous three years. We discuss the forces and trends that affect our work and our risk to achieving our objectives and how we manage those risks.

In this part we also talk about our employees. The knowledge, skills, and abilities of our employees determine how well we can serve the Assembly. We have about 60 people organized into five groups. At any time we have between 30 to 35 employees who are professional accountants and about 15 to 20 employees who are training to become professional accountants.

Each year usually about five professional accountants will leave the office. Many will go to government organizations. Each year we hire about five graduates from the two Saskatchewan universities. Our employees on average are about 35 years old and 56 per cent of our employees are female.

On page 25 we report that during 2001, 11 of our professional accountants left the office. This is nearly 20 per cent of our total employees and 30 per cent of our professional employees. Since March 31, 2001, another five professional employees have left

the office. Four of the 16 employees that left the office were our most senior staff. There continues to be many employment opportunities for professional accountants and those training to become professional accountants. These losses have placed considerable strain on the employees that remain with us.

Angèle Borys is responsible for our training and recruiting. Our training program has been reasonably successful for many years. In December, five of our employees passed the exams to become chartered accountants out of the seven employees that wrote the exams.

One of our measures of success is that the percentage of our employees that pass the exams to become chartered accountants exceeds the provincial average. This year our pass rate was 71 per cent. Last year our pass rate was 62 per cent. The provincial pass rate is usually about 65 per cent, and this year it was 59 per cent.

The second part of the plan is in appendix 1. In this part we provide detailed financial information and detailed work plans for several years.

The third part of our plan is in appendix 2. In this part we provide answers to questions previously posed by the Board of Internal Economy and members of the Standing Committee on Estimates. These are good questions and they should be asked of every organization to help you assess what organizations are doing, what they are trying to achieve, and how they are managing their operations.

The fourth part of our plan is in appendix 3. In this part we provide the recommended estimates for our office. Under The Provincial Auditor Act, we are to present our estimates in the format that this committee recommends. This provision is intended to ensure that the estimates of the legislative branch of government are consistent, and are prepared on time.

For this year we used the same format as in the past. Under the Act, this committee can approve the estimates that we present or change them. After the committee decides our resources, the committee is then to send the estimates to the Speaker, and then on to the Board of Internal Economy.

Before I discuss our actual request for resources, I want to make the following remarks. We said in the past that legislators need certain information about our operating plan and our financial plan to assess our request for resources. We say they need the same information when they assess the resource requests for government departments.

First, legislators need to know if we're delivering the products and services that they need. Our operating plan sets out what we are trying to achieve in the way of products and services, and our measures and targets to monitor and report on what we actually achieve. We encourage legislators to review the operating plan and provide us advice on how we might improve in what we are doing.

This committee's mandate states that we work closely with the Provincial Auditor to achieve the maximum of accountability of the government, of the Legislative Assembly.

Second, legislators need to know whether our request for resources is reasonable to carry out our operating plan. Page 33 of our business and financial plan contains a report from the auditor who audits our office. The auditor's report reports that our request for resources is reasonable to carry out our operating plan.

Now we'll talk about our request for resources. Page 5, 6, and 7 are a summary of the request.

This year our request has two parts. We are requesting two appropriations. The first appropriation is for the same purpose as in the past. It is our request for resources to audit government agencies during the next fiscal year based on what we know about the number of government agencies and the state of their records at October 31 of this year.

In the past we could use our fees and other revenue to pay for our costs, rather than asking for an appropriation to pay for all of our costs. Now, because of changes to The Provincial Auditor Act, we must return our fees and other revenue to the General Revenue Fund. We estimate we will pay fees and other revenue of \$89,000 to the General Revenue Fund for 2003.

For our first appropriation we request \$5.379 million for the year ended March 31, 2003. This request is \$243,000 more than last year, or about 4.7 per cent. We face cost pressures for 2003 totalling \$320,000, or 6.2 per cent. We plan to absorb \$77,000, or one and a half per cent of the costs related to those pressures.

We explain on pages 5 and 6 the pressures that increase our costs for 2003.

\$100,000 of our increased costs relates to new agencies the government created in 2001.

\$204,000 of our increased costs relates to providing our employees the same economic salary adjustments and benefits that the government gave to other employees in the public sector.

\$77,000 of our increased costs relate to a new 10-year lease we signed with our landlord to continue to occupy the same space. The cost of renting space has increased substantially since 1996, when we last signed a lease with our landlord. Our search for the best price for our premises resulted in us remaining at the same location.

We continue to try to find better ways to carry out our work. For example, for the year ended March 31, 1999, we had 61 employees to carry out our work. For 2003 we are forecasting we will need 59 employees. During the intervening four-year period, the number of new agencies created by the government increased the amount of work our office was required to do. To carry out all these new audits would require about three more employees than in 1999.

Our second appropriation is a contingency appropriation. The purpose of this appropriation is to provide our office resources to respond to unplanned work, pressure to improve the timeliness of our work, and unplanned salary and benefit increases.

In the past we kept net financial assets equal to about one month's salary and benefit expenses to respond to these matters. The changes to The Provincial Auditor Act require us to now pay our net financial assets annually to the General Revenue Fund and to obtain a contingency appropriation.

We are requesting a contingency appropriation of \$348,000 for 2003. This amount represents one month's salary and benefit expenses. If we use the contingency appropriation during 2003, we will make a full report as to why we used the appropriation and the amount that we used, in our 2003 annual report.

We forecast that we will return \$390,000 of net financial assets to the General Revenue Fund at March 31, 2002.

The amended Act also requires us to pay our revenue to the General Revenue Fund. We forecast we will pay \$97,000 to the General Revenue Fund during 2002 and \$89,000 during 2003.

In the past, we could use our revenue to pay for our costs.

In closing I want to say that for the last six years the Board of Internal Economy and the Standing Committee on Estimates has supported our office's request for resources and recommended the amount that we requested to carry out our work plan. The board's and the committee's support has allowed us to discharge our duties to the Assembly.

And that ends my presentation. I'd be happy to answer any questions your committee may have.

The Chair: — Well we will do that. Mr. Wendel, thank you very much for your presentation; we will do that after lunch.

And I know that we've recessed slightly early. I'm wondering if the committee can reconvene that 15 minutes earlier. Agreement? We will . . .

Ms. Jones: — Excuse me. We have someone else coming in for Ms. Junor, and I don't if she would be able . . .

The Chair: — And she won't be here till 1:30?

Ms. Jones: — Well I don't know.

The Chair: — Okay.

Ms. Jones: — I'm just saying I can't make any promises for someone who isn't here.

The Chair: — Right. If by chance she is here, I'd like to start a few minutes earlier. But if not, of course, we will reconvene at 1:30 regardless. But a few minutes earlier if possible to continue with discussion of Mr. Wendel's business plan. Okay? Let's be here and if we're able to start, we'll start right there and then if the person is here. Recess.

The committee recessed for a period of time.

The Chair: — Let's reconvene this afternoon. Prior to lunch — and by the way, Ms. Atkinson is in now for Ms. Junor, note that — just prior to noon we had a presentation from Mr. Wendel regarding the auditor's office business plan and projected plans

for the future including the expenses. And I would open it up now to direct questions regarding anything that you had in the plan or any of the numbers that are before you. Who would like to start?

Mr. Gantefoer: — I sort of note with interest, as an overview, on page 62 of your submission, a record of the spending that has occurred in the last decade from your office. And I would like to say right off the bat, on the record, that I think that the work that your office has done over this decade has been exemplary in terms of drawing greater attention to public accountability; and the government, to its credit, has largely responded positively to recommendations that the auditor has made. And as a result, I think, at the end of this decade that's outlined here, the public accountability and the transparency of public funds and the way agencies conduct themselves is much improved as a result of that.

But I also note that . . . And I also would have thought that in order to do that work, especially in the early years, would have required a huge expenditure of energy and resources from your department's point of view.

And in the last six or so years that I've been sitting on this committee intermittently, I see more and more instances where your reports note that government departments or agencies are making substantial and significant progress or have complied, and those kinds of recommendation seem to come forward much more often than they did five or six years ago.

And so I guess I'm wondering, the graph also shows, and I know there are some increased numbers of agencies, but I would think that, in light of the fact that there is such a high degree of compliance in many of these instances, that the work you have to do should be getting easier. And consequently, I would think that you would potentially come to some point where reduced resources are necessary rather than always ever increasing resources. And I wonder if you could comment on that general observation.

Mr. Wendel: — Sure. We have a standard amount of work we have to do each year and we base that work on our knowledge of, as I say, the number of government organizations and the state of their records and the key risks that they have to manage. And if records aren't well kept, we have to do a great deal more work.

Also if there are new major computer projects going in, we have to do a lot more work to make sure they get off the ground well. And we have, for the last few years, made sure that we've tried to be right there when they're beginning these new systems, the large ones. We were involved with SaskPower when they were putting in that large system there. We made some recommendations to improve it.

This plan includes more money to go back and see if they're getting the benefits that they said they were going to realize, because it's important that they also get the benefits they said they were going to get. So there's work in here to work with SaskPower again and to do an audit report on whether they're achieving the benefits they thought they were going to get on that project.

So while some areas have gotten better over the years, as you note . . . We've done a lot of work in the health districts. A lot of that is improved, but there's still pockets there that need improvement. We got . . . A lot of work we're still doing at Liquor and Gaming and SIGA (Saskatchewan Indian Gaming Authority) and I think we'll be at least the next two years; year and a half, two years, before we're satisfied that that's going in the right direction.

So if you look in the business plan, you'll find there's around \$300,000 we're planning to spend in the gaming area, making sure they have improved their practices and making sure the public knows that things are getting better and that's in here. So when that begins to settle down, we will of course reduce our request as we do with all agencies once we're satisfied with the state of their records and things are going smoothly. We do take that into account, each and every year.

Mr. Gantefoer: — I hear you saying that you really base the estimate of what is going to be required on a kind of a case by case, department by department analysis of the work that's required and come up with a cumulative total that then represents your overall request.

And, you know, I think that the 4 or \$5 million that we spend for your agency is some of the best money the legislature approves in any given year. But I'm sort of a little bit concerned about the fact that since 2000, your request was 4.4 million; and projected for 2004, 5.4 million plus the special warrants which are outside of that.

That's a fairly significant percentage increase and real increase at a time where I would have hoped that some of the pressures would be starting at least to diminish by the previous year's work and the response of government department and agencies have made.

And so that's where I guess I am looking into the future and asking if you see this occurring almost indefinitely. And, I guess, I respect what you've said in terms of that you look at it on a case by case, year to year. But I would also hope that in order to sort of keep everything going, you don't start focusing on the minutiae to the point that, I guess the word on the street would be is that you get nitpicking in terms of details that maybe are not as important and there isn't as much value in focusing on them as the big picture and the substantive issues that your department . . . or your agency has addressed very successfully over the last decade.

So I guess I am just a little bit concerned about the trend lines in light of the previous accomplishments that rightly you should be very proud of.

Mr. Wendel: — Thank you for the support on what we have done. I can assure you we don't try and be nitpicking. We have a standard audit program that we have, and we go to each government agency each year and make sure they have some minimum things, okay.

If we identify places where there's a high risk and things aren't going well, we have to delve into those. And this plan . . . the way we operate is when we finish an audit, the next thing you do is plan for the next year. You have to do that while it's still

fresh in your mind. You talk to management, you make sure you know what's going to be happening, and you build up your plan that way, okay? And we have to have a process like that.

Then the people that build up the plan are held accountable for delivering that plan for that cost. That's important. We manage that, we make sure we monitor those costs, and they have to answer for their costs when they are over that internally. So we make sure we monitor that.

Insofar as the big increase from '90 . . . was it 2000 to 2001? — that was explained clearly last year that most of that had to do with new government agency. Nearly all of it . . . I think it was about \$50,000 for salary increases and nearly all of it was to improve timing for the financial statements that are . . . that have to be made public.

The new Public Documents Act came through and said we had to advance all the deadlines and that certainly is going to improve accountability. You get earlier financial reports. So there was \$100,000 for that in there last year. That continues this year. It's going to continue to get earlier each year. So it'll be a while before that's all settled.

Again it went back to all the work we had to do with Saskatchewan Gaming Authority. We're now the appointed auditor that deals with it directly for a few years. There were many, many other agencies — I could get them out here — that were new audits last year. Those continue. And there's new audits again this year, \$100,000 worth. And we're doing that with the same number of people. Like we're going to be doing that with 59 people. And we're remaining at 59.

Ms. Hamilton: — My impression was in a similar vein in that when we're looking at each year, and particularly this year when we look at the aftermath of September 11 and some of the very difficult budget decisions that you take when your revenues aren't going where you expect them to as a government overall, if there's a certain allocation of money that you are looking at and each year the request is for an increase and understandably you're saying this year new departments . . . I guess I'm thinking that in some instances, could work plans change that you're not doing some of the other departments on the same kind of a cycle or do you do all areas on a certain cycle now that would be sort of a prolonged . . . more a long period of time?

Once you've looked at one organization or department and say they're following those procedures; this is seemingly in good shape; you've given them a good clean bill of health, that maybe their work cycle, you might not look to them on a regular basis. Maybe every . . . instead of, I don't know right now what your cycle might be for them but three years rather than two years, that kind of a thing to adjust for new departments coming in. Because in some years then if we were in a position of saying that there's this amount of money, this really does then signify an increase that we're not giving to any other department of government.

Where would the adjustments be made I guess if we were saying that, as other government departments, the dollars are finite for this year? What would you see happening to adjust the schedule that may impact on the work you do, perhaps though

not impacting to a greater extent on the accountabilities that need to happen?

Mr. Wendel: — We are to audit each government organization each year, and we do that. It's the law.

Now we have proposed in here what would happen if we weren't able to obtain our resources, okay. It's in the business plan. And what we would say is if we have to reduce and not do certain things, there would be . . . we would have to reduce staff and then we wouldn't do certain audits.

And what we identified here would be some revolving special purpose funds; we wouldn't audit them. And we wouldn't audit some agricultural marketing boards and commissions, and then certain CIC-related Crown corporations. That would be our way. We would take them off the list.

Mr. Yates: — Thank you, Mr. Chair . . . (inaudible) . . . turn to contingency funding or contingency appropriation. With that appropriation, do you come back before the committee before expending out of it?

If a government department needs additional dollars they come back and they ask permission, I guess, of the cabinet or the government in this case. Seeing as the Provincial Auditor reports to the Public Accounts Committee, I just want your opinion on the issue of appropriateness of asking for permission to access the additional contingency appropriation and whether or not perhaps the Public Accounts Committee agrees with those particular expenditures. What do you think is appropriate?

Mr. Wendel: — Mr. Chair, just some history on that. As we say in the business plan, we used to keep our net financial assets and have that money available to respond to unplanned work and other things that would come up that we had to pay for in the coming year.

What's coming up this year, just as a for-instance, the government has announced just the other day that they're going to be going to health authorities. We have no money in our budget for that, okay. And there will be a lot of work involved in that, okay, from our office, as there was when they went from the health hospitals, if you like, to health boards. As they move to health authorities and the first few years of reorganization, I think we're going to have a lot of extra work in that area.

I have recently received a request to do an audit of the gas cost variance account for Saskatchewan Energy. Well I think that's probably important that people know that that number that they're using is reliable. I have no money in there for that.

So those are the kind of things we would use the money for, okay. Now when this committee discussed this in the past they seemed to think it was better if I had a contingency appropriation to do those things rather than have to come forward and get a special warrant when this new business came up.

And the reason being, let's say I encounter a situation where there's . . . well I suspect something's gone awry in a particular place and I know there's going to be a lot of work. I'd have to make a report to this committee about this particular topic

before I'd really have a lot of information to talk about, and there would be a lot of public concern about that; maybe there wouldn't need to be, okay.

So those are the reasons why the committee at that time thought it would be better for us to have a contingency appropriation. We would of course have to be fully accountable for that. We'd have to come forward and say, what did you think you had to do that you didn't have in the plan, okay, and we'd have to tell you what we used the money for, what it was about — and you will have gotten a report by then, likely — and that would be the accountability to it. But it was discussed at length by the committee and this seemed to be the way they wanted to go at that time.

Mr. Wakefield: — I was looking quickly at some of the work . . . Oh, I should have put a . . . No, I was looking on page 72, 74, and 76 at the costs of the detailed work plan over the last three years, and it looks pretty ambitious. And it looks like it's been about the same, around the 7 million dollar in terms of cost fees that have been charged and generated. I think that's how I read that. Is that right?

Mr. Wendel: — Just maybe to try and clarify these pages. Those fees that you see there, those are the fees that the appointed auditors have charged these government organizations, okay? They're not fees that we charge and remit, okay? Those are fees that the appointed auditors have charged various government agencies for the work they do there.

Mr. Wakefield: — I guess my question goes this way: if the appointed auditors are doing that kind of work, are you requiring in your mind that you have extra work to do because of your involvement with the appointed auditor as well?

Mr. Wendel: — What we say in this report is that when there are two auditors, it costs more money, okay, because we still have an overall responsibility. So we still have a responsibility to report to you on the three things, okay, and we do that, okay?

And we have to do a certain task to make sure that we can report with confidence on that. And we work as closely as we can with the appointed auditors to make sure that there's no misunderstandings. We've come up with a set of protocols and it seems to be working fairly smoothly.

Mr. Wakefield: — For somebody like me that doesn't know the detail, I'm sure that if there is a potential of redundancy, that's all been worked out in relation with the . . . to your discussion.

Mr. Wendel: — Yes, that was one of the things that we had to try and resolve.

Mr. Wakefield: — I have a further question if I could, Mr. Chair. When I look at the statement of revenue and expenditures on page 35, I can see where the contingency appropriation adds significantly to this year's appropriation.

And I just worked out some quick numbers. It looked like the revenue required through last year's appropriation increased about 9.3 per cent; this year it's up to about 11.5. When you add on the contingency appropriation too . . . And I look at the

expenditures. They haven't gone up quite to that extent, so it's showing that you're projecting a revenue surplus.

My question would be, because a lot of the departments have been moving to performance objectives, performance measuring, and accountability, is that increasing your requirement to do more extensive audits or should that in turn result in less work for you because they then become accountable, kind of, to the protocol and the system?

Mr. Wendel: — I think over time it will probably cause more work for our office because people will want assurance that the things that are being reported are reliable. I don't think anybody's at that particular stage yet but it's beginning to move that way.

I think one of the first things that's coming up is that when the first ministers agreed to report on health performance based on a specific number of indicators, okay, that's supposed to begin in 2002, and there will be a start on reporting that information. That information is also to be . . . assurance provided on that. So there'll be a start on that in this coming year but I think we're a few years away from that.

Now insofar as this statement, okay, as I said in my opening remarks, the \$348,000 contingency appropriation wouldn't have been necessary in the past had we retained our net financial assets. And if we don't use it, okay, we'll be returning it. Also if we don't use the other appropriation, as you can see, we'll be returning it.

This year we won't be using our full appropriation. We've had, like I said, a lot of turnover in staff. We've been trying to backfill with contractual staff we're hiring from the CA (chartered accountant) firms and we can only use resources in a certain way. Work's being delayed, okay, and we'll be returning the money. As you can, see there's a forecast here we'll be returning \$390,000 at the end of the year.

But this is our best plan at this date to do this work. This is what we think it would take. And if we don't use the money, we'll certainly return it, and if we don't need the contingency appropriation, we won't use it. And if we do use it, you'll know what we used it for.

Mr. Wakefield: — I just want clear then, the going into performance objectives and measuring accountability may cause additional costs for the time being . . . for a short period of time.

Mr. Wendel: — I think it will. I think even for the long term depending on what assurances elected members want on the results that are being reported. And I guess that'll have to be a matter for debate as we move along on that.

We have money in our budget here to do some work with the Department of Health on the performance indicators you're doing for the health report card because we think that's a very, very important initiative, and we have money in here for that. We've got one of our most senior people working with Health to make sure that comes off successfully.

Ms. Atkinson: — On page 6 I note that you have moved out of

your old office space into new office space and that's increased your annual costs by \$77,000. Can you tell us what was wrong with your old space?

Mr. Wendel: — Actually when I had my opening remarks this morning you weren't here . . .

Ms. Atkinson: — Yes, I wasn't here.

Mr. Wendel: — . . . Ms. Atkinson, and I did say that we stayed in the same space and continue to occupy the same space. Our lease came up for renewal. We have to be out . . . we would have had to be out of the premises April 1, 2002 so we began negotiations early.

So we arranged with SPMC (Saskatchewan Property Management Corporation) to get a copy of what their lease is, what their lease standards are. We got copies of what their requests for proposals are. We went to several real estate agents to get somebody to represent us in a request for proposals.

We used the SPMC request for proposals, went out to six . . . then went out to six different buildings. Only two buildings presented bids. I think we went for the lowest bid which is where we were. We just ended up staying where we are. We've been there since 1987.

Ms. Atkinson: — Okay. And my second question is, how did you absorb this increase? What did you do to absorb it?

Mr. Wendel: — The increase? We're still trying to carry on with still the same number of employees, finding different ways to do things. And that's how we're absorbing.

Ms. Atkinson: — Can you be a little more specific.

Mr. Wendel: — Sure. We continue to try and find efficiencies in our work. The auditing is evolving. It's moving from auditing transaction details to risk-based, top-down auditing. The whole profession is moving that way.

And we work then with boards of governors, the senior people, to find out how they're managing rather than get into the details. That allows us to reduce some of our testing and our staff needs.

And technology allows us to do things a little better. We can go to the Internet, find criteria for our audits instead of all the research we had to do the other way. So it's kind of an evolving thing and we continue to try and find different ways to do things.

Ms. Atkinson: — Obviously you're requesting an increase in funding to the Provincial Auditor's office. And I think we all know that natural gas prices are down, oil prices are down. Other economies in this country have seen an impact on their growth rate, which will impact equalization for the province of Saskatchewan.

So I think at best we can say our future is a bit tentative in terms of the kinds of revenues that we might be projecting for the next fiscal year. And you're requesting an increase of, I believe, 4.7 per cent. So I want to sort of follow up on Ms. Hamilton's line

of questioning.

Given that, given the uncertainty, we're — December, January, February, March — we're about four months away from the budget. Who knows what's going to happen with the Soviet Union and their agreement to cut back production which will impact on the world price of oil, which impacts on our revenues.

If we were not . . . If you were not to see an increase of 4.7 per cent, can you be more specific on what kinds of measures the Provincial Auditor's office would have to take in order to fulfill your goals and objectives, and fulfill your work plan for the next fiscal year?

Mr. Wendel: — What we say in the business and financial plan is that we'll reduce staff, pay the people we can pay. We reduce staff — we can't do all the work you have to do. And then we will then delete certain work that we wouldn't do. And as I mentioned, it would be going, as we say, in the revolving and other special purpose funds, agricultural marketing boards and commissions, and certain CIC-related Crown corporations.

Ms. Atkinson: — And given that — I guess this is in follow-up to Mr. Gantefoer's observations — given that many, many, many of the processes that the Provincial Auditor's office has recommended in terms of public accountability and transparency have been implemented, do you think that the province's resources would be placed at risk, at huge risk if you weren't to get a 4.7 per cent increase?

Mr. Wendel: — Well I can . . . What I've said to you is I'll be deleting this work. If there are . . . anything that comes up in here, I won't be able to report on those. I won't look there.

I'll do where I think the biggest risks are for our office or the public. I'll do those. These are the places where the least risks are as far as I'm concerned. Okay?

Ms. Atkinson: — So then what you will do is, obviously, prioritize very clearly your work plan.

Mr. Wendel: — Yes. And I have given you an indication of what I would do. And then I'll have to weigh that.

Ms. Atkinson: — Okay. Thank you.

The Chair: — Before I go to Mr. Kwiatkowski, I want to follow up on just a couple things that Miss Atkinson raised around the rent.

Mr. Wendel: — Sure.

The Chair: — As I understand it, for this you're looking at your projections on page 35. There is no increase for this year, and we're going to see a \$77,000 increase for rent for the next fiscal year. Do we expect that 77 . . . that rate that we'll be charged next year, is it in place for the next 10 years?

Mr. Wendel: — Yes.

The Chair: — So it will remain the same for 10 years.

Mr. Wendel: — Just to clarify that. Like all leases, and our old lease, is the base rent and then there's an escalation clause for operating costs . . . (inaudible interjection) . . . past lease. So there's a baseline for operating cost. If gas prices go beyond that, you pay more; if water . . . beyond that, you pay more. It's at a set base rate and it's just a standard . . .

The Chair: — So unless those other things change, then the rent does change accordingly. One of the conditions that you mentioned is that a large amount of the money, of course, is needed for salary increases.

Mr. Wendel: — Right.

The Chair: — And you talk about increases that took place back this past July 1 and next July 1. Could you tell us who negotiates those salary increases with your employees, or are these . . . when you referred to, on page 37, I'm looking at the paragraph that says that:

. . . and 2.5 % July 1, 2002 economic adjustments the Government provided to other public sector workers.

So because there were contracts that were negotiated by government that this then translates into the fact that you're still in the business of employing people as well, so therefore what government has done has necessitated what you have to do now?

Mr. Wendel: — Yes. We're not a leader; we're a follower. We wait to see what the government announces for out-of-scope salary increases to their staff. We don't follow the union contract. We follow what the out-of-scope staff get for the government.

If they announce a general salary increase for the Public Service Commission for their senior staff, that's what we provide to our staff; we just follow. And the reason we do that is the government's one of the marketplaces for employees and we're trying to hang on to some of our employees. That's why we follow it.

The Chair: — Thank you.

Mr. Kwiatkowski: — Thank you, Mr. Chair. I guess I share some of Ms. Atkinson's curiosity in the sense that on page 28 you indicate there that if you weren't able to receive sufficient funding that there are some very specific areas that you simply would not audit — revolving, special purpose funds, certain CIC-related Crowns.

First of all, how did you arrive at that? How did you determine that those would be the Crowns, the boards, the commissions that you wouldn't audit if you didn't receive sufficient funding? And what exactly do you mean by certain CIC-related Crown corporations?

Mr. Wendel: — We would follow in the order that you see them. And depending on how much money you give us, we would begin by starting with the revolving funds and we would not do the work on the revolving funds.

As I have said, we have looked to our risks, or your risks if you

like, to the public of good management, public money, and where the biggest risks are. It wouldn't be in these areas. We're required by law to audit them, okay, but if I have to give something up, that's where I start.

And then I would move down to other special purpose funds, okay. So I'd give you some names of the revolving funds if you like or the special purpose funds. You know, there's . . .

Mr. Kwiatkowski: — So then if you weren't able to receive sufficient funding and audit them to the standards that you've established, you just wouldn't audit them at all.

Mr. Wendel: — If I audit them, I have to follow professional standards, okay, so I'm not going to audit them at all. If I have to audit the financial statements for an organization, I have to follow professional standards or I will have difficulties.

Mr. Kwiatkowski: — A couple of questions with respect to the list of new government organizations created, on page 45. When a new government organization is created, is there a protocol or a process whereby your office is notified that there will be a new Crown, a new department, a new agency, and if so, what is that process or that protocol?

And then the second part of the question is, when a new agency, Crown, or department is created, do you have the ability to be able to have some input upfront in terms of what you expect in terms of some of the financial measures that would be put in place in order that it would make your job easier down the road, so that perhaps the record keeping and those kinds of things that you would be interested in would be done in such a fashion that it would make your job easier in the audit process further down the road?

Mr. Wendel: — As a matter of course, we're not consulted. Okay?

But we do have a process to make sure we identify them all, because they have to either be established by cabinet through an order in council, by the Legislative Assembly itself through an Act, or by a Crown corporation and we would see that in their minutes. So as we progress through our audits, we would find them all in the course of a year and we'd know what our audit universe is. Okay?

But as a matter of course, no, we're not consulted. We are occasionally but not as a matter of course.

Mr. Kwiatkowski: — So there's no formal process then of notification by the government when they want to establish a new Crown or agency or department. It's left to chance as to whether you find it or not, whether it's . . .

Mr. Wendel: — I don't think there'd be a chance to, and I think we find them all. And if there's an order in council, we see them all. Okay? So if there's an organization created through law, if this Legislative Assembly passes an Act creating something, we see all of those board minutes. We give you all board minutes of government agencies. We're satisfied we found them. It's after the fact, of course, but we're satisfied, so.

The Chair: — Any further questions?

Mr. Harper: — Mr. Wendel, you indicated earlier that you believe that with the government's decision to move to health regions and away from health districts that this would incur additional costs for you. What's your responsibilities now as far as the health districts are concerned?

Mr. Wendel: — And someone had asked me earlier how we do rotational audits or something.

But in the Department of Health, what we did is identify some years ago that we could cover our risks by auditing the district health boards on a rotational basis, the small ones, because they face the same risks. So we would go in over a period of two years or three, two or three years — two, I think — and then we would do it that way.

But when they initially create organizations, okay, and especially when they're reorganizing things and bringing things together, there will be a lot of things that need to be looked over. And we'll be working closely with the Department of Health to make sure that proper systems and practices are put in for the new bodies, they've accounted for all the assets they should have where they're coming in, and all the debts. And it just will be more work and it isn't built into the plan.

Now in the long run it may be less work because there's less districts. But I'm saying . . . all I said is I don't have anything in the budget for that this year, okay. Now we could use a contingency appropriation if I needed it to help finance that if there's more work.

Mr. Harper: — So in your opinion then it could be some short-term increased costs to establish the districts and the reporting systems of the . . . of the regions rather, and the reporting systems of the regions versus the districts. But on the long term having to work then with say 12 regions rather than 32 districts, there could be some cost savings somewhere down the road.

Mr. Wendel: — There could well be that. I don't know enough about it yet what's going to happen. But my guess is whenever something new happens it takes some work that year to get it organized. And there's going to be what — 20 less districts if you like?

Mr. Harper: — Right.

Mr. Wendel: — Well there's 20 less organizations we have to audit. And that will have an impact in the future. We will certainly build that in. I just don't know what will happen yet. Like it's unknown and I can't budget for it very well until we get there.

Mr. Harper: — Very good. Thank you, Mr. Chair.

The Chair: — Thank you. What we're dealing with is I guess the two pages, 35 or 39, because those are the same numbers. They're just a different . . . stated in a different fashion but they are the same numbers.

So we want to look at 39 as far as the revenue and the expenditure, and we've had questions on both the revenue side and the expenditure side. And what we'll be dealing with is

page no. 82 which is the last page, which is like, you know, estimates in the legislature in that we have a proposal here that we would be putting forward that would deal with those two concerns.

So if you're looking at revenue and expenditures, the first part of revenue is suggesting that 5.379 million is needed along with the contingency fund which is vote no. 2. That would add up to 5.816 and the expenses are identified as 5.398. On page 39 you can see those.

Are there any further questions or any comments on page 39?

Mr. Wendel: — A summary of the two appropriations is on the page 81 if you like. Just on page 39, we put up our financial reports two ways, okay. One way is on an expense base so we're depreciating our capital assets, okay.

And the other way is on the basis on which you budget when you go to the Legislative Assembly which is if you buy any capital assets they're an expense when you buy them. Okay?

So page 35 is on the way you budget, okay, currently, okay; and page 39 is just so you know what our costs are, okay, so . . . But for the budgeting purposes it's page 35, okay, because that's the way that . . . I didn't . . . You know that's the budget process now and I don't think you should move from that.

A Member: — Thank you for clarifying.

Mr. Wendel: — Yes, and the other part . . . And then that carries forward then into the appropriation request.

The Chair: — We're dealing with page 35, which is then going to translate into the two requests summarized in the single request in 81; but I wanted to separate them because we've had some discussion about contingency fund and why it was created and the fact that there will be some monies that will be transferred back to the General Revenue Fund for this current year, and it will put us into this new process of separating contingency and separating the assets that remain within the auditor's office.

Any further discussion on that?

Ms. Atkinson: — It's not quite on that, but I just have a technical question that maybe someone on the committee can help me with.

Our recommendation will go to the Board of Internal Economy, correct? No . . . (inaudible interjection) . . . Pardon me? Oh, we finalize the decision here. Okay.

So I guess my question is this: do we always finalize this number this — I won't say early in the year — but do we usually finalize this number in December before we have a better understanding of the fiscal capacity of the province?

The Chair: — Okay. Just a little bit of history. And we're all new to this maybe, except Mr. Gantfoer.

Because of the changes to the Act, this is the first time that the Public Accounts Committee is going to be actually dealing with

the business plan and the financial plan of the auditor. Previously it went to Board of Internal Economy. So we're dealing with it for the first time.

And it's my understanding that this is customary, the customary time that it has been dealt with in the past when you would make these presentations to Board of Internal Economy, who would then recommend what changes needed to be made. And that would then go on in the same process to the Speaker.

Now by the changes in the Act, it is now our responsibility to review the business plan, to make recommendation based on the suggestions here that would be carried forward to the Speaker and the Speaker then, on behalf of all of the groups that would go through . . . that would make that presentation.

Ms. Atkinson: — In the past did the Board of Internal Economy make this decision in December before the March budget, or did they make it closer to the March budget?

The Chair: — I would rely on Mr. Wendel and Mr. Atkinson, who have been through this process many times before with the Board of Internal Economy.

Mr. Wendel: — I have met with the board in December and in January. So it's whenever the board could get to us, they would meet and then deal with this. Because I think when we talked about this a couple of meetings ago the head of the Treasury Board was here, and we asked him when he needed this information and he . . . I think was it January, I think he said?

The Chair: — I could clarify that. We were dealing with the process but by January 20, Mr. Glen— what's his last name?

Mr. Wendel: — Veikle.

The Chair: — Veikle. Mr. Veikle said that the information from our committee has to be in his hands by January 20.

So we looked at that process of saying, well when do we want to deal with it? And we looked at the risks of January weather and felt that today was the day that we wanted to deal with it. In fact we were even thinking of dealing with it tomorrow and we could not get people here tomorrow to deal with this, so that's why it got moved to today.

Ms. Atkinson: — Okay, then I have one final question. Has the Provincial Auditor's budget increased? And I know I should know this, but I don't. Has it paralleled the average increase in spending that we would see as an overall budget increase from year to year?

The Chair: — Well if I, I guess if I look at it from that and I'd like you to turn to page 35, because I think that's where the chart is that shows the spending of the last number of years. And if I look at, you know, at the revenue side, and obviously these are the appropriations that were made, we saw a significant increase from 2001 to 2002. And I think Mr. Wendel has explained that that was due to that need to increase the amount of workload that was asked. So that's a significant increase of almost a half a million dollars in that one year.

Previous to that, it sort of went up 200 million dollars, and this

year it's going up about 200 million on the revenue side. So is it the same? Well it's same . . . it's similar, I think, from 2000 to 2001, but not the same as 2001 to 2002, because there we saw a huge increase. Now we're seeing an increase back to 200 million.

Yes, and I guess Ms. Woods has pointed out page 62 that shows the graphs that shows the trends that . . . while we're looking I guess at salary increases due to percentage increases and the things that are doing. We haven't seen a huge growth this year. Does that answer your question?

A Member: — Not quite.

The Chair: — Now I ask Mr. Wendel to make any comments as well, please.

Mr. Wendel: — Your question was is our spending line consistent with the government's spending line. And page 62 provides you some indication of that. You can see the trend line there for our spending, you can see the trend line for the government spending, and also a trend line for the number of government agencies.

We think we're managing reasonably close to that. We do have . . . when we have large ups, it isn't our creation, okay? It's new government agencies or where there's . . . the systems are just so poor that we have to do so much work it just adds that kind of a workload. But we think we are managing on the same trend lines. We're certainly conscious of that. Our performance target is to absorb inflationary increases each year, with the exception of salary and benefit increases, and those . . . we also are a follower on that.

So that's our performance target. We've met it this year, and we've had that as performance target for years. And we'll certainly continue to do that, and if we can do better than that, we will . . . (inaudible interjection) . . .

The Chair: — Thank you for clarifying that. On a \$5 million budget, it's pretty hard to get a \$200 million increase.

Ms. Atkinson: — So if I can just sort of make my final point. So you would argue that the Provincial Auditor's budget increase has generally paralleled the increase that government spending overall has seen from year to year. So you're requesting a 4.7 per cent increase in revenue to your agency. And we have to make that decision in . . . without the context of what government increases are going to be overall. And we could be in a position where the Provincial Auditor's budget has increased and other government agencies have not seen a 4.7 per cent increase.

Or I mean we could be in another situation where overall spending has increased more than 4.7 per cent, and you're at 4.7. So we're being asked to make this decision in December before we really know what the projected revenues could be for the next fiscal year, and projected expenditures.

Mr. Wendel: — Well we're required to present you a business and financial plan and request our estimates. The timing as to when this has to happen is not my timing, and that's driven by the Department of Finance and the need to provide a budget.

Just as a further note on that, on page 61 we make the statement that from '96 to 2001 our spending increased 6.7 per cent. During the same period the government's spending increased 17 per cent. So I think we're monitoring our expenses; we're trying to make sure we don't get out of line with them, and we're conscious of the difficulties there is in raising revenue. And if we don't use the money, we'll certainly return it.

The Chair: — Are we prepared to move on to the two votes? I'm going to separate them because I think they're different. We have, as Mr. Wendel has pointed out, on page 81, we have the complete summary of the operation of the auditor's office, which is the current expenditures, and then the contingency fund that's required. I don't know that we have any more discussion.

If we look at the second vote, and I'll refer to it as PA01, which is the second vote that indicates that the expenditures or the revenue required as asked for by the Provincial Auditor is 5.379. Is anyone prepared to move a resolution that that be submitted?

Mr. Kwiatkowski: — I would move that that be submitted as requested by the Provincial Auditor.

The Chair: — Discussion. Seeing none, all those in favour? Opposed? Carried.

The second vote, I'll refer to as PA02, is the establishment of the contingency fund which is a first-time process for the auditor's office as well as for us. And you've heard the explanation about the creation of a fund of \$348,000 that would be there, and of course the explanation about the transfer back for the current fiscal year that we're in right now and the estimates that that would mean.

Are there any questions about the contingency fund? Is anyone prepared to make a resolution?

Mr. Harper: — Mr. Chair, I make a resolution that we put forward the request for the contingency fund at \$348,000.

The Chair: — Moved by Mr. Harper. Any discussion? All those in favour? Opposed? Carried.

And for the benefit of all members, we will then now be submitting the business plan along with our recommendations through the procedure that has now been established under the new guidelines, and that will go directly to the Speaker.

Thank you, Mr. Wendel, and your officials. Comments?

Mr. Wendel: — I would like to make a comment. I want to thank the committee very much for its support. I appreciate that very much. And we'll do our best to continue to earn that support.

The Chair: — And we need you to come back here so that we can continue to do our work.

Public Hearing: Executive Council

The Chair: — I'd like to reconvene again with our next chapter

and that's going to be chapter 14 of the 2000 Fall Report on Executive Council. And as introduced this morning by Mr. Wendel, we'll have Mr. Rodd Jersak doing the presentation from the auditor's office. But, Mr. Paton, I understand you have other officials with you that need introduction today.

Mr. Paton: — Yes, Mr. Chairman. I've also got with me Lori Taylor and Lisa Healy who did work on the disclosure of payments that we'll be talking about this afternoon.

The Chair: — Great. Thank you, and welcome, ladies. And welcome, Mr. Perrins, deputy minister. And I'd ask you to introduce your official as well.

Mr. Perrins: — Bonita Cairns.

The Chair: — Great. Welcome. And, Mr. Jersak, we'll let you get right into it.

Mr. Jersak: — Thank you, Mr. Chair. Chapter 14 of the 2000 Fall Report, Volume 3, includes our audit conclusions and findings for Executive Council for the year ended March 31, 2000. We found that Executive Council had adequate rules and procedures to safeguard and control its assets and it complied with legislative authorities. In this chapter we report two other matters along with an update on a prior recommendation. I'll now briefly go through these three matters.

The first matter that we bring to your attention is that we feel that a list of persons who receive money from government agencies is needed, this is an issue you discussed somewhat this morning with regards to the Workers' Compensation Board. For a few years we have recommended that all government agencies should provide the Assembly with a list of persons, for example employees or suppliers, who received money from those agencies. We raised this issue in this chapter on Executive Council because Executive Council has a supervisory role over all other government agencies.

Public disclosure of payees is important for three reasons. Public disclosure serves to remind all government officials they are spending money that is entrusted to them by the public. Public disclosure adds rigour to decision making as it ensures those who spend public money know that their use of that money will be public. And public disclosure ensures the public knows who has received their money.

Previous Public Accounts Committees have discussed this issue and recommended that agencies reporting to Treasury Board should provide a list of persons who have received money and that Crown corporations should have the same public reporting requirements as government departments, unless otherwise stated in the mandate of the corporation.

In February 1998, PAC (Public Accounts Committee) agreed this spirit of accountability is of fundamental importance for government and that circumstances for every government agency may be unique in that broad recommendations that blanket all agencies are not appropriate.

At December 31, 1999, there were a number of government agencies that did not make a public list of persons who received the money from them. These agencies are listed in exhibit 1,

beginning on page 306 of this chapter.

The majority of the agencies are CIC Crowns and their subsidiaries. Under the new Provincial Auditor Act, all of our chapters that relate to CIC will be automatically referred to the Crown Corporations Committee. As a result, there does not seem to be any reason for the Public Accounts Committee to deal with the payee lists matter for the CIC Crowns.

For the other agencies listed, and there are only, I think, six or seven of them, we think the Public Accounts Committee should consider this issue when those agencies appear before the committee.

In summary, given the changes that have happened since last fall when we made this report public, we think there is no need for the Public Accounts Committee to review the recommendations we made in this chapter regarding payee lists.

The second matter that we bring to your attention is that improved public accountability for Executive Council is required. We think that Executive Council should provide an annual report to the Assembly. An annual report would provide the public sufficient information to evaluate the performance of the Executive Council. It would include useful information about what Executive Council does, what it has done in the preceding year, and what it plans to do in the future.

And lastly, we bring a status report on a prior recommendation. In prior reports to the Assembly, we reported that the government should present legislation to amend The Tabling of Documents Act to allow tabling of reports through the Office of the Clerk when the Assembly is not sitting. As you know, the government has acted on this recommendation. The amended Act allows the tabling of reports when the Assembly is not sitting. We commend the government for introducing this legislation because it improves public accountability.

That concludes my comments at this time and we would be pleased to answer any questions that you have.

The Chair: — Great. Thank you very much and I apologize for mispronouncing your name, Mr. Jersak.

Mr. Perrins, comments?

Mr. Perrins: — None other, Mr. Chair, than I was delighted to get here before the session started so I could see Mr. Wendel sitting here.

The Chair: — Mr. Paton, do you have any comments at this time? And I recognize that you've put forward your information to us this morning.

Mr. Paton: — Mr. Chair, I just want to make one comment. As you know, the auditor has provided you with a process. I'm looking at disclosure of payments, and my office has also prepared one, the one that we tabled with you this morning. I think when you look at those two documents, you'll see that there's a lot of similarities in what we're trying to get at in terms of public disclosure.

The one difference is that, in the approach that my office took,

one of the first things we did was try to decide whether or not the group or the entity that was being cited was actually a public agency or not. So when you're looking at the two documents, kind of take that into consideration where the document that we prepared might help lead you through whether or not it's an entity that should even be considered by the Public Accounts Committee.

And then the auditor's office takes a little different approach where all the items that he's reporting in his chart assumes or is on the assumption that they're already something that should be coming to PAC.

So they can be looked at together, but I think they'll bring you to similar conclusions.

The Chair: — Okay, thank you. As indicated, there were two recommendations in this chapter. But being that they're already, you know, from the 2000 Fall Report, Mr. Jersak has commented that there have been changes made to the Act that now allows the referral of direct CIC Crowns to the Crown Corps Committee, and that some of those things now should be dealt with on an individual basis.

And we had that discussion this morning with Workers' Compensation Board being one of the entities that still comes to this committee. And we have a proposal recommended by Mr. Paton's office, and we see also some comments and a proposal from the auditor's office.

Since we're not dealing with the two recommendations in this chapter, I'd open it up to clarification as we had this morning. We had a resolution of tabling the discussion from the Workers' Comp Board to this afternoon where we would have an opportunity to, I think, further discuss the models that are being presented by Mr. Paton and by the auditor's office, and I think that's the direction maybe that we want to go.

Mr. Yates, I believe that this morning that was what you were suggesting when you moved your tabling motion, that we would have time to look at the models that are being presented.

Mr. Yates: — Yes, Mr. Chair. When I moved the motion this morning to table this issue until we had this discussion this afternoon, it was to get a further understanding or a better understanding of the various proposals that we have before us.

And I would just like to take a few minutes to talk a little bit about some of the issues that are of concern to me. And Mr. Chair, I'd like to start with looking at . . . When you're looking at an agency like the Workers' Compensation Board — let's take it as an example — that is 100 per cent paid by revenues outside of government; its funding comes 100 per cent from employers.

Now I fully understand that there is a piece of legislation that in fact governs the Workers' Compensation Board, but in fact there's no government money that goes to the Workers' Compensation Board. So I have some difficulty seeing where it fits within the category of public funds and the public . . . the need for this committee to review how those funds are spent in the public's interest when it is not publicly funded by the Government of Saskatchewan.

And that's one of the grey areas that is of concern to me, because how does that then differentiate from professional associations that are 100 per cent funded by their membership but are yet covered by regulatory legislation?

How do we make those differentiations when there are many, many . . . If you make that leap, what's to prevent, you know, similar leaps being made to other organizations that in fact are funded by groups other than government yet totally controlled by legislation put forward by government? And where do you draw that line?

And the line's been drawn in one place at this point. The issue is: do we want to extend that line? Or should we extend that line? And if we do, what does it lead to in the future? And I think we need to have some discussion around those types of issues before we make a determination to go down a certain path.

The Chair: — I'm not sure where we're going to take that. That's a number of questions there asked, and I'm not sure whether I want to start with Mr. Wendel's office or Mr. Paton or Mr. Perrins. But I think that raises the concerns that we have to deal with, in that we're now looking at each on an individual basis and saying, do we establish a set of guidelines that are all-encompassing, or do we deal with each one individually?

Who would like to start?

Mr. Paton: — The only comment I would make, Mr. Chairman, is that I think all of these entities are unique in the types of payments they have, the types of funding they have, and who they're held accountable to. And that's what we saw when we looked at some of the agricultural industries that came forward and how they're being held accountable to their various support groups and stakeholders.

And I think it'll be very difficult to come up with one set of guidelines that will cover all of your unique circumstances here. These are the entities that don't fall into the clear category of, yes they should, or no they shouldn't. And that's why they're before this committee. So there's definitely some judgment involved.

The ones on the list that are, you know, subject to discussion are like, you know: First Nations Fund, Liquor and Gaming Authority, Workers' Compensation Board, and, you know, the Department of Health Prescription Drug Plan. Those are kind of unique types of programs that are being delivered. I think that you'll have a difficult time coming up with one set of rules that would apply to all those types of organizations.

So I would recommend you seriously consider dealing with these on a one-to-one basis, similar to the way you dealt with WCB this morning — having the interest groups in here, providing you with information as to the nature of their programs, how they believe they're held accountable to their various stakeholders, and then have this group determine whether or not that's appropriate.

And my feeling, when I listened to WCB this morning, is that, if you were to determine that certain payments perhaps should be disclosed, I believe they would comply with the

recommendations of the committee. They just wanted to make their case as to why they believe it shouldn't be, and hopefully they have. But I think each of those groups have to make their case to you.

The Chair: — Thank you for those comments.

Mr. Gantefer: — Yes, thank you, Mr. Chair. I would concur with what Mr. Paton has said, largely, is that there are a number of these agencies that are pretty unique in their structure and nature and their relationship to their legislation that mandated them to carry on their function. And I appreciate it isn't a clear-cut and absolutely obvious decision that we should make in terms of should we request that Workers' Compensation specifically should make disclosure in a public forum. That may indeed be different than professional agencies or groups. And I think Mr. Paton's point about, you know, that they should be treated individually, is a good one.

I also am very impressed with the schedule 1 on the document that Mr. Paton tabled with us this morning, on page 5. And really it sort of leads you through . . . or is helpful in leading you through a process of determining how you approach this issue. And I sort of put this one, I think correctly, in, "Is this organization a public agency? No or unclear" — and Workers' Compensation, probably agreeably, in that category.

And then the question that's asked, if it's no or unclear:

Does the Standing Committee on Public Accounts believe that the Legislative Assembly requires this information to ensure public accountability for spending?

And in the paragraph that is right next to that box — and I'm quoting from it — and it says, about two-thirds of the way down:

If an organization is not a public agency or if it is unclear, there may be interest in this type of detail from a specific group of stakeholders (e.g., shareholders, members) . . .

. . . as an example. And I would think that that would be where professional associations are, perhaps. Their own members have a very direct interest in making sure that the affairs are detailed and monitored, instead of the Legislative Assembly.

PAC should determine whether the Legislative Assembly or a specific group of stakeholders holds the organization accountable . . . to the organization's enabling legislation.

And I think that there is a responsibility for this legislature, specifically the Workers' Compensation. Because I certainly heard today from the Workers' Compensation officials that if I am a stakeholder, as an employer, that the information that we are asking public agencies to disclose in terms of a standard of disclosure is not available to me from that agency as an employer. They clearly said that if I went to one of their stakeholders' meetings and asked for this information, I would not get it.

So there is no vehicle for me as a stakeholder, or as a shareholder, or whatever my relationship is as an employer — a premium payer, I guess — to get that kind of information. And

this information, I think, in order to keep Workers' Compensation to the high level of credibility and transparency, is not unreasonable to be asked for from the Assembly, or from us on behalf of the Assembly. We're clearly differentiating between injured workers' payments and things of that nature. We have no business in that.

But in the major administrative expenses that the auditor has outlined and what was implied in the motion that I made this morning, I think that there is an overriding public good that can be argued to see to it that Workers' Compensation does operate in a transparent function and I didn't see any major objection to that from the officials this morning.

There's been a pushing contest between legal and accounting opinions over the years, but I think it serves the public interest quite appropriately for us to request that information.

Ms. Hamilton: — I'm with Mr. Gantfoer about halfway through the logic. I agree with the guidelines that are presented both by the Provincial Auditor and comptroller's office through Mr. Paton as good guidelines to follow. And I also agree with the statement being made that we should be looking at these on an individual basis because there are some there that we would argue have a significant interest in the public for the reasons that I feel are very important.

If there's the opportunity for someone to enter into conflicts, or political interference is perceived by payouts or whatever, and we would look at those organizations on an individual basis and determine that. If there's an opportunity for their decision making to be influenced by the kinds of purchase they use or the kinds of businesses that they're into, then I think it's very important that we know those and understand that. And the public should understand that clearly.

With Workers' Compensation, though, I argue on the other side of the issue to this degree: that we're talking about an organization funded, as Mr. Yates has said, by the employer groups. But it's a service that's provided. I don't think predominantly when we're talking about it, they don't do much consulting out for business expenses or the areas of conflict or influence being the issues.

Where certainly we could get some certification from them saying that they're not going to either pay out to political parties or whatever, I think that's not ever been the issue that we talk about, we're not concerned about.

But it's the idea of the workers who are injured and what kinds of services are bought and provided for them through doctors, chiropractors, that kind of information which to me seems to be in a category that we have to decide. We have certainly on the side of the injured workers' payouts and those kinds of things.

Workers' Compensation made the case to us that's also what they consider maybe pointing to one individual or not, or pointing to one practice or not. And I don't think we should in any way portray that the decision making we are making here today should be taken lightly. It's a very serious issue. I'm sure . . . And I look on those lists and you would know immediately where I might argue the same but in a completely other side of the issue for the reasons I've outlined.

But I think what we do today is we have a good full discussion on whether or not it's important for this Assembly to have that kind of information, as they are stating in categories when they have a payout, the individual can access that additional information from their reporting.

So I would say that it's up to this committee then to make the deliberation. I don't think in this case any kind of a hybrid would be something that we're looking for, so it's either we're going to ask them for that or we're not — and then we therefore exempt them.

For the arguments I put forward, I would move that we would exempt Workers' Compensation from providing that list.

The Chair: — I can't entertain your resolution yet, because we have a tabling of a resolution that was on the floor before, so I have to back up in order and then we can move to something . . .

Ms. Hamilton: — When it's appropriate, I would make that motion.

The Chair: — Further questions or discussion of the officials regarding the charts and their understanding. And I'm seeing consensus in that I think because we have Workers' Compensation before us as an individual body, and as recommended I think from the auditor's office through Mr. Jersak and from Mr. Paton, that we're going to deal with these agencies on an individual, case by case basis. And the case that we have before us is Workers' Compensation from this morning.

I had a resolution that I accepted from Mr. Gantfoer this morning, and then we had a motion to table that took precedence, and that was dealing with recommendation no. 2 from this morning that was . . . A suggestion to resolve that resolution was to create a new resolution that basically introduced the first half of that resolution.

And then it said that PAC recommends that WCB should publish a list of persons other than injured workers who received money from it, and the amounts received following PAC's current minimum disclosure amounts.

And that was moved by Mr. Gantfoer.

Are there any further discussion . . . is there any further discussion on this resolution? Seeing none, I'll call the question.

All those in favour? Opposed? Motion is defeated.

I would now entertain a subsequent resolution. And if that's you, Ms. Hamilton, I would recognize Ms. Hamilton.

Ms. Hamilton: — Just very quickly to recap. I think that when we're talking about Workers' Comp. and some of the issues they brought forward and the reasons that they would want to be exempted, and I think when we look at whether or not we are fulfilling a responsibility to the public, if there's some public good that can be gained from that list as there will be in other organizations, then I would carry forward with the kinds of remarks that have been made.

But I would move:

That we would exempt Workers' Compensation from providing said list.

The Chair: — Okay. We have a resolution that moves to exempt Workers' Comp as the solution to the recommendation no. 2 from this morning. Discussion, please.

Ms. Bakken: — I have. Just further to what I said this morning and what Mr. Gantefoer has spoken to today, the dollars paid into Workers' Comp come strictly from employers in this province and they have a right to know how their dollars are being spent and if they are being spent appropriately, and we need a transparent system.

I see no advantage, on the other hand, to what you're proposing, to not disclosing it. For what purpose would you not want to make the public aware of how Workers' Compensation is spending the dollars that they collect from employers and to ensure that those dollars are being spent to pay for injured workers, which is what they are meant for? And if they're not being spent for that purpose, how are they being spent?

And if it's not a valid reason, then either the payment to workers should go up or the fee to employers should go down. And I believe it serves a very, very important public interest that we would have this full disclosure.

Ms. Jones: — Thank you, Mr. Chair. As I understand it, how the money is spent is indeed disclosed. It is disclosed through their annual statements which are audited. And the dispute seems to be whether individual organizations, institutions, or employees, or professionals — whether the amounts of individuals are disclosed.

Now everybody knows that a financial statement says how much you spent on this and how much you spent on that. And if the employer wants further information on certain items, if it's available, that request can certainly be made through the public information process.

And I simply, as I said this morning, do not see the public purpose of publishing a list of payees. And indeed it may well be a detriment in terms of influence on who gets work and who doesn't get work in terms of health professionals and stuff.

So I'm afraid in my mind the ability for employers to know how the funds that they contribute are being spent is available to them except on perhaps an individual basis. And to the best of my knowledge this has not been a complaint or a public outcry that the government has heard and indeed probably not that the opposition has heard, although I can't speak for them.

And I also believe that if this were to become an issue, exempting them doesn't exempt them forever and ever amen, and that a different resolution could come forward at a different time if indeed there seemed to be some reason to do that.

So I would speak in favour of Ms. Hamilton's motion.

The Chair: — Ms. Hamilton, did you have a further comment?

Ms. Hamilton: — Just to say that I think the comments made about the . . . somehow that the Workers' Compensation Board is working in total privacy or secrecy and fostering some kind of dissatisfaction on behalf of the employers who pay in is leaving a wrong impression because there are many levels of audit that occur, and our auditor looks at those statements as well. And we have the opportunity to look at those. If there are glaring areas where we see the expenses on a category basis going up or the employers see that, it's their right to make that kind of noise.

What we're talking about is the individual basis of influence that Ms. Jones has outlined or perhaps the disclosure that could impact on how an employee would be treated in a professional sense. And it's with that in mind and the case that was made for those reasons that I'm moving the payee list, the individual information, not be provided, but there is in detail how the Workers' Compensation would be expending their money yearly.

And as Ms. Jones states very clearly at the end of the remarks, if we as elected people pick up that that is an issue or becomes an issue, if there are concerns in that area, this isn't a forever and a day we're talking about. The boards are decision impacting until we make a decision that says otherwise, that we would have compelling reasons to change that decision. Thank you.

The Chair: — Questions? The resolution is before you that the Workers' Compensation Board be exempted from providing its payee list. Is there discussion? All those in favour? Opposed? Motion is carried.

Any further questions of the Executive Council chapter, or the chapter on the Executive Council or Mr. Perrins? And if not, I want to thank you, Mr. Perrins.

It is now 2:45, as you requested . . . (inaudible interjection) . . . Great. Thank you very much for your attendance this afternoon.

Our next chapter is chapter 10 of the Standing Committee on Public Accounts. It's from the 2001 Spring Report. And of course there are no officials on this chapter but Mr. Jersak from the auditor's office will give us a presentation on the chapter that is contained in our binders. So, Mr. Jersak, please.

Mr. Jersak: — Thank you, Mr. Chair and members. Chapter 10 of our 2001 Spring Report has two main purposes. It highlights the work and accomplishments of the Public Accounts Committee from January 1999 to the spring of 2001 and it responds to a prior request of the Public Accounts Committee regarding monitoring the status of its recommendations.

During the time from January 1999 to the spring of 2001 PAC made one report to the Assembly, the third report to the twenty-third legislature that was tabled on April 19, 1999. Also during this time PAC began its review of our 1999 Spring Report, Volumes 1 and 2 of our 1999 Fall Report, our 2000 Spring Report, our special report regarding changes to The Provincial Auditor Act, and Volumes 1, 2, and 3 of our 2000 Fall Report.

This chapter includes the recommendations PAC made in its third report of the twenty-third legislature but does not include any recommendations it made after that because subsequent recommendations were not included in a report to the Assembly by the spring of 2001, which was our cut-off date for this chapter.

The third report of the twenty-third legislature included over 280 recommendations, including those where the Public Accounts Committee concurred with our recommendations. It also includes 18 recommendations regarding CIC and its subsidiaries that PAC requested the Legislative Assembly to refer to the Crown Corporations Committee. At the time of this report the Assembly had not referred these recommendations to the Assembly. As a result, neither PAC nor the Crown Corporations Committee has reviewed these recommendations.

PAC requested our office to monitor compliance with its recommendations and to advise it of the status of them. The two exhibits in this chapter list all of PAC's recommendations that were not fully implemented by the government as at the date we last audited the organization or area prior to issuing this report. Exhibit 1, beginning on page 170, lists all PAC recommendations that have not been fully implemented by the government, other than those that PAC has requested the Assembly refer to the Crown Corporations Committee.

Exhibit 2, beginning on page 190, lists those recommendations that PAC has requested the Assembly to refer to the Crown Corporations Committee.

We note that over the past five years PAC has made 426 recommendations. Some of these recommendations may take a number of years to implement. However, as of April 2001 the government has fully implemented over 75 per cent of the committee's recommendations. Also, almost 55 per cent of the remaining recommendations have been partially implemented.

A number of months have gone by since this chapter was made public. As a result, the exhibit may not reflect the current status of certain PAC recommendations because the government may now have dealt with some of the recommendations that appear in the exhibits.

That concludes my comments at this time, and we would be happy to answer any questions.

The Chair: — Thanks, Rodd.

This is a summary chapter for us, as members of PAC, to look back at what previous PAC committees have done and in terms of their recommendations to the government, and what their status is.

So I guess the exhibit, as indicated by Mr. Jersak, starting with exhibit 1 on page 170, lists recommendations from many years ago all the way up to page 190 which lists the — it's exhibit 2 — that lists the recommendations that will be going to standing . . . were referred to the Standing Committee on Crown Corporations.

Now did I misinterpret you, Mr. Jersak, or when you talked about the recommendations that we have referred by way of the

change in the Act, those haven't been acted upon? Is there anything that we are remiss at doing, or . . .

Mr. Jersak: — No. The government may have acted on some of them. It's just that the Assembly hasn't referred those recommendations to the Crown Corporations Committee.

The Chair: — Got you. Thank you. Any questions on the chapter? A useful document for your members to look at.

Any comments or questions? Seeing no comments or questions we would receive the report of the auditor of chapter no. 10, and having reviewed that report.

Since the committee . . . No. There are no recommendations, so it's just going to be reported that the committee has reviewed the chapter.

Yes. Let's have our break now.

We believe that we will be able to start our discussion with the next committee which is, of course, our Selection Committee and they'll be giving us a report on what's happened since the establishment of that committee.

And we'll reconvene at 3:15 please, 3:15.

I had some discussion this morning with Ms. Woods and we'll have to determine, as a committee . . . We have Mr. Paton representing the comptroller's office. We have Mr. Wendel representing the auditor's office. No question as we move forward with this process, there'll be a stage when we will not require either of the two groups to be present. It'll be our committee of 10 with our Selections Committee.

Today is sort of a general day and I guess that's for committee members to determine. Do you want Mr. Wendel or anyone from his office to be present or Mr. Paton or anyone from his office to be present or do you want to have an open discussion with our Selection Committee and we'll move forward? Mr. Harper?

Mr. Harper: — We are getting some indication from *Hansard* that, are we going to be in camera or . . .

The Chair: — We'll be in camera. Thank you.

Recess until 3:15. No. Actually, I will adjourn the meeting. Okay?

Yes, Ms. Atkinson.

Ms. Atkinson: — . . . (inaudible) . . . were dealing with the Provincial Auditor's spending estimates or spending proposal for the next fiscal year, the Provincial Auditor indicated that there had been an increase of 6.7 per cent to the Provincial Auditor's office from 1996 to 2001 and while, at the same time, overall government spending had increased by 17 per cent.

I've had an opportunity to look at the Provincial Auditor's spending for a 10-year period contained on page 61 and the province's revenues and expenditures also for a 10-year period contained on page 61.

I think, in fairness, we need to observe that the Provincial Auditor's overall budget increase in a 10-year period has represented 33.33 per cent increase, and overall government revenue and expenditures over a 10-year period has represented a 21.18 per cent increase. So in fact the Provincial Auditor's spending has increased more — by about 12 per cent more — than overall government revenues and expenditures. So I think that that's important to note.

And the other thing that's important to note, I think — and this certainly was my position when I sat on Treasury Board and as the member of the cabinet — that it's important that we try and recognize, as various government departments and agencies and others, that the province has so much money that it has available to it. And when one government department or agency is receiving a larger overall expenditure increase than another, that that means someone else is going without.

So I think we need to be cognizant, whether we are inside government or outside government, the physical realities of the province.

The Chair: — Thank you for those comments, Ms. Atkinson. I would suggest to the committee backing to . . . or looking ahead to our discussion for the next item, is that in light of what the committee is going to be talking about regarding our selections process, that unless there's an item that as a committee we deem important to bring to the attention of the auditor's office or the comptroller's office, that I really don't see a need for either of the two groups to be here this afternoon. Is there consensus on that?

The committee continued in camera.

The committee adjourned at 16:15.